



CSR REPORT

Corporate Social Responsibility Report

2011

MHI Social and
Environmental Report

Detailed
Version

Creed

1. We strongly believe that the customer comes first and that we are obligated to be an innovative partner to society.
2. We base our activities on honesty, harmony, and a clear distinction between public and private life.
3. We shall strive for innovative management and technological development from an international perspective.

Reason for Instituting the Creed (Issued June 1, 1970)

In Japan there are many enterprises with their own “creeds” which simply represent their management concept.

Mitsubishi Heavy Industries, Ltd. has a creed of this type, also. It was instituted in 1970 on the basis of the policy advocated by Koyata Iwasaki, president of Mitsubishi Goshi Kaisha in the 1920s, to indicate the essential attitude of the

company, the mental attitude of employees, and the future directions of the company.

The reason for instituting the present creed is so that all of us can call to mind our one hundred years of tradition and strive for further development in the future.

Editorial Policy

Since 2001, Mitsubishi Heavy Industries, Ltd. (MHI) has been publishing its Environmental Report and in 2007, this report was expanded and revised, and entitled “CSR Report.” In 2011, in addition to the exhaustive disclosure of information on our website, we posted a CSR Report digest version (brochure) to succinctly convey the activities of MHI, as we have done in previous years. Both the website and the brochure included a dialogue between the President and an intellectual, a summary of MHI’s efforts according to the three themes of its CSR Action Guidelines, opinions from stakeholders and employees tasked with supporting CSR activities as well as relief efforts by the MHI Group in response to the Great East Japan Earthquake of March 2011. Our website contains detailed information focusing on “Fair and Sound Management,” “Report on Environmental Initiatives” and “Report on Social Actions,” which is not found in the brochure. We will continue to improve this report in response to your feedback.

Structure of CSR information disclosure

MHI FY2011 CSR Activities Report

Digest (brochure)

Detailed version (website)

URL
<http://www.mhi.co.jp/en/csr>

Scope of this Report

Target organization:

The information contained in this report pertains to Mitsubishi Heavy Industries, Ltd. and its Group companies (120 in Japan and 114 overseas). Some articles, however, only include descriptions of MHI activities.

Target period:

From April 1, 2010 to March 31, 2011

(includes information on some activities after March 31, 2011)

Guidelines and other reference material

- Global Reporting Initiative (GRI)
“Sustainability Reporting Guidelines (G3 version)”
- Japanese Ministry of the Environment “Environmental Reporting Guidelines (2007 edition)”
- ISO 26000

Note: A “Guideline Comparison List” will be posted on our website.

Date of Issuance

June 2011 (previous issue: June 2010)

Disclaimer

In addition to objective information on the past and present status of Mitsubishi Heavy Industries, Ltd. and its Group companies, this report also contains plans, perspectives and forecasts based on business plans and other materials. These forecasts are made using information available at the time of publication and therefore the actual outcome of future business activities may differ from these forecasts.



Dialogue: In this section, Ms. Mari Watanabe, a freelance announcer, and President Omiya discuss corporate social responsibility (CSR) for MHI.



Special Feature on Close ties with the Earth: This feature introduces our initiatives involving “eco-ships,” which we have developed to help reduce CO₂ emissions from maritime transport.



Special Feature on Close ties with Society: This section introduces our Thai subsidiary’s efforts to contribute to local communities by supporting local elementary schools.



Special Feature on A bridge to the next Generation: Here, we introduce how our works leverage their unique characteristics to support science education.

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Providing vital social infrastructure and addressing a myriad of global issues

At a time when the importance of social infrastructure is garnering attention in Japan perhaps as never before, here we explore MHI's corporate social responsibility (CSR) and how the company is working to meet its obligations. Ms. Mari Watanabe, a freelance announcer who has a special interest in social responsibility with a woman's perspective, discusses CSR with MHI's President Hideaki Omiya.



Hideaki Omiya

President, Mitsubishi Heavy Industries, Ltd.

After joining the company in 1969, Hideaki Omiya was long involved in aircraft development, and in 1999, he was appointed Deputy General Manager of the Nagoya Aerospace Systems Works. He subsequently served as Director, Executive Vice President and General Manager of the Air-Conditioning & Refrigeration Systems Headquarters, and in April 2007, he was appointed Director and Senior Executive Vice President in charge of Production System Innovation Planning. He became President in April 2008, making this his fourth year in the position.

Mari Watanabe

Freelance Announcer

Born June 27, 1967, Mari Watanabe hails from Yokohama, Kanagawa Prefecture, and is a graduate of International Christian University's College of Liberal Arts. Ms. Watanabe joined TBS in 1990, and left the broadcaster in March 1998. She then began appearing as a newscaster on TV Asahi's nightly news program "News Station" in May 1998. Her activities currently center on television, radio and other media.

Putting every effort into restoring the region affected by the Great East Japan Earthquake as quickly as possible

Watanabe: The Great East Japan Earthquake of March 11 (2011) was a massive disaster centered on the Tohoku region, and companies in the private sector suffered a wide range of damage and other negative effects. How did MHI fare?

Omiya: Before I address this issue, I would like to offer my prayers for the souls of the people who perished in this enormous disaster and also extend my sincere condolences to the people who have suffered as a result of the disaster.

As most of the MHI Group's plants are located in western Japan, our employees and factories were largely unharmed.

Watanabe: The damage from the disaster has been truly heart-wrenching. My deepest sympathies are with the many people who have been so deeply affected by the disaster. Never before had I so intensely realized just how vitally important our social infrastructure—electricity, water and so on—is to us.

Omiya: It's true that companies like ours that create the infrastructure that supports people's lives bear huge responsibility. The disaster has truly brought this home to me, as well.

At MHI, we're now putting all our efforts into restoring damaged infrastructure that incorporates our products. For example, some 10,000 of our employees have been dispatched to thermal power generation plants operated by Tokyo Electric Power and Tohoku Electric Power, and others are working to restore waste incineration facilities in the city of Sendai. We are also responding to a request by Tokyo Electric Power to provide gas turbines for thermal power generation plants and, although the reactors used at the Fukushima No.1 nuclear power plant are of a different type than our own products, we are giving our support to help bring the situation there to a swift conclusion, for example by providing maximum cooperation to prevent radioactive materials from spreading.

In addition to providing support through our business activities, promptly after the earthquake we dispatched a company jet to assist in transporting medical supplies to the people of the stricken region. The MHI Group also donated 500 million yen and our em-



ployees collected contributions toward the relief efforts. Going forward, the MHI Group will continue making every effort to rebuild the infrastructure that was destroyed and restore the affected area to normalcy as quickly as possible.

Contributing to the development of a sustainable global society, placing CSR at the core of company priorities

Watanabe: Mr. Omiya, you mentioned that you recognize the magnitude of MHI's corporate social responsibility (CSR) in its role as a company involved with infrastructure. I'd like to ask you, if you would, to speak a bit more about your company's thoughts on CSR.

Omiya: First of all, the MHI Group's foremost corporate social responsibility, I believe, is to provide products worldwide that will contribute to the development of a sustainable global society. The MHI Group supports society by providing many different types of infrastructure: not only power plants, but also railway systems, aircraft, ships, bridges and so on. Accordingly, I believe that our most important corporate social responsibility is to carry out our business operations and the manufacturing of our products with dedicated integrity.



Another important corporate social responsibility for us is to appropriately distribute the profits we earn from providing products to all our stakeholders—including shareholders, business partners (suppliers), local communities and employees.

Watanabe: MHI, as a company undertaking the construction of social infrastructure, is also called upon, not only to generate profits in the short term, but also to create value from the long-term perspective, isn't it?

Omiya: Yes. Naturally, we strive to return profits to our shareholders and other stakeholders as much and as quickly as possible. But as you say, developing social infrastructure is a long-term proposition.

Consider passenger aircraft, for example. Developing this sort of transportation infrastructure, on which many people's lives depend, calls for safety above all else. Ensuring this safety requires a great deal of time and money, and in this respect it's inconsistent with seeking short-term profits.

For the past several years, we've been developing a small, environmentally friendly passenger jet, the MRJ. Not too long ago we received a letter from a sharehold-

Dialogue

er—actually a husband and wife. The letter read: “When my wife and I learned that MHI is developing the MRJ, the kind of product dreams are made of, we decided to become shareholders, even though 1,000 shares, the minimum trading unit, was all we could afford. Please keep working to make this a better world.” Reading that letter truly gave me courage, because I could sense that the couple shared our focus on long-term value creation.

Watanabe: I too am looking forward to seeing the MRJ flying through the skies all around the world. But if your business goes global in that sense, won't your concept of CSR have to change, too?

Omiya: Absolutely. Today, the growth of the global economy is being driven less by the industrially advanced countries and more and more by the emerging economies such as China and India. Many of those countries face a variety of difficulties in areas such as securing energy and water, and demand is rising for social infrastructure to resolve these problems.

By way of response, in order to apply our “true comprehensive strengths” toward resolving these worldwide issues, in April 2010 we drew up a five-year medium-term business plan, and we are now implementing organizational reforms to put that plan into practice. In 2008, we set up the Sustainability Energy & Environment Strategic Planning Department to create proposals that combine products previously supplied separately by various departments related to energy and the environment, and this approach has already chalked up successes in many parts of the world. Then just this April, we consolidated the authority and responsibility for product operations at our business headquarters (Head Office) that previously had been divided between the business headquarters and the various works (plants). At the same time, we streamlined the functions and organization of our administrative departments and created a large common platform for forming companywide strategies, supporting improvement activities across the various business segments, and promoting more advanced business processes.



Watanabe: In other words, you strengthened the collaboration among business headquarters to better meet needs from around the world.

Omiya: Yes. Even so, developing business overseas presents difficulties on a number of fronts, so we need to apply the knowhow we've cultivated over the years and respond in line with local needs. When building a power plant, for ex-

ample, individual countries have different requirements on things like the materials and colors of the internal furnishings of rooms, making detailed changes necessary. We have to take a pragmatic approach to analyzing and understanding our customers' needs.

In this way, we not only have to take into consideration the social climate and culture of each different region, but also their business practices and views on human rights and labor; additionally, we must also always keep to global standards. As a participant in the United Nations Global Compact, we work to adhere to the 10 principles set forth in the four categories of human rights, labor, the environment and anti-corruption.

Sensing progress from CSR promotion activities

Watanabe: Please tell me about the progress and major achievements of the Company's CSR activities during your three years as president.

Omiya: First, with regard to the environment, in line with the Kyoto Protocol we've set a target of cutting CO₂ emissions by an average of 6%, compared with the fiscal 1990 level, during the five years from fiscal 2008 through fiscal 2012; and to achieve this target we've upgraded production and air-conditioning equipment at all our factories and offices, and installed photovoltaic power generation systems. In fiscal 2010 we brought CO₂ emissions down to 440,000 tons, our target level, and as far as possible we plan to maintain these conditions going forward as we work to meet our 6% reduction target. Also, the products we've supplied have cut CO₂ emissions by more than 100 million tons each year (see p. 00 for basis of calculation). This constitutes a major contribution to preventing global warming.

In addition, we are in the process of preparing an “MHI Environmental Vision” to clarify our medium- to long-term targets. We look for this vision to serve as our compass in contributing toward the realization of a sustainable society on various fronts—reducing CO₂ in production processes, lowering CO₂ emissions through our products, conserving resources and reducing generation of waste, and so on.

Watanabe: Ensuring “safety and security” is cited as one facet of MHI's medium-term CSR plan. I understand you've made some advances in employee safety training?

Omiya: That's correct. In April 2010, we set up an “Accident Exhibit and Materials Room” at our Technical Training Center in Nagoya. The purpose of this installation is to convey information about past product-related accidents to employees using videos and panel displays. Some 7,000 employees have visited the facility since it opened, and it has made an impression on them. Many comments have been received along the lines of “The graphic depiction of the misery that

an accident can cause chilled me to the bone,” or “Such accidents must never happen again.” We believe that the starting point in addressing the issue of safety is for all employees who are involved in manufacturing to share in the understanding of the importance of safety. In this sense, I consider the effort has been an extremely significant success.

Watanabe: In recent years, much emphasis has also been placed on the importance of CSR in the supply chain.

Omiya: Yes, this is important. In 2009, we started addressing this issue through discussions with employees in the Procurement & Sourcing Department of each of our works. The outcome was our announcement in July 2010 of the “MHI Group Supply Chain CSR Promotion Guidelines” to promote environmental protection, respect for human rights and occupational safety among our business partners (suppliers). Moving forward, we will continue working together with our partners to fulfill our corporate social responsibilities.

Creating a rewarding and invigorating work environment

Watanabe: I understand that recently MHI set up an in-house nursery. This must be greatly appreciated by your employees with children.

Omiya: We opened the MHI Kira Kids Nursery at the Nagasaki Shipyard & Machinery Works in April 2010. One of the big social problems Japan faces is the decrease in the nation’s working population owing to the falling birth-rate and its aging citizenry, and we believe that to solve this problem it’s necessary to create a work environment that helps employees to raise children. Having an in-house nursery makes it easier for employees to drop off their children in the morning and pick them up in the evening, and it also gives them peace of mind knowing that their children are always nearby. We’ve even set up a system so that employees can check up on their kids from their PC monitors.

As another initiative, we have set up the Career Return Plan enabling employees who have left their jobs to get married or have a child to return to the workplace. So far, 24 people have taken advantage of this system to return to the workplace.

Watanabe: That initiative really addresses the work-life balance.

Omiya: Another is a project we introduced in 2009 called “Forum 35.” This is a program targeted at employees in their mid-thirties—the “second-generation baby boomers” who play central roles at all workplaces. Meetings are convened regularly where they can have discussions with their counterparts in other departments. Their discussions are always lively, touching on topics such as interaction between individuals and organizations, families and society at large. I think the program has had a positive impact also in the way

it helps people who have diverse working styles to accept each other.

We’ve also set up a system for rehiring employees who retired at the mandatory age but who still have a lot of vitality. Under this system,

contracts can be extended up to age 65. Today employees rehired under the program are enthusiastically offering guidance to younger workers and passing on their technical expertise to the next generation. We also ask people in this program to create manuals to help pass on the skills and know-how they have built up through their long years on the job.

Watanabe: All the things I have heard here today have convinced me that MHI is a company that accepts diverse working styles. I also get a strong impression that MHI is a company where work is very rewarding.

Omiya: Thank you very much. As I commented at the beginning of our discussion, MHI is in the business of building social infrastructure, and conducting our business properly has direct implications for contributing to society. From this perspective, I believe that MHI is a rewarding place for employees. Of course, building infrastructure is a business that comes with major social responsibility. This is the very reason why we strive to create an environment where employees can work enthusiastically and make the most of their ambitions and their skills, so that MHI can contribute even more to society and be even more steadfast in fulfilling its corporate social responsibility. As a company that supports efforts to put Japan back on a quick recovery track, we know we bear a heavy burden of responsibility, and we aim to continue responding to the hopes and expectations of society. Be sure to keep watching as the MHI Group addresses these challenges.



MHI Kira Kids Nursery



At “M’s Square” showroom, which reopened in November 2010 following renovation

The MHI Group's response in the wake of the Great East Japan Earthquake

Note: The following is a report on the status of our efforts as of May 31, 2011. For the latest information, please refer to Response of MHI and its Group companies to the Great East Japan Earthquake on the MHI website.

The MHI Group not only transported emergency relief goods and materials by corporate aircraft to affected areas immediately after the March 11, 2011 disaster, but also carried out repairs and inspections to the products our Group companies delivered there previously. The Group companies have done their utmost to carry out these and other activities as emergency countermeasures in the wake of the disaster and subsequent recovery support. In particular, MHI worked to restore damaged thermal power generation in conjunction with the construction of gas-turbine power generation equipment and increased production of small to midsize diesel power generating equipment as

emergency measures to recover power generation capacity. It is the solemn mission of the MHI Group to help Japan rapidly recover its economic base by providing the infrastructure upon which society and industry is built. We will continue to exert our full strengths to that end. In respect to nuclear power plants, we began collaborative tasks with clients immediately after the disaster to further strengthen the safety levels of existing facilities. We believe that nuclear power will continue to play an essential role well into the future given society's power requirements and the need to curb global warming. We will make a concerted effort to provide products high in safety and reliability.

Status of MHI Group companies and main responses to the earthquake disaster

Status of MHI production bases, etc.

- No major production bases in the MHI Group sustained significant damage as a direct consequence of the disaster, and all facilities are currently operating normally. Although some difficulty is being experienced in securing necessary parts and other supplies, we are checking suppliers' situation and making every effort to obtain the needed items.



Medical supplies sent by company aircraft

Recovery support at disaster areas

Donations and fund raising

- MHI Group to provide relief assistance equivalent to approx. 500 million yen. Total includes monetary aid and emergency supplies. (For daily needs, etc.)
- In addition to employee fund-raising campaigns that collected approx. 45 million yen, company plans to provide a matching amount, which makes total value equivalent to 100 million yen.
- Group companies provided approx. 28 million yen worth of photovoltaic power generation systems and other related materials.

Medical treatment support

- Approx. 500 kg of medical supplies were transported to Fukushima by company aircraft.
- Dispatch of doctors and nurses from company medical facilities, at request of Japan Medical Association et al.

Providing shelter for disaster victims

- Registration at municipalities of company facilities available to accepting victims.
Company housing: 179 households
Dormitories: 328 persons (5 locations)
Recreational facilities: 285 persons (2 locations)

Infrastructure recovery support

Thermal power generation plants recovery support

- Transport of personnel and materials by company helicopters immediately after the disaster.
- Dispatch equivalent to approx. 10,000 man-days to thermal power generation plants operated by TEPCO and Tohoku Electric, now supporting efforts to recover power supply capacities.
- Efforts at production sites being strengthened for the early delivery of power generating equipment.

Recovery support at the Fukushima No. 1 Nuclear Power Plant

- Even though the reactors used at the Plant are different from the pressurized water reactors (PWRs) handled by MHI, we are provided proposals and cooperation useful to recovery efforts based on common nuclear power technology.
- Reconstruction of the "Mega-Float" provided to TEPCO from Shizuoka City for countermeasures against low-level radiation contaminated water stored at the Plant.
 - Construction of two special vehicles based on our 15-ton forklift to handle rubble near the nuclear power plant.

"Support Tohoku" project at company dining rooms

- "Support Tohoku" menus have been prepared at the dining halls of the Head Office and employee dormitories featuring foods from the disaster areas, now victim to fear mongering. Gradually, this project will be expanded to the dining halls of all our works.

Dispatch of employee volunteers

- Approx. 100 employees from our Tokyo area works were dispatched as volunteers to disaster areas.
- Employee volunteers were also dispatched from other regions as needed.



Preparing meals



Unloading relief materials

- Examination of different measures including treating contaminated water, shielding against radiation, prevention of spread of radioactive materials, etc. in response to requests from TEPCO.

Other support activities

- Support being provided toward early restart of waste treatment facilities in the disaster-affected municipalities; also responding to inquiries from affected municipalities and regional organizations regarding simple incinerators.
- Response under way toward restoring social infrastructure, such as bridges, mechanical parking facilities, electronic toll collection systems, in the disaster-affected area.
- Supporting affected customers to restore machine tools (600 personnel) and air-conditioning (400 personnel); product support system has been established.



Forklift with radiation shielded cabin

Overview of the MHI Group

Company Profile

Trade Name: Mitsubishi Heavy Industries, Ltd.
Head Office: 2-16-5 Konan, Minato-ku, Tokyo
President: Hideaki Omiya
Foundation: July 7, 1884
Establishment: January 11, 1950
Capital: 265.6 billion yen (as of March 31, 2011)
Employees: 68,816 consolidated, 33,031 non-consolidated (as of March 31, 2011)

CI Statement Our Technologies, Your Tomorrow

Our Technologies, Your Tomorrow

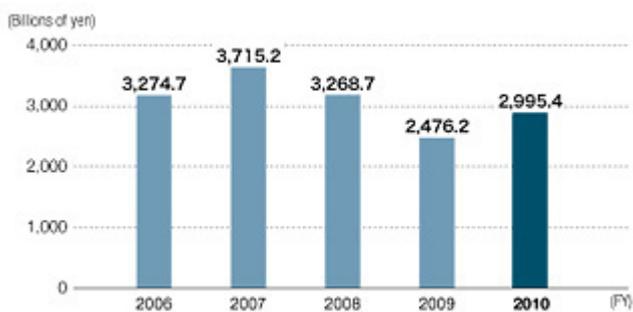
This CI statement represents our intention to "continuously provide an assured future where people can live safe, secure and enriched lives through technologies that can excite people and passion as a manufacturer for the sustainability of the earth and humankind."

CI (Note1) statement logo

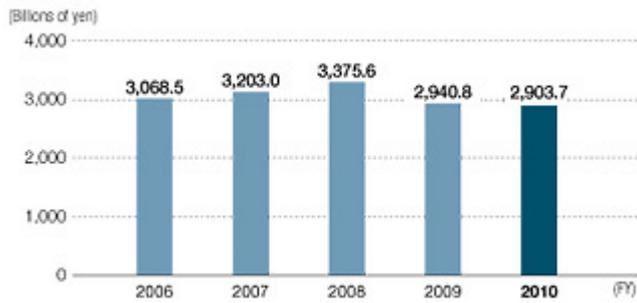


(Note1) CI: Corporate Identity

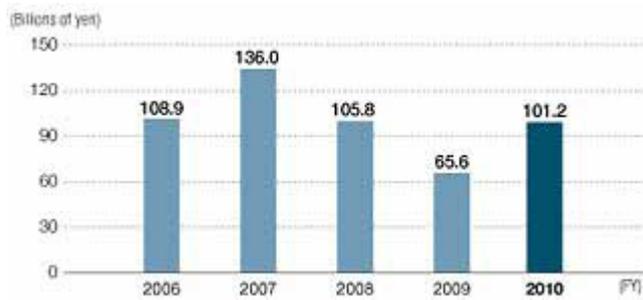
Orders Received (Consolidated)



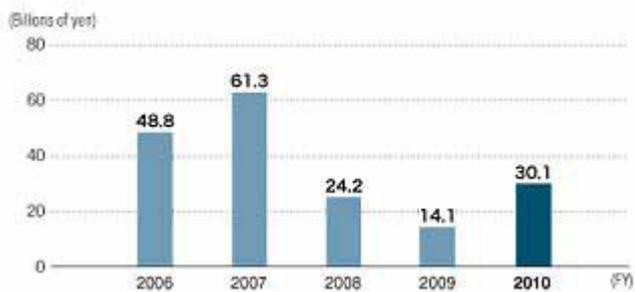
Net sales (consolidated)



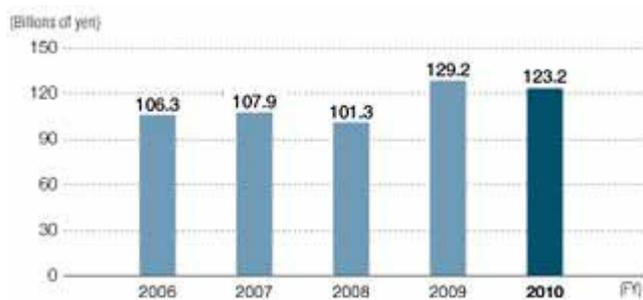
Operating income (consolidated)



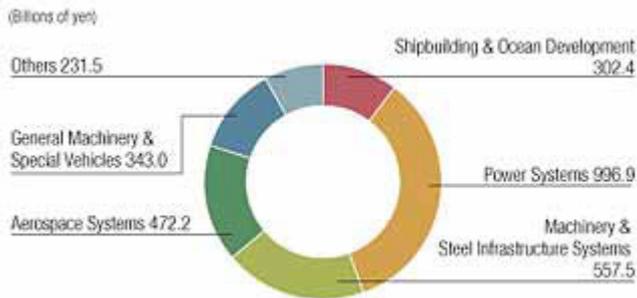
Net Income (Consolidated)



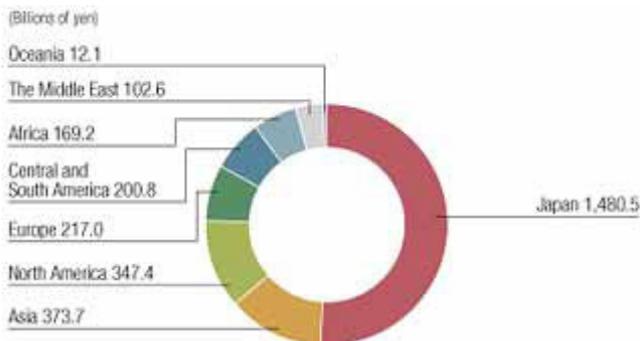
Research and development expenditures (consolidated)



Net sales by Industry Segment (Consolidated)

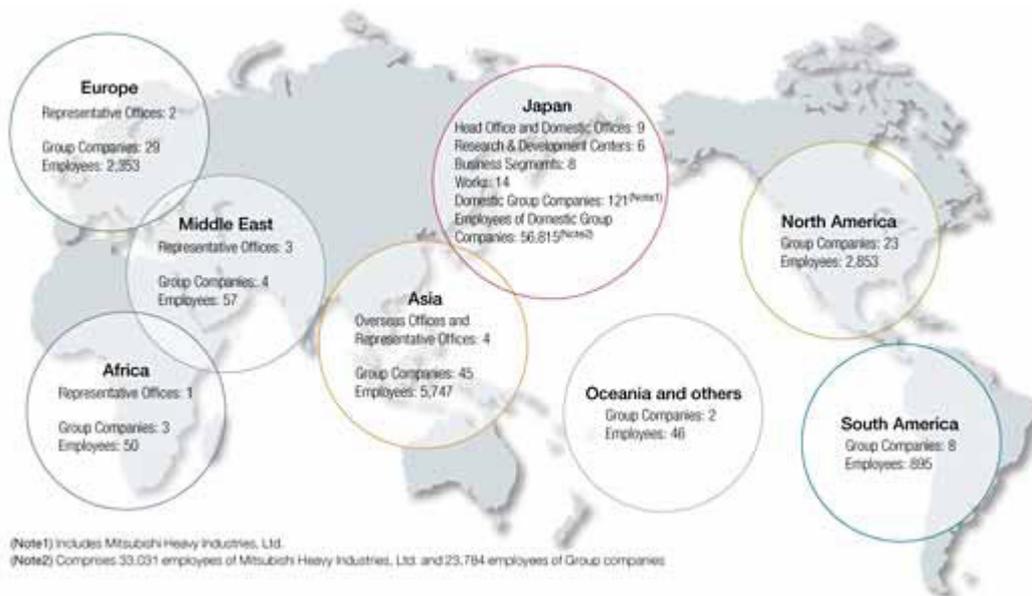


Net sales by region (consolidated)



Operating Bases and Employees by Region

Total number of employees: 68,816 (consolidated)(as of March 31, 2011)



Businesses and Products

Shipbuilding & Ocean Development

Shipbuilding

- Cruise ships
- Ferries
- LNG carriers
- LPG carriers
- Tankers
- Container carriers
- RO/RO ships
- Car carriers
- Destroyer
- Submarine
- Patrol vessels

Marine development

- Deep submergence research vehicles
- Oceanographic research ships

Power Systems

Thermal power generation plants and other facilities

- Combined cycle power plants
- Steam turbines
- Gas turbines
- Boilers
- Diesel engines

Nuclear power plants and other facilities

- PWR nuclear power plants
- Advanced reactor plants
- Nuclear fuel cycle plants

Renewable energy generation, etc.

- Wind turbine plants
- Geothermal power plants
- Water turbine plants
- Photovoltaic systems
- Lithium-ion rechargeable batteries

Machinery & Steel Structures

Environmental and chemical plants

- Flue gas desulfurization systems
- Flue gas CO₂ recovery plants
- Fertilizer plants
- Methanol plants
- Petrochemical plants
- Oil & gas production plants

Transportation systems and ITS

- Automated people mover
- Rail transit
- Air brake equipment
- Toll collection systems (ETC, etc.)
- Intelligent transport systems (ITS)

Machineries

- Iron & steel manufacturing machinery
- Compressors & mechanical turbines
- Rubber & tire machinery
- Crane & material handling equipment
- Manufacturing equipment for semiconductor & flat panel display
- Organic EL panels for lighting

Environment preservation

- Wastes treatment plants
- Electrostatic precipitators
- Biomass utilization systems

State-of-the-art machines

- Medical systems / Radiotherapy systems
- Power train equipment
- Mechatronics system equipment
- Particle accelerator
- Robots

Basic facilities & steel structures for infrastructures

- Steel bridges & chimneys
- Hydraulic gate
- Mechanical parking systems
- Tunnel boring machine
- Earthquake isolation / Vibration control systems

Industrial equipment

- Printing machinery
- Paper converting machinery
- Plastic injection molding machine
- Food and packaging machinery

Aerospace Systems

Space equipment

- H-IIA launch vehicle
- H-IIB launch vehicle
- Space transporter
- Rocket engines

Aircraft

- Fixed-wing aircraft
- Helicopters
- Subsystems of commercial aircraft
- Aeroengines

General Machinery & Special Vehicle

Engine and power-train

- Engines
- Engine generators
- Power-train systems

Turbochargers

- Turbochargers

Material handling equipment

- Forklift trucks
- Automated guided vehicles
- Heavy cargo carriers

Special vehicles

- Tanks
- Armored personnel carriers
- Transport and ground leveling machines

Others

Air-conditioners

- Air-conditioners for commercial
- Air-conditioners for residential
- Automotive thermal systems
- Refrigeration applied products
- Transport refrigeration units
- Centrifugal chillers
- Water heat pumps

Industrial machinery

- Machine tools

CSR concepts and actions

MHI Group CSR Action Guidelines (formulated July 2007)

MHI Group CSR Action Guidelines (formulated July 2007)

In order to ensure a secure future for the Earth, we will establish and maintain:

Close ties with the Earth

Safeguard an abundantly green Earth through environmental technologies and environmental awareness;

Close ties with Society

Build a relationship of trust with society through proactive participation in society and trustworthy actions;

A bridge to the next Generation

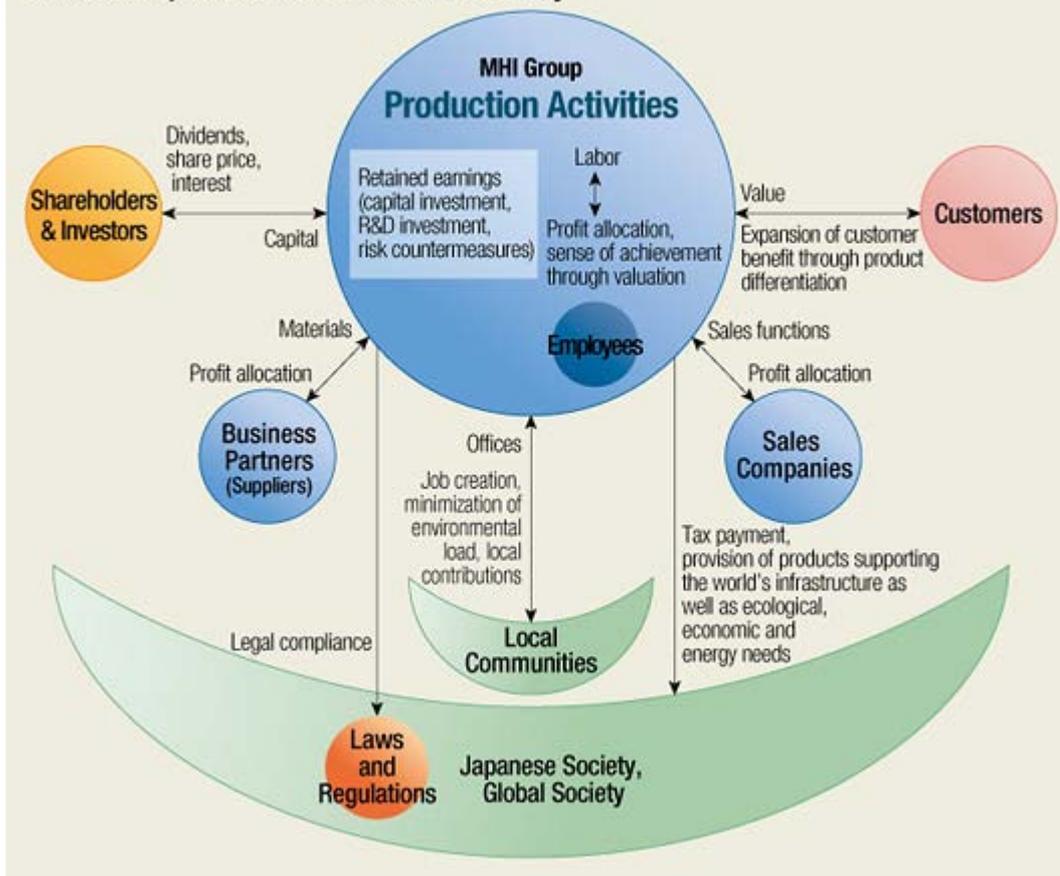
Contribute to the cultivation of human resources who can shoulder responsibility in the next generation through technologies that can realize dreams.

Promoting CSR through manufacturing as an innovative partner to society

The MHI Group established manufacturing as the core of its business as an innovative partner to society (see our creed on p.1) that provides products that improve social infrastructure and assist customers in reducing their environmental impact.

In our CSR initiatives, our primary aim is to minimize environmental loads emanating from our production activities and to allocate our earnings generated through the appropriate provision of these products to every stakeholder associated with our business activities.

MHI Group involvement with society



Continuous improvement of CSR activities through the PDCA cycle

To fulfill its social responsibilities, MHI established the CSR Committee, chaired by the President, as well as a CSR Promotion Office, in October 2006. In April 2011, the CSR Promotion Office was renamed CSR Promotion Department thus newly establishing a Strategy Group and Promotion Group that would strategically and comprehensively conduct activities in the areas of prior compliance, environmental protection, human rights and labor relations.

Along with this new CSR promotion framework, in July 2007, MHI formulated the CSR Action Guidelines with three basic vectors: Close ties with the Earth, Close ties with Society, and A Bridge to the next Generation to encourage proactive action that would instill CSR awareness in every employee. In April 2008, our CSR Action Plan was formulated in accordance with those Guidelines in hopes of continuously improving each one of our activities through the use of the PDCA cycle. Then in June 2008, we established the representative CSR activities based on the themes in the guidelines for cultivating stronger CSR awareness group-wide.



CSR Committee

Representative CSR Activities

Outline of Representative CSR Activities

For "Close ties with the Earth"

- Greening of company facilities
(e.g., wall greening, symbolic greening of the factory)
- All-hands environmental activities with employees
(Company Forest Creation Program volunteer activity, proposals for eco-commuting and eco-driving, preservation of biodiversity, etc.)

For "Close ties with Society"

- Reinforcing community contribution activities
(at least one event per year by each Group company at home and overseas)
- Participation in Hometown Cleanup Meetings
- Providing support for emerging and developing countries with MHI products
- Environmental advertising for communities planned by employees

For "A bridge to the next Generation"

- Employee dispatches to schools
(Visiting Science Class at community elementary schools, etc.)
- Product making workshops
(Expansion of product making workshops and exhibit facilities at all MHI locations)

Examples of Representative CSR Activities

"Eco-Drive Training Sessions" held as part of MHI's environmental activities

In tandem with Japan's Eco-Drive Promotion Month, MHI conducted "Eco-Drive Training Sessions" from November 2010 at nine locations including the Takasago Machinery Works, Industrial Machinery Business, Technology & Solutions Division (the current Hiroshima Machinery Works). Instructors were invited from the Energy Conservation Center, Japan and employees learned how to reduce fuel consumption by eco-driving as well as some other driving techniques. At some locations, employees even got the chance to test these skills on the road. In fiscal 2010, 887 employees participated voluntarily. We plan to continue these training sessions because eco-driving is not only an effective means to cut CO2 emissions from employees private vehicles but also increases their awareness towards the environment and promote safe driving.

In addition, employees at the Nagasaki Shipyard and Machinery Works, Kobe Shipyard & Machinery Works, and Yokohama Dockyard & Machinery Works held a No Car Day voluntarily prohibiting commuting by automobile for a day. In fiscal 2010, a total of 16,714 employees at those three locations voluntarily left their cars home and took public transportation and other means and eco-commuted to work for a day.



Eco-Drive class



Eco-Driving practice

Hometown Cleanup Meetings held at 121 locations nation-wide in the vicinity of factories

Hometown Cleanup Meetings have been conducted since fiscal 2008 to clean up parks and other public areas around MHI factories nationally with the participation of Group company employees. This activity was started as part of the NPO FUJISAN CLUB country-wide cleanup activities. Fiscal 2010 was its third year and 6,598 employees from 52 Group companies participated at 121 locations in October, which is an increase of 225 employees over the previous year.

This activity is an easy way for any employee to contribute to the local community and the number of participants is increasing every year. The meetings are also popular with employees because they can be organized as fun events for the whole family on weekends and holidays at parks.

Cleanup activities enhance the community's trust in MHI as well as employee's awareness of environmental conservation. Therefore, we will come up with ways that will enable a great many employees to participate and continue this activity in the future at all Group companies.



Cleanup activities at the Air-Conditioning & Refrigeration Systems Headquarters (Nagoya Air-Conditioning & Refrigeration Machinery Works)



Group commemorative photo after a cleanup in The Arakawa River

Promoting communication with the community through advertisements planned by young employees

To promote local community understanding of MHI's product lines and businesses as well as our environmental efforts, young employees at every site plan PR advertisements for MHI's environmental technologies and products. Fiscal 2008 was the first year this program was implemented and advertising campaigns were produced at Nagasaki, Shimonoseki, Hiroshima and Mihara. The advertisement received three awards including the Japan Newspaper Publishers and Editors Association's Newspaper Advertising Runners-up Prize in the Advertisers' Planning Category. In fiscal 2009, a team in Nagoya won the Readers' Chunichi Shimbun Newspaper Advertisement Prize for Excellence (Residential and Financial Section).

In fiscal 2010, the third year of this activity, a working group of young employees in Kansai (Machine Tool Division (now Ritto Machinery Works), Kobe Shipyard & Machinery Works, Takasago Machinery Works) created newspaper ads and train ads with the message "Earth Friendly Technologies born in Kansai." They were awarded the Kobe Shimbun Newspaper Advertising Prize for Cross Communication. One participant said of the experience, "I was able to see the significance of our work from a totally different perspective."



Employee advertisement planning session



Ad placed in trains on JR West lines



Close ties with the Earth

Safeguard an abundantly green Earth through environmental technologies and environmental awareness

Special Feature

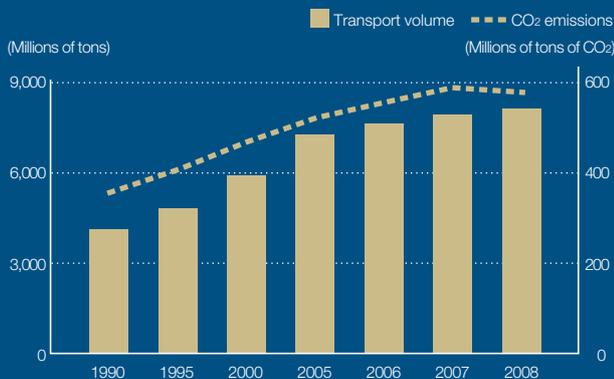
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Using “eco-ships” to substantially reduce CO₂ emissions from maritime transport

CO₂ emissions increasing along with expanding maritime transport

Ships have long been praised as a mode of transport that offers high energy efficiency and low CO₂ emissions. But as maritime traffic has increased over the past 30 years, CO₂ emissions have doubled. To address this situation, the International Maritime Organization (IMO) is promoting a new treaty aimed at curtailing CO₂ emissions, and this has spurred calls for the development of ships that emit less CO₂. In response MHI is bringing to bear its experience and technologies cultivated over more than a century of shipbuilding to develop “eco-ships” that will reduce environmental impact in various ways.

World maritime transport volume and CO₂ emissions



Sources: CO₂ Emissions from Fuel Combustion Highlights (2010 Edition), International Energy Agency; Autumn 2010 Shipping Review Database, Clarkson Research Services

MALS-14000CS eco-ship reducing CO₂ emissions during transport by 35%

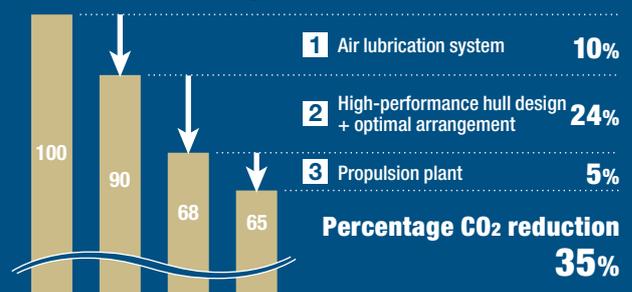
MHI completed the conceptual design of its New Panamax class² container ship, the MALS-14000CS, in October 2010. This eco-ship achieves a 35% decrease in CO₂ emissions per container.

²New Panamax class: This is the maximum size of ship (366.0 meters long by 48.8 meters wide with a draft of 15.2 meters) designed to fit through the expanded Panama Canal, where enlargement is scheduled to be completed in 2014.



- 1 Air lubrication system
- 2 High-performance hull design + optimal arrangement
- 3 Propulsion plant

Percentage reduction in CO₂ emissions by the MALS-14000CS eco-ship



• This graph compares CO₂ emissions per 20-foot container transported.
 • In this graph, 100% is the standard value for ships in the same class by MHI's calculation.

¹ Several of the environmental technologies employed on the *AURIGA LEADER* were developed in collaboration with Nippon Yusen Kabushiki Kaisha.

Latest energy-saving technology and an innovative ideas

Cutting CO₂ emissions 10% by reducing water friction

Reducing the frictional drag on the hull of a ship saves fuel and lowers CO₂ emissions. To achieve this, MHI developed the Mitsubishi Air Lubrication System (MALS), which reduces frictional drag by introducing air bubbles by air blower into the water around the bottom of a ship's hull, covering the ship in bubbles. By arranging the air blowhole location and shape and controlling the air volume, the lubrication effect has been enhanced, reducing CO₂ emissions per container transportation by 10%.

This system has already been introduced on module carriers, and has been proven to reduce CO₂ emissions significantly.



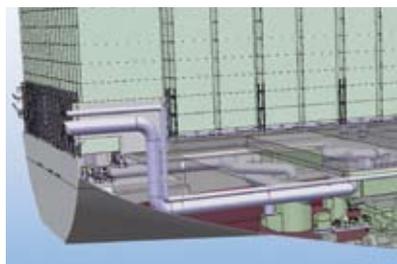
Creating a layer of air between the hull of the ship and the surrounding water reduces frictional drag on the hull.

Preventing loss of propulsive power and raising load efficiency have cut CO₂ emissions by 24%

The ship's hull form must be optimally designed for the vessel's intended position in water, which is determined according to the ship's speed, length and width and the weight of its cargo.

For the MALS-14000CS, MHI ran numerous simulations and offers outstanding performance by the optimal hull form. We also adopted a new type of propulsion plant with twin engines and shafts. This twin-engine/shaft design uses twin propulsion units to drive two screws. Compared with a conventional plant that uses single engine and single shaft, the twin setup offers improved propeller efficiency while maintaining the same resistance level, thereby delivering more propulsive power.

We also introduced two ideas to raise load efficiency and thereby increase the number of containers the ship could carry. The first idea was to lead the exhaust pipes to the stern of the ship, eliminating the space conventionally occupied by the exhaust pipes and their casing. The new configuration enables



Exhaust pipe leading to the stern

containers to be loaded above the engine room.

The second idea was to move the bridge to the bow of the ship. On conventional container ships, the number of loadable containers is limited to the height that will allow a clear view from the bridge, but with our new design the bridge location has allowed the entire deck space to be used more efficiently, increasing the number of containers that could be loaded onto the ship. The new design also allows for storage of containers beneath the ship's living quarters.

As a result of these changes, we succeeded in reducing CO₂ emissions per container transported by 24%.



Containers stored below living quarters

CO₂ reduced by 5% through use of waste heat

The propulsion plant used by the MALS-14000CS contains electronically controlled engines and a waste heat recovery system. Compared with conventional mechanically controlled engines, these engines offer improved fuel efficiency by controlling the fuel injection amount and timing electronically. The waste heat recovery system, which was developed through cooperation between the Shipbuilding & Ocean Development Headquarters and the Power Systems Headquarters, recovers waste heat generated by the engine and uses it effectively to generate electricity.

These improvements together enable a reduction in CO₂ emissions per container transported by 5%.

Our responsibilities and our actions

Our aim is to contribute to our customers and society by applying our comprehensive strengths toward the ongoing development of eco-ships.

As the engineer in charge of this project, I focused on improving the fuel performance of the propulsion plant and raising container carrying capacity. These efforts succeeded in reducing CO₂ emissions, but our work isn't finished here. I still hope to enhance environmental performance further from a variety of perspectives, such as also reducing SO_x and NO_x emissions.

Going forward, we will exploit the comprehensive strengths of MHI, which has various kinds of specialized technologies involving engines, waste heat recovery and electrical systems, to promote the ongoing development of eco-ships.

Takashi Unseki

Ship & Ocean Engineering Division
Shipbuilding & Ocean Development



Employing a variety of technologies to reduce ships' environmental impact

Lowering wind resistance



Fitting a "bow windscreen" in front of the bridge lowers wind resistance and raises fuel efficiency. The windscreen is shaped so as not to obstruct the view from the bridge.

Using natural energy



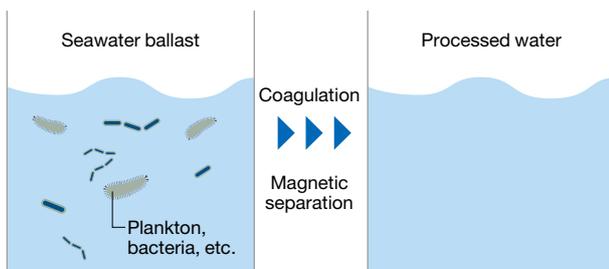
We have developed a photovoltaic power generation system that generates energy while the ship is running. The energy is stored in rechargeable batteries for use when the ship is in port, thereby enabling the onboard generator to be switched off while in port.

Protecting marine ecosystems

To improve the safety of cargo vessels during voyages without cargo, seawater is pumped into their tanks to serve as ballast in the unloading port when the cargo is being discharged. This water is pumped out into the sea again when the ship reaches its loading port. On international routes, however, the foreign plankton and bacteria that are expelled along with the ballast seawater can affect marine ecosystems.

To address this issue, MHI worked with Hitachi Plant Technologies, Ltd., to develop a ballast water purification system. This system employs magnetic force to attract microorganisms when seawater is being taken on, using a coagulation and magnetic-separation method to eliminate organisms from the inflow. As this system uses no biological toxins or chemicals, it leaves behind no residue that might pollute the surrounding water.

Process of eliminating plankton, bacteria, etc.



Applying more than a century of shipbuilding technology to support safe, long-term vessel operation

Some of the ships that MHI builds exceed 300 meters in length and 40 meters in width. As such ships are not mass-produced,

each one is shaped differently. Building ships of this class requires technologies to process steel plates 6 centimeters or more in thickness to a high degree of precision, and to install massive engines weighing more than 1,500 tons with accuracy down to 1/100th of a millimeter.

MHI has perfected its shipbuilding technologies over more than a century. Supporting the safe, long-term operation of vessels this way translates to lengthening the service life of ships and, by extension, avoiding wasteful use of resources.



A giant crane installing an engine into place

Expectations of MHI

A Real Sense of Mitsubishi Heavy Industries' Shipbuilding Technologies and Responsiveness

The fact that I have been working in Nagasaki and with Mitsubishi since 2004 attest to the reality that we have the very best of working relations with Mitsubishi, both as a team and I personally.

In 2003, I was asked to join the PCTC project at Mitsubishi in Nagasaki. I had the best of memories of Nagasaki as well as a close relation with MHI from Taronga's time. Since then I have worked in close cooperation with Mitsubishi on the 10-vessel PCTC project and now on the Mark V project.

The first vessel, the *TØNSBERG*, was delivered on March 18 and departed the same day. During this time all of us at the site felt that we received tremendous goodwill and solid understanding of our problems and issues. Mitsubishi exercised great flexibility in addressing the challenges of building the world's largest ro/ro vessels. Everyone at Mitsubishi lived up to the challenge, and Mitsubishi showed clearly that they are the best at building these complicated vessels. No doubt in this.

What can be improved? It is not my place to say so, but as the question has come up: Try to think outside the box. Innovation is not a set of rules and regulations. Innovation happens outside of these parameters and is only contained by rules and regulations. I understand that these are needed, but they address only the minimum. I guess you do not have to print this, but it is my personal opinion and experience.



Mr. Alexander Maresca
Head Manager, Nagasaki Shipyard & Machinery Works
Wilhelmsen Marine Consultants

MHI's multifaceted shipbuilding experience

In 1857, MHI started Japan's first repair facility for naval ships in Nagasaki. Since then, the shipyard has constructed some 5,300 ships, including cruise ships, cargo vessels and research ships.



Cruise ship



LNG carrier



Deep sea drilling vessel

Employees Introduce Our CSR Activities

Taking on a Project to Regenerate Coral Reefs off Okinawa

MHI Bridge & Steel Structures Engineering Co., Ltd.



The world's coral reefs rank alongside rainforests in terms of abundant biodiversity, but in recent years rising ocean temperatures have prompted the bleaching (death) of coral reefs in many parts of the world. To address this issue, in 2004 MHI Bridge & Steel Structures Engineering Co., Ltd. (MBE), started experiments at growing coral. Five years later, the company succeeded in developing a way to induce new coral growth. Building on this success, in 2011 MBE embarked on a coral reef regeneration project. This breakthrough project is designed to promote the restoration of coral reefs which, like plants, absorb CO₂ and give off oxygen through photosynthesis.

In 2004, while building a floating pier¹ in Okinawa Prefecture, MHI Bridge & Steel Structures Engineering Co., Ltd. (MBE), began experimenting with the transplantation of coral at the pier's far end. During this experiment, conducted in partnership with an aquarium-related venture company, C.P. Farm Co., Ltd., the engineers were amazed to find that coral had started to grow even in areas where it had not been transplanted.

Upon investigating possible causes, they posited that the weak current generated by the floating pier after electrolytic anti-corrosion treatment² created an environment conducive to coral growth. They then approached Nippon Corrosion Engineering Co., Ltd., with the issue, and in 2006 a research project on coral propagation was launched together with the University of Tokyo, the Akajima Marine Science Laboratory and C.P. Farm.

After measuring the anti-corrosive current generated at floating piers at two locations in Okinawa (Taketomi East and Kuroshima ports), experimenting in the ocean off Ishigaki Port, and conducting laboratory experiments at growing coral at the University of Tokyo, in 2009 the research team concluded that a specific level (approximately 50 mA/m²) of current density

(electric field) promotes the growth of coral. The team also developed a method to create a calcium carbonate substrate³ for coral in a short period of time by electrodeposition⁴. As a result, the number of successfully implanted coral larvae was four to five times more than with the conventional method using unglazed ceramic tile as the substrate.



Kazuyoshi Kihara
Manager
Engineering Group
Bridge Headquarters
Engineering Division

In January 2011, we received an order from the city of Itoman for eight coral substrates (shelves); these were set in place in Ishigaki Island's Nagura Bay in April. Currently we are taking part in a coral regeneration project in cooperation with the local fishing cooperative. Since it is the great forces of nature we confront, there is no guarantee of success; but without question the project has made a major step toward the goal of restoring the coral reefs in the oceans off Okinawa.



The floating pier at Taketomi East Port, Taketomi Island; coral attached to the pier



Coral substrates (shelves) placed in Nagura Bay on Ishigaki Island

- 1 Floating pier (built by MHI): The main structure (approx. 10 m x 35 m) is made of plate steel. In situ at the port, the structure is given an application of concrete on the top and side surfaces of the steel plates and floated.
- 2 Electrolytic anti-corrosion treatment: To prevent the plate steel from corroding (rusting) in the seawater, aluminum is installed near the base plates. The iron (steel plate) acts as the cathode and the aluminum as the anode, causing a weak electric current to flow.
- 3 Calcium carbonate substrate: A base, created on the surface of a rock, etc., upon which coral can calcify, affix and grow.
- 4 Electrodeposition: Here, the term refers to the use of a weak electric current to fix the calcium ions, carbonate, etc. in seawater to the steel plate that acts as a cathode, resulting in the formation of calcium carbonate.

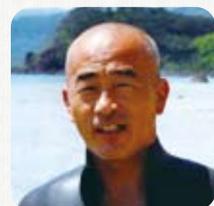
Expectations of MHI

We want to share the abundance of the oceans with the next generation.

This project accords closely with our business philosophy, which is to "convey the wonders of nature ever more broadly, without damaging nature." We participated in this project in the hope that our knowledge and expertise in coral and other marine life and in the marine environment might be useful.

In addition to the fact that coral spawn only once a year, the conditions for regenerating coral are severe, marked by rising ocean temperatures, increasingly larger typhoons, and destruction of the environment.

Even so, I believe that this project is important to restoring the oceans to their former abundance, and I sincerely hope it will continue.



Mr. Toshiyuki Masukawa
President and Representative Director
C.P. Farm Co., Ltd.

Contributing to local communities in Thailand as a good corporate citizen

Supporting local elementary schools for more than a decade

Since 1998, Mitsubishi Heavy Industries-Mahajak Air Conditioners Co., Ltd. (MACO) of Thailand, a core company in the MHI Group's air-conditioning business, has been donating elementary school buildings and classrooms in impoverished regions of that country.

This initiative started with the idea of helping, even modestly, toward resolving two of Thailand's major social issues: economic and educational disparities between the country's metropolitan region and rural areas. Local employees are involved in all phases from recipient selection to construction management.

MACO Corporate Profile (As of January 2011)

- Capitalization: 1,216 million Thai baht (approx. 3.6 billion yen)
- Employees: 2,322 (including 27 Japanese)
- Annual production: 796,000 residential air-conditioners, 258,900 commercial air-conditioners
- Sales breakdown: Southeast Asia & Oceania 50% (Thailand 13%), Europe 33%, Japan 17%

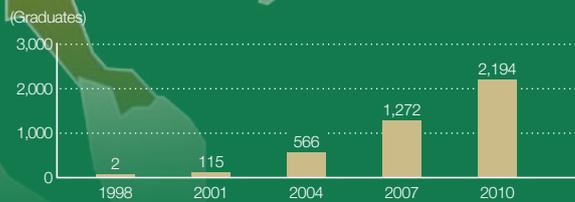


Regions receiving elementary school support

- ① Phitsanulok (1998, 2010)
- ② Phetchabun (1998, 2007)
- ③ Ubonratchathani (1999)
- ④ Loei (2000)
- ⑤ Buriram (2001)
- ⑥ Uthaitthani (2002)
- ⑦ Mahasarakham (2003)
- ⑧ Sakaeo (2004)
- ⑨ Chaiyaphum (2005)
- ⑩ Nakhonratchasima (2006)
- ⑪ Uttaradit (2008)

Figures in parentheses, (), indicate the year of introduction.

Graduates of support-receiving elementary schools (cumulative totals)



Close ties with Society

Build a relationship of trust with society through proactive participation in society and trustworthy actions



A company deeply rooted in Thai society

MACO, a manufacturer of air-conditioning equipment located in an industrial zone on the outskirts of Bangkok, was established in 1988 as a joint venture with Mahajak Industry Co., Ltd., one of MHI's local partners. Initially, MACO was involved mainly in the manufacture of residential air-conditioners, but as MHI's global air-conditioning business grew the JV expanded its operations to include procurement and sales as well as the manufacture of commercial air-conditioners. MACO has now grown to become a core company in MHI's air-conditioner business.

Since its establishment MACO has pursued a management policy focused on localization, with the aim of setting down firm roots in Thai society. In 2003, when it came to function as a manufacturer, it adopted the slogan "The Spirit of Independence" as a clear indicator of its intention to grow and develop in step with the Thai people.



Assembling air-conditioner outdoor units

Focus on cultivating employees' business operating skills

To boost the business operating skills of its local Thai employees, MACO has proactively transferred technologies and promoted outstanding workers to management positions. The company also applies employees' opinions and requests toward improving the in-house work environment, and it has also promoted English-language education, technical training on a department-wide basis, and long-term training in Japan. In 2010, MACO also began holding training sessions covering CSR concepts, the company's business philosophy, and the basics of what it means to be part of a business corporation.

The company has also put in place a system enabling employees to screen and select suppliers based on objective criteria. Furthermore, it treats all its suppliers like "partners," as a way of building win-win relationships.



Training session for sales distributor employees

Addressing the issue of education in Thai society

For many years MACO has contributed to the development of the Thai economy by creating employment, boosting exports and transferring technology. Then 13 years ago, out of a desire to contribute more directly to resolving the country's social issues, MACO embarked on an initiative to support elementary schools.

Thailand's economy continues to grow at an average rate of around 4% per year. However, political and economic activities are concentrated in Bangkok, and the income gap between the metropolitan center and rural areas is higher than two to one in some instances. This level of economic disparity contributes to a gap in education as well, and some children in impoverished regions are unable to complete their compulsory schooling. Furthermore, some schools lack sufficient facilities and educational materials.

Many of MACO's employees hail from outlying areas. To help ensure that the children in their hometowns have access to a good education as a way of improving Thai society, in 1998, on the occasion of its 10th anniversary in business, MACO resolved to address the educational issue head-on by launching activities to support elementary schools.

Average years of education in Thailand (2007)

| | Male | Female | Total |
|---------------------|-------|--------|-------|
| Kingdom | 7.94 | 7.44 | 7.68 |
| Bangkok Metropolis | 10.37 | 9.89 | 10.11 |
| Central Region | 8.3 | 7.8 | 8.1 |
| Northern Region | 7.1 | 6.5 | 6.8 |
| Northeastern Region | 7.3 | 6.8 | 7.1 |
| Southern Region | 7.9 | 7.5 | 7.7 |

Compiled based on the United Nations Development Programme's *Thailand Human Development Report 2009*

Local employees directly support their hometown elementary schools

An employee volunteer organization, the Working Committee, plays the central role in elementary school support activities. The committee also plans and conducts in-house activities, including initiatives to improve employees' work environment and society in general.

Support activities target schools in Thailand's impoverished north and northeastern regions. Each year one school is selected among those meeting the following three criteria: it must be in an employee's hometown, it must face a shortage of facilities and equipment, and teachers and community residents must have an eager desire to improve their schools. The selected school receives aid in line with its requests for items that it lacks: for example, school buildings, a gymnasium, cafeteria, toilets or various types of equipment.

A major feature of the program is that rather than simply donating money, MACO itself orders the construction work, oversees construction, and then donates a completed physical entity to the school. This approach allows the company to maximize its contribution within the available budget. The budget for such a project is 1 million baht (approx. 3 million yen), and a supplementary budget is provided to cover any small excess outlays. Each year, MHI labor union employees (Nagoya Air-Conditioning & Refrigeration Machinery Works) also provide donations of money, clothing, school equipment, sporting goods, etc.

Process from recipient selection to school dedication

1. Selection of recipient candidates from provincial and government lists
- ▼
2. Exploratory visits to candidate sites
- ▼
3. After meetings with school principals and local communities, final selection of recipient
- ▼
4. Determination of support content
- ▼
5. Selection of contractor, etc.; management of construction progress
- ▼
6. Upon completion of construction, formal dedication and transfer

Kindergarten buildings and playground equipment provided in fiscal 2010

In 2010, the company supported the Ban-Mai-Tong Prasert School in Phitsanulok, northern Thailand. Attending the school are 132 elementary school children and 59 kindergarteners—a total of 191 students—but there were only six classrooms for

children spanning nine school years (three years of kindergarten, six years of elementary school). As a result, while elementary students would be studying in their classrooms, kindergarteners would simultaneously be at play in the same room.

MACO decided to build and donate a new building with three classrooms for kindergarten students, as well as playground equipment. Construction commenced in May, with cooperation from students, their parents/guardians and other local people—as well as a large number of MACO employee volunteers participating in the construction process.

The newly completed facility was handed over formally at a ceremony in November—thus adding a well-equipped playground and making it possible for students of each school year to have their own classroom.

In fiscal 2011, MACO plans to donate four classrooms, toilets and other facilities to Ban kamhuachang-non tun-pa ma-naow School in Khon Kaen Province, in north-eastern Thailand.



Children at the Ban-Mai-Tong Prasert School

Our responsibilities and our actions

I believe that creating better learning environments for children will make this a better country.

This project can be difficult, as the committee handles everything from selecting the school to getting ready for construction, to actually overseeing the construction. But at the same time, this level of involvement makes it all worthwhile. Witnessing the joy on the faces of the donor school’s teachers and students, as well as other people in the community, makes us happy, too.

This project has received high praise from the government and local municipal organizations, but what is even more gratifying is to know that we are building learning environments for children. Many of our co-workers come from poor areas, and we believe that by improving the learning environments in their hometowns, children will grow into responsible adults and Thailand will become a better country.



Sunthon Duangsri
Assistant Manager
Assembly Team, Production Department

Athikorn Rattanachai
Manager
General Affairs Department

Expectations of MHI

We are very grateful to MACO for its support in enhancing our school’s educational environment.

Several years ago, people in the local community got together to set up a school cafeteria as part of an aim to enhance the educational environment. The number of students increased as a result, so we were left with the chronic problem of having too few classrooms. But now, thanks to MACO’s donation of a school building, students in each school year can study in their own classroom. As school principal, I am very grateful. Now, the number of students and parents seeing our new building and wanting to transfer to our school is increasing steadily.

At present, Thailand has some 40,000 public schools, many of which suffer from shortages of classrooms and educational materials. As an educator who bemoans this situation, I hope that MACO will continue this school support project, enhancing educational environments all around our country.



Winyou Duangmanee
Principal, Ban-Mai-Tong Prasert School

Employees Introduce Our CSR Activities



We donated MHI solar power generation equipment to a Japanese language school in Hanoi, Vietnam.

Masato Ishida
Acting Manager
Engineering Group, Solar Power Department
Power Systems

I served as manager of a project to donate solar power generation equipment to DOWACEN, a Japanese language school located on the outskirts of Hanoi, Vietnam. DOWACEN teaches Japanese to the employees of many Japanese companies operating in the surrounding industrial area, including MHI Group aircraft components manufacturer MHI Aerospace Vietnam Co., Ltd. (MHIVA). In this region, however, commercial interests are given priority when allocating electric power supplies, and outages at DOWACEN are frequent, affecting the school's ability to provide education. The school therefore asked, via MHIVA, for MHI's assistance.

Typically, even when solar power generation equipment is installed, supplies from the local electric utility continue in parallel; but our plan was different. We wanted to be able to deliver enough power through solar generation to supply electricity to at least the four classrooms that are needed to conduct classes during the day. This project thus took time, because in addition to providing the generating equipment, we had to carefully check the operations of lighting fixtures and fans, as well as explain how to perform maintenance. The project presented a number of challenges, but the system went into operation successfully in December 2010 and is now being used by many people.



Formal transfer ceremony at the site



Explaining the use of solar power generation equipment



We are contributing to the lives of the people in Nepal by introducing fair trade products.

Yumiko Iida
CSR Group, General Affairs Department
Nagoya Aerospace Systems Works

One of the CSR activities conducted at the Nagoya Aerospace Systems Works involves popularizing fair trade products among employees. "Fair trade" involves purchasing, on an ongoing basis and at fair prices, the agricultural products, handicrafts and other items produced by people in developing countries who are at economic and social disadvantages. The movement began in an attempt to change unfair trade practices.

Cooperating with us in this activity is Nepali Bazar, a company involved with producers in Nepal. We promote employee participation by producing

pamphlets and introducing products that Nepali Bazar handles, offering a discount program for all Nagoya Aerospace Systems Works employees and their families, and providing opportunities for them to donate the equivalent of 10% of their purchase price to serve as working capital of a Nepalese welfare program. Many employees participate in this initiative and rate it highly. Their comments include "I like the organically grown spices." and "This gave me a chance to learn about conditions in developing countries."



Pamphlets introducing fair trade products



Nepali Bazar website



A bridge to the next Generation

Contribute to the cultivation of human resources who can shoulder responsibility in the next generation through technologies that can realize dreams

Special Feature
3

Conveying the enjoyment of manufacturing through science classes applying our products and technologies

Drawing up a new roadmap based on three years of success

In the belief that one of its social responsibilities is to cultivate young people who will contribute to tomorrow's global society through science and technology, in 2008 MHI formulated a three-year plan to support science education at schools. Since then, all company works have conducted science classes and

taught lessons about manufacturing. In fiscal 2010 we held such classes 34 times, for around 2,300 students.

Going forward, MHI will continue such efforts to nurture the next generation as a CSR priority. We are also now putting together a new roadmap to further these activities.

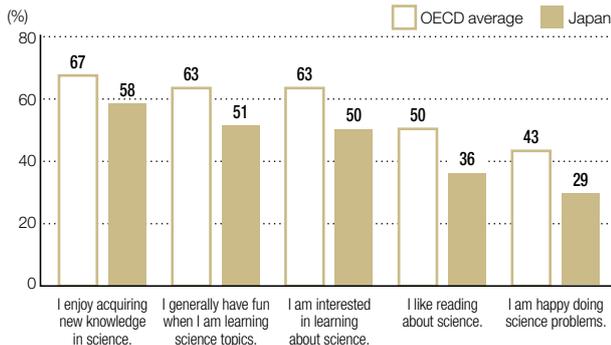


Overcoming lack of interest in science

In recent years, Japanese school children seem to be moving away from the sciences. International academic surveys show that the overall level of interest in science and technology among Japanese children is below the average for the developed nations. Reasons given for this growing lack of interest in science include fewer opportunities for children to experience nature or make things, and waning interest in the sciences among elementary school teachers. As a manufacturing-oriented company, MHI has been eager to contribute to resolving this problem, for the future of Japan.

Against this backdrop, in April 2008 we drew up a three-year plan to support science education at schools. The aim was to begin offering science classes that would communicate to children the wonder and beauty of science and technology. Since that time, we have sent employees from our works throughout Japan to conduct science classes at nearby elementary schools. We have also hosted plant tours and conducted hands-on classes at our works for students from local schools, giving them an opportunity to learn about manufacturing by experiencing it first-hand.

Interest in science and technology by Japanese students



Compiled based on results of Programme for International Student Assessment, Organization for Economic Cooperation and Development

Holding science classes that leverage each works' specialties

In fiscal 2008, all 13 works conducted science classes using the MHI-developed communication robot, *wakamaru*. In fiscal 2009, we improved our methodologies, educational materials and programs and planned and conducted science classes featuring products specific to each of the works—rockets, ships, air-conditioners, forklifts and the like—and their manufacturing technologies.



A science class featuring *wakamaru*

In fiscal 2010, we began working with NPOs and other promoters of science education for children as a way of enhancing our teaching materials and programs. During the year we held 34 science classes attended by around 2,300 students. As a result, during the plan's three-year period we provided learning opportunities to a total of 6,954 students.

The employees of individual works have shown great enthusiasm in participating in the effort to support science education, and the program has yielded a number of benefits. Sparking local students' interest in science through experience-based education has boosted motivation among employees, and the program is enabling many of the works to become more firmly rooted in their surrounding communities.

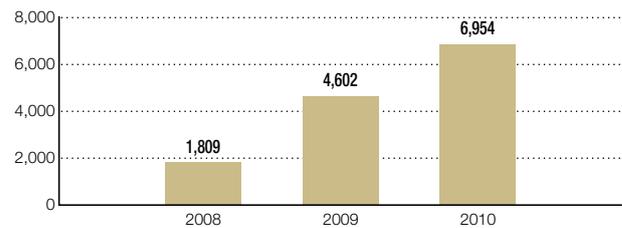


Swimming experiment using a robotic fish



Experiment introducing the principles of artificial satellite attitude control

Cumulative number of science class participants



Science classes held in fiscal 2010

| Division/Headquarters, Works | Participants | Content and Themes |
|-----------------------------------------------------------------------------------------------------|--------------|----------------------------------------------------------------------------------|
| Transportation Systems & Advanced Technology Division | 53 | Motor and brake mechanisms, the power of air |
| Industrial Machinery Business, Technology & Solutions Division; MHI Solution Technologies Co., Ltd. | 147 | Classes using robotic fish |
| Industrial Machinery Business, Technology & Solutions Division | 136 | Turbine and compressor mechanisms |
| Shimonoseki Shipyard & Machinery Works | 70 | Mechanisms that drive ships |
| Kobe Shipyard & Machinery Works, Transportation Systems & Advanced Technology Division, Kobe Site | 80 | Science classes using <i>wakamaru</i> |
| Yokohama Machinery Works | 63 | Making a pinwheel: wind power generation mechanism and the power of the wind |
| Yokohama Machinery Works | 79 | Tour of demonstration wind turbine, wind power generation experiment using model |
| Nagoya Guidance & Propulsion Systems Works | 1,622 | Rockets and artificial satellites |
| Head Office | 102 | Science classes using <i>wakamaru</i> |
| Total | 2,352 | |

Reflecting feedback from schoolteachers and NPOs in creating new plans

As part of the planning process, we regularly consult with schoolteachers and NPOs about various aspects of our science class support activities.

For example, in February 2011 we invited 136 students from the nearby Hiroshima Minamikanon Elementary School to our Industrial Machinery Business, Technology & Solutions Division (the current Hiroshima Machinery Works) to teach them about manufacturing—in particular the power of air—using a compressor, one of this division’s main products, as the teaching aid. Following the class, we hosted an idea exchange attended by Mr. Takuya Suga, a teacher and vice principal at the school, and people from the Kodomo Uchu Mirai Association (KU-MA), an incorporated nonprofit organization that specializes in science classes. Mr. Suga pointed out one of the difficulties of conducting science classes. “Many children inherently enjoy undertaking science experiments,” he commented, “but if we don’t convey to them clearly the reasons for conducting the experiments, they gradually lose interest.” Concerning MHI’s activities, he had this to offer: “There’s great value in having people who are personally involved in manufacturing come to the schools and make the children aware that what they are studying in school plays a useful role in the world. The children can also learn how products are completed only through the cooperation of many people, including designers, engineers, and so on. This helps them learn about careers.”

Mr. Sumio Endo, Director of KU-MA, also offered up some valuable opinions. On the basic thinking to apply in creating the program, he suggested that when you begin by asking why a particular phenomenon occurs, it sparks a child’s interest. He also stated that since many of MHI’s products are large or heavy or feature outstanding performance, learning about them leads to formative experiences that respond to children’s basic questioning about things. Mr. Endo also expressed his hope that MHI would demonstrate to children how leading-edge technology is closely connected with their lives.



Exchange of ideas at the Industrial Machinery Business, Technology & Solutions Division

Responding to this advice and these opinions, the representatives from the Industrial Machinery Business, Technology & Solutions Division commented that helping children learn requires a long-term commitment. They added that the views expressed by the teachers and representatives from KU-MA would be applied toward enhancing the program’s content and making the program’s activities firmly established within the community. In this way, all the participants agreed that going forward they would continue to work together in educating local children, each respectively applying its special aspects as a school, NPO and business enterprise.

Idea exchange participants Note: Positions are as of March 31, 2011



Takuya Suga

Teacher and Vice Principal,
Hiroshima Minamikanon
Elementary School



Sumio Endo

Director,
Kodomo Uchu Mirai
Association



Yuichi Taguchi

Kodomo Uchu Mirai
Association



Yujiro Nagamatsu

Manager, General Affairs
Section, General Affairs
Dept., Industrial Machinery
Business, Technology &
Solutions Division



Hiroyuki Hibara

Head of Participating Team,
General Affairs Section,
General Affairs Dept.,
Industrial Machinery Business,
Technology &
Solutions Division



Keiichi Iida

Manager,
CSR Department

Drawing up a new roadmap for further expansion

MHI is in the process of creating a new roadmap for its support of science classes, drawing on its three years of experience in these activities. The new roadmap will call for greater involvement by NPOs and other outside specialists; and in reflection of our globalizing business operations, we plan to launch science classes at our overseas bases.

Employees Introduce Our CSR Activities



I hope to pass on to the next generation the things I have learned through the National Skills Competition.

Hitomi Tashiro

Human Resources Educational Section,
General Affairs Department
Power Systems

In October 2010 I won the bronze medal in the electric welding category at the 48th National Skills Competition held in Kanagawa Prefecture. The competition, an annual affair, is aimed at demonstrating the importance of and need for technical skills, fostering respect for these skills, and promoting an awareness of the importance of manufacturing. The contestants, all 23 years of age or younger, compete in some 40 categories.

This was my second time participating in the contest, and up until the day of the event I practiced basic skills and continued analyzing what we would be tested on, mastering the steps involved and so on. I also took part in networking events with other companies

and joint practice sessions. Our task was to weld a specific item according to a drawing within the specified period of time, and evaluations were made of how accurately we welded, how the finished work looked, and its performance in pressure tests. Actually, I wasn't really satisfied with my work, so I was surprised to receive a medal.

A technician needs to make a voluntary effort to increase his or her knowledge and technical skills, but there also is much to be learned from other people. I hope to play a useful role in society by someday being able to pass on my own technical skills, knowledge and experience to the next generation.



Welding competition at the National Skills Competition



Hitomi Tashiro at the award ceremony



We hold regular craft workshops to cultivate children's interest in science.

Maki Sano

Mitsubishi Minatomirai Industrial Museum

At the Mitsubishi Minatomirai Industrial Museum, we hold regular craft workshops to convey to children the fascinating world of science. I am responsible for all aspects of the program, including everything from planning, publicity and operation to actual teaching. When conducting a workshop, I always try to choose a theme that will spark the children's interest and make them want to participate. I also use easy-to-understand language to help them understand what they have learned through making their project.

For example, during one workshop we made paper airplanes. We talked about what tools would make the job easier and how we should fold the paper to keep the airplanes aloft as long as possible, and then we tested out these

ideas. The museum also prepares and hands out instruction sheets so that they can apply and develop what they learned through the workshop at home or at school, hopefully leading them to make new discoveries.

URL Mitsubishi Minatomirai Industrial Museum
<http://www.mhi.co.jp/en/museum/>

Open hours: From 10:00 a.m. to 5:00 p.m. (admission until 4:30 p.m.)
Closed days: Every Monday (following day if Monday is a national holiday), at the year-end New Year, and on specified closed days
Phone: +81-45-200-7351



Experimenting with optical illusions using a hand-made top



Craft workshop

The objective of MHI is to be a company trusted to meet the expectations of society with CSR as the cornerstone of its management practices. Endeavoring to fulfill this goal, MHI focuses its energies on three components: fair and sound management, the environment, and sociability. The following is a report of MHI's concepts and efforts in line with these three components.

Fair and Sound Management

We strive to conduct fair and sound management practices while observing all applicable laws, regulations, rules and social conventions.

| | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Corporate Governance | P. 31 | Compliance | P. 42 |
| <ul style="list-style-type: none"> • Current Status of Corporate Governance and Internal Controls • Risk Management and Crisis Management • New Organizations and Measures Concerning Business and Management | | <ul style="list-style-type: none"> • Promoting Compliance through a Structure Encompassing the Entire Group • Improving Compliance Policy/Guidelines • Preventing a Recurrence of Legal Violations (if any) • Secure Safeguarding of Proprietary Information • Compliance Education and Increasing Awareness | |
| Promotion of CSR | P. 36 | | |
| <ul style="list-style-type: none"> • Promoting Comprehensive and Strategic CSR Activities • Activities of Major Related Committees in Fiscal 2010 | | | |

Report on Environmental Initiatives

We contribute to the preservation of the environment of society as a whole by understanding the impact of our business activities on the environment and working to alleviate environmental loads.

| | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Environmental Management | P. 52 | Countermeasures against Global Warming | P. 68 |
| <ul style="list-style-type: none"> • Environmental Management Promotion System • Establishing and Operating an Environmental Management System Based on its Own Standards • Preserving Biodiversity • Controlling and Improving Response to Potential Environmental Impact Risks • Status of Environmental Accidents and Legal Violations • Environmental Management Systems Adopted at MHI and Its Subsidiaries | | <ul style="list-style-type: none"> • Promotion of Energy-saving and CO₂ Emission Control Measures • Measures to Curb Energy Use in Transport • Energy-saving Activities in Offices • CO₂ reductions with MHI product usage (FY2010) | |
| Targets and Progress | P. 60 | Resource Conservation and Waste Management | P. 74 |
| Material Balance | P. 65 | <ul style="list-style-type: none"> • Curbing Waste Generation, Release and Disposal • Using electronic manifests (e-manifests) | |
| Environmental Accounting | P. 66 | Management of Chemical Substances | P. 78 |
| | | <ul style="list-style-type: none"> • Curbing the Use and Emissions of Chemical Substances through Proper Management and Use of Alternatives | |
| | | Products and Technologies that Reduce Environmental Impact | P. 81 |
| | | <ul style="list-style-type: none"> • Main products and technologies in 2010 • Products and technologies that contribute to a low-carbon society | |

Report on Social Actions

Our business activities are implemented with thoughtful consideration for our diverse stakeholders as a provider of products and technology that support society's infrastructure.

| | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Commitment to Our Customers | P. 85 | Commitment to Our Employees | P. 101 |
| <ul style="list-style-type: none"> • Enhancing Product Safety • Enhancing Customer Satisfaction (CS) • Maintaining and Strengthening the Defense Production and Technological Bases | | <ul style="list-style-type: none"> • Utilizing and Cultivating Diverse Human Resources • Building a Better Working Environment • Forum 35 | |
| Commitment to Our Shareholders and Investors | P. 93 | Contributions to Society | P. 113 |
| <ul style="list-style-type: none"> • Disclosure Principles and IR Activities • Recent Dividend Disbursements | | <ul style="list-style-type: none"> • Fulfilling our Policy on Socially Beneficial Activities • Achievements Made Through Socially Beneficial Activities • Examples of Regional Socially Beneficial Activities • Examples of Activities that Nurture the Next Generation • Examples of MHI Group Company Activities | |
| Commitment to Our Business Partners (Suppliers) | P. 96 | | |
| <ul style="list-style-type: none"> • Fair Dealing • Promoting CSR Procurement • Procurement Education and Training | | | |

Current Status of Corporate Governance and Internal Controls

Strengthening the oversight functions of the Board of Directors through such measures as appointing outside directors

The Board of Directors makes important key management decisions and oversees the execution of business operations, while statutory auditors audit the execution of duties of directors and other matters.

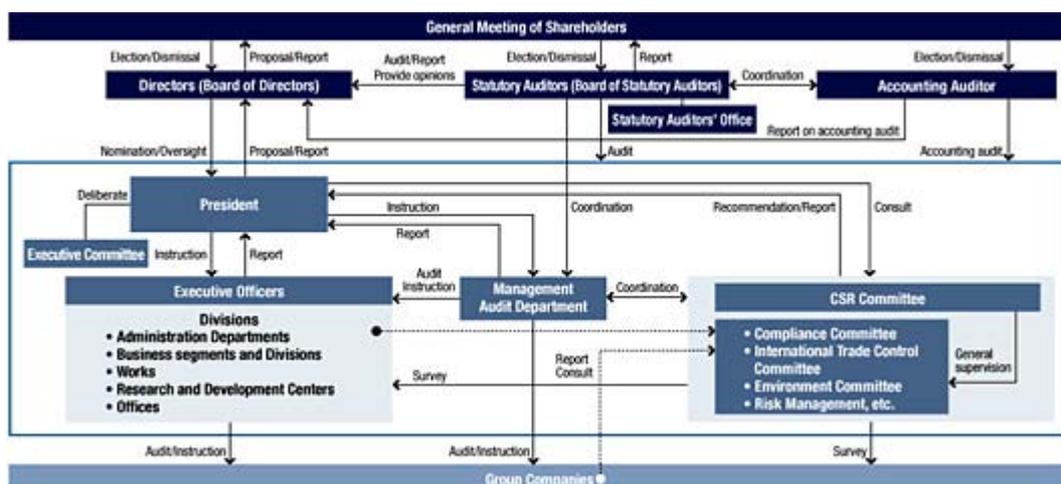
Currently, 3 of the company's 19 directors and 3 of its 5 statutory auditors are from outside MHI and are engaged in their respective roles of overseeing and auditing management by maintaining an independent standpoint from the management team. The company has also streamlined the Board of Directors, shortened the term of office, and introduced an Executive Officer System. MHI has sought through these measures to reinforce the oversight functions of the Board of Directors and to clarify the roles and responsibilities of the directors who make decisions on key management issues and oversee the overall management of the company as well as the roles and responsibilities of the executive officers who execute business.

MHI has also established an Executive Committee to serve as a forum for discussing important matters related to business execution. This allows for a more cohesive approach in terms of discussions as part of the operational execution framework centered on the President, and consequently leads to more effective management decisions and business execution.

In accordance with the auditing policy and auditing plan determined by the Board of Statutory Auditors, statutory auditors attend key meetings, such those held by the Board of Directors, the Executive Committee, and Business Plan Meetings, to study and monitor the management operation status. They also examine legal and regulatory compliance, and monitor the development and operation of internal control systems, including those related to financial reporting. These auditing operations enable them to ascertain whether the directors are executing their duties in compliance with laws and Articles of Incorporation, and whether company affairs are being appropriately executed.

Statutory auditors also periodically exchange information and opinions with the Management Audit Department and accounting auditors, and collaborate closely with them in other ways, including receiving audit results and attending accounting audits. The Statutory Auditors' Office has been set up with its own dedicated staff to support the implementation of auditing tasks and facilitate the work carried out by statutory auditors.

Corporate Governance Structure (including internal control system) (as of April 1, 2011)



Ensuring reliability of financial reporting by assessing the status and operation of the internal control system C

In May 2006, the Board of Directors approved a basic policy for internal control systems. Under this policy, the company has been steadily promoting thorough compliance, reinforcing risk management, and improving the effectiveness of internal audits.

Under the Japanese Financial Instruments and Exchange Law, an internal control reporting system, sometimes referred to as J-SOX, came into effect in April 2008.

Prior to this, the Board of Directors revised the basic policy in March 2008 to articulate its response. In April 2008 MHI set up a group inside the Internal Audit Department (the current Management Audit Department) to be responsible for all J-SOX-related operations inside the MHI Group, concurrently setting up similar groups or departments throughout all of our manufacturing works.

In fiscal 2010, as in earlier years, the Internal Audit Department (the current Management Audit Department) and the internal audit divisions of our manufacturing works exercised the initiative in assessing the status and operation of the internal control system and concluded that the MHI Group's internal controls related to financial reporting were functioning effectively.

Risk Management and Crisis Management

Steady implementation of risk reduction measures based on periodic assessments

MHI periodically assesses risk for all operations in order to fully comprehend risks at all Group companies.

In fiscal 2009, these assessments were expanded to all Group companies for the purpose of determining risks of great importance. In fiscal 2010, MHI made sure that process owners (Note1) were conducting risk reduction measures in risk areas deemed to require stronger measures, such as foreign exchange fluctuations, earthquakes and natural disasters, the environmental control and information security management. In addition, self-examination of risk assessment outcomes of the previous year was conducted and confirmed that any changes have not occurred in it.

Further, in April 2011 we initiated the Risk Management Supervisors Meeting and enacted company rules regarding risk management so that risk-management PDCA cycle could be effectively conducted. In this meeting, we also scrutinized the management of risks of great importance and the improvement and strengthening of the risk management system for the entire MHI Group in an effort to appropriately manage risks in the execution of business.

(Note1) Organizations and/or Persons responsible of improving and executing task management systems.

New Organizations and Measures Concerning Business and Management

Implementing organizational reforms to reinforce business operations and corporate functions

Factors such as markets shifting away from developed nations to emerging ones and the accompanying escalating price wars escalating; and global competition in the fields of energy the environment have all resulted in drastic changes in the business environment. In response to this, in April 2010, MHI drew up a medium-term management plan, "2010 Business Plan." This plan established a business strategy that was flexible and responsive, and promoted the strengthening of corporate-wide cross-functions.

Under this plan, in April 2011 the organizational structure was revised into a unified business segments system from the conventional 2-track system of promoting business through a system of segments and worksite office operations. The authority and responsibility of executing business, including business planning, quality assurance, marketing, design, manufacturing, and construction, which had previously been entrusted to each worksite, were transferred to segments, which aim to promptly and effectively execute business by integrating functions related to implementing operations.

MHI had implemented this heightened functioning of segments at mass and medium-lot manufacturing segments, Power Systems, and Machinery & Steel Infrastructure Systems, but this organizational reform was carried out at all segments and worksite offices.

In addition to this consolidation toward a system of business segments, administration department functions were also fortified in order to efficiently support departmental business at a high level. Specifically, enhancements were made to strategic functions corporate-wide that examine the best business structure in order to effectively utilize the management resources of all companies. Improvements were also made to cross-sectional communication exchange among all companies to facilitate communication among segments that handle a variety of products.

These reforms will build a system capable of flexibly responding to various customer needs and elevate corporate presence in the global market by boosting the competitiveness of all segments, and increasing the ability to offer solutions through the combination of products carried by segments.

Accelerating strengthening of "Monozukuri" (production system for value creation) capabilities through process innovation across the company

"Monozukuri capability" is the origin of the competitiveness in the manufacturing industry. Maintaining and strengthening this capability has emerged as a critical management issue in the face of today's increasingly severe business climate.

Based on this understanding, the Production System Innovation Planning Department (launched in 2006) began liaising with worksite promotion leaders and their structure for promoting innovation in manufacturing. The department worked to create a continuous process of innovation, from marketing and design to manufacturing and service. In addition, the same department headed the "conference of general managers" for the different categories (manufacturing/design/quality) common to all worksites. By teaming with relevant groups, including the Presidential Administration Office, Information Systems & Communications Department, Personnel Department, Material Department, and the Technical Headquarters they solved issues common among all Group companies that were difficult for individual worksites to handle, such as cultivating and strengthening HR, transferring technology and skills, and improving equipment and business processes—all of which form the foundation of manufacturing.

These actions fortified the foundation for production at manufacturing companies by bettering the corporate-wide technical and vocational training system, improving productivity by upgrading outdated production equipment, and creating a place to communicate in order to solve issues shared among worksites.

Fiscal 2010 Initiatives

Based on the Performance Index for Innovative Monozukuri Actions, which is linked to the business plan, in fiscal 2010 improvements were made to productivity, the hours required for process completion were diminished, and efforts to reduce inventory were put into effect. A system to quantify the performance index was established.

A bill of materials (BOM), which leads to stronger manufacturing, was also created for all products, and improvements were made to the design process to pinpoint problems in the management of products subject to complaints. Furthermore, MHI began preparations to establish a production hub for parts throughout the companies.

Fiscal 2011 Plans

In April 2011, the Production System Innovation Planning Department was integrated with the Technology & Innovation Headquarters with the goal of encouraging corporate-wide cross-cooperation. MHI will continue to accelerate the implementation of innovative Monozukuri actions. It will utilize the 6M (Man, Machine, Material, Method, Market, and Money) methodology benchmarks to evaluate the organizational capabilities of manufacturing, and promote the creation of BOM and improvements to the design process to prevent product complaints. Furthermore, based on the current trend that shifts the bulk of manufacturing overseas while maintaining the mother factory in Japan, MHI will boost its manufacturing capacity both domestically and abroad by assistance for overseas expansion including manufacture and procurement in Southeast Asia, India, etc.

Promoting Comprehensive and Strategic CSR Activities

The CSR Committee monitors the progress of six categories of important activities.

In October 2006, the company set up the CSR Committee, chaired by the President, and the CSR Department, which reports directly to the President, in order to strengthen management of CSR. Furthermore, during the organizational reforms made in April 2011, the CSR Department became the Presidential Administration Office/CSR Department, which undertakes corporate planning for all companies.

Until now, the CSR Committee had monitored the progress of CSR activities by individual committees and groups of managing members and representative CSR activities based on the CSR Action Guidelines, as indicated in the CSR Action Plan (Roadmap) for fiscal 2008 to fiscal 2010, but from this point on they will implement and follow up on activities based on a new roadmap drawn up for the next three years, from fiscal 2011 to 2013.

In fiscal 2010 the committee confirmed the status of actions and relevant issues for the six categories (CSR promotion, compliance, environment, human rights/labor, product responsibility, and risk management) in regard to CSR activities taken by individual committees and groups of managing members. Prior to the CSR Committee meeting, the CSR Liaison Conference, comprised of various committees and groups of managing members, was held to review activity reports and discuss future courses of action.

In regard to the representative CSR activities based on the CSR Action Guidelines, activities were promoted by a CSR Director and CSR Practice Manager assigned to each Headquarters, worksite, and spin-off Group company in order to develop CSR awareness throughout the entire Group.

CSR Promotion System (as of April 1, 2011)



Sustained Promotion of PDCA Based on the CSR Action Plan

In fiscal 2010, we ran PDCA cycles, including follow-up and evaluation of progress and achievements, and the consideration of future plans for each of the six areas - CSR promotion, compliance, environment, human rights/labor, product responsibility, and risk management - outlined in the CSR Action Plan.

In the area of CSR promotion, the CSR Report was distributed to all MHI Group employees (86,000 copies) in fiscal 2010, and the following actions were carried out at each site.

CSR Training Sessions

In fiscal 2010, training sessions were held at nine works and 627 people participated. Activities such as group discussions were held with the goal of broadening CSR awareness. The company also conducted a diagnostic survey to clarify the challenges faced by, current CSR activities. The results of this analysis will be applied to future CSR activities. CSR training was also held for 1,490 new employees at all works, including the Head Office. This brought the number of participants for the year to 2,117 people (6.4 percent attendance).



CSR training at Shimonoseki Shipyard & Machinery Works.

President's Town Meeting

In fiscal 2010, with the aim of boosting employee motivation and revitalization activities, the president visited 11 workplaces to engage in dialogues with frontline staff and employees in their mid-thirties, who will be playing leading roles in the future.

Forum 35

Activity for re-energizing the organization through the exchange of ideas and concerns about the company and society involving employees in their mid-thirties. Meetings, inter-worksite opinion exchanges, and discussions with the president were held at seven locations, including the Head Office.

Activities of Major Related Committees in Fiscal 2010

CSR Committee: Following up on CSR activities

Having followed up on the status of activities by individual committees and groups of manager members at the 8th session of the CSR Committee held in June 2010 and the 9th session held in December, we confirmed they were working systematically based on their individual roadmaps.

With the aims of gaining even more trust from society (all stakeholders) and continuously developing business, activities will continue to be promoted around the CSR Action Guidelines. Building on three years of achievements, the CSR Committee will look to adapt the ideas that have been produced thus far, and support new challenges.

Compliance Committee: Discussing corporate-wide compliance promotion plans

The Compliance Committee was established in 2001 as an organization that discusses issues such as the state of compliance promotion throughout the corporation. It handles the creation of corporate-wide compliance promotion plans and confirms the status of progress.

The committee also endeavors to educate employees on compliance awareness, and since fiscal year 2003 has been continuously holding compliance promotion training. The outcomes of this training are confirmed through a compliance awareness survey, which has shown that each year the awareness toward compliance held by individuals at all worksites is increasing.

Environment Committee: Discussing the Group's promotion of yearly environmental measures

The Environment Committee was established as an inter-departmental organization for the entire corporation in 1996. During its twice-yearly meetings, it plans and composes corporate-wide environmental measures for the year and sets the tone for initiatives, as well as promotes and follows up on the yearly environmental preservation plans of individual works.

In fiscal 2010, the committee discussed the progress being made in implementation of measures for reducing CO2 emissions and cutting waste (including zero emissions), which were outlined in the fiscal 2009 Environmental Management Plan. Discussions were also held on the implementation of environmental meetings, and the committee has held initiatives for Group-wide promotion of consolidated environmental management. Furthermore, it deliberates on implementing plans for environmental audits of works for the purpose of continually reducing environmental risks and thoroughly complying with environmental laws and regulations. The committee aims to improve the management level at each works by following up on the outcomes of those actions.

**Committee for Raising Awareness of Human Rights:
Promoting a workplace in which every employee respects the human rights
of others**

MHI set up the Committee for Raising Awareness of Human Rights in 1992 to promote the establishment of a sound workplace in which every employee correctly understands the issue and respects the human rights of others.

Chaired by the Director in charge of personnel and with the membership of general managers in charge of personnel of each works, the committee is working on raising awareness of human rights, sharing information and promoting human rights training. The committee has also established a system for preventing sexual harassment by establishing a contact point for consultation and by creating an e-mail mailing address dedicated to consultation.

In fiscal 2010, the committee implemented a training program for raising awareness among new recruits, newly appointed managers and supervisors. In addition, the committee implemented and strengthened educational efforts through actions such as distributing a pamphlet within the Group to prevent harassment, adding new themes in compliance promotion training, and introducing online learning for the first time.

**"Committee for Promoting the Employment of the Handicapped:"
Proactively promoting the expansion of job opportunities for the disabled**

Based on the Disabled People Employment Promotion Act, this committee was established in 1992 to expand employment opportunities for differently-abled people because MHI believes it is the corporation's social responsibility to provide opportunities for them to utilize their abilities. The committee is chaired by the Director in charge of personnel and has the membership of general managers in charge of personnel at each works. The committee convenes yearly to formulate basic policies related to employment of differently-abled people, draw up and implement relevant plans, raise awareness to promote employment, share information, and contact and work with relevant administrative agencies and organizations.

In fiscal 2010, the committee strove to strengthen the expansion of employment activities based on a July 2010 law revision. It continued to proactively advance recruitment by using its website "mano a mano" in Spanish or "hand to hand", which was created to support the employment of differently-abled people while coordinating with local employment offices and vocational schools for the differently-abled people, and actively participating in job interviews. As a result, as of April 1, 2011, the employment rate for the differently-abled people at MHI is 1.97 percent, which exceeds the statutory employment rate of 1.8 percent.



The "mano a mano" webpage for differently-abled people.

International Trade Control Committee: Promoting education on legal compliance and creating various rules and manuals

As a company with a high export ratio, MHI is aware that export controls complying with export-related laws and regulations, such as the Foreign Exchange & Foreign Trade Control Act, are taking on greater importance. The International Trade Control Committee meets regularly on a monthly basis to stringently screen exports of controlled items and transfers of controlled technologies as well as exports of commodities to nations and regions that are subject to international sanctions, in order to prevent MHI technologies and commodities from being used for nefarious purposes, such as for weapons of mass destruction. The Committee also draws up effective rules and manuals and designs various in-house education programs to enhance employees' understandings of export controls and strengthen MHI's export control systems.

In fiscal 2010, in addition to continuously promoting e-learning programs for all employees, the training sessions were regularly held for employees responsible for each division and they shared information about past examples of both successful and mistakable export control management at these training sessions. Due to the introduction of the border-based control on transferring technologies outside the country by the revisions of the Foreign Exchange & Foreign Trade Control Act, the Committee has also created easy understandable manuals for technical presentations outside the company and draw up yes-no flowcharts on taking computers outside the country while traveling on business.

Construction Business Act Compliance Committee: Implementing actions to improve subcontract optimization

Since MHI is involved in new construction and repair of sites such as power plants, it is well aware of the importance of complying with the Construction Industry Act, and in 2003 established the Construction Business Act Compliance Committee. It is working to promote revision of various in-house structures and systems in order to abide by the Construction Industry Act, to educate employees, to manage the qualifications and support the training of engineers, and to conduct appropriate management of building construction.

In fiscal 2009, employees from various works that directly supervised new construction and repairs developed and began corporate-wide utilization of an independent compliance system that thoroughly adheres to the law by taking personal responsibility and authority. In fiscal 2010, a meeting for business partners to explain the Construction Industry Act was held at five locations in Japan to promote optimization of subcontracts. There were 292 participants from a total of 207 partner companies. A lecture on the Construction Industry Act was also held on nine occasions at major works, drawing 951 participants, including Group employees. The committee is working to improve the corporate-wide adherence level through these activities.

Order Compliance Committee: Implementing various measures ensure legal compliance in sales activities

MHI established the Order Compliance Committee in August 2005 to ensure legal compliance in sales activities with the intent of preventing a recurrence of past violations of the Anti-Monopoly Act. The committee has set up rules of conduct for the Public Sector Procurement Department and has constructed systems that include implementing compliance checks for competitive construction bids to ensure transparency in sales actions.

In addition, special monitoring has confirmed that these measures are being appropriately carried out.

Managing Board for Innovation in the Nuclear Business: Planning measures for all departments to improve safety in nuclear energy

Because MHI is involved in nuclear energy, a business that demands a high degree of safety, this committee was established in 2004 to ascertain the factors that contributed to a secondary pipe fracture in Mihama Power Station Unit 3, run by the Kansai Electric Power Co. In addition to preventing recurrence through the use of technology, it was commissioned to draw up and execute measures to reform nuclear business within the company, including measures for product quality and crisis management.

In fiscal 2010, the following activities continued to be promoted at the Nuclear Energy Systems Headquarters, Kobe Shipyard & Machinery Works, and Takasago Machinery Works.

Fiscal 2010 Initiatives

Employees involved in nuclear business have taken the lessons learned from the accident to heart. They are taking further action to build a climate and culture of safety, further improving and strengthening internal audits to actualize organizational problems, and implementing quality management that includes regular convening of a design/manufacturing/QA liaison conference. The employees are also offering proposals to power companies for boosting the maintenance of older nuclear power stations.

Promoting Compliance through a Structure Encompassing the Entire Group

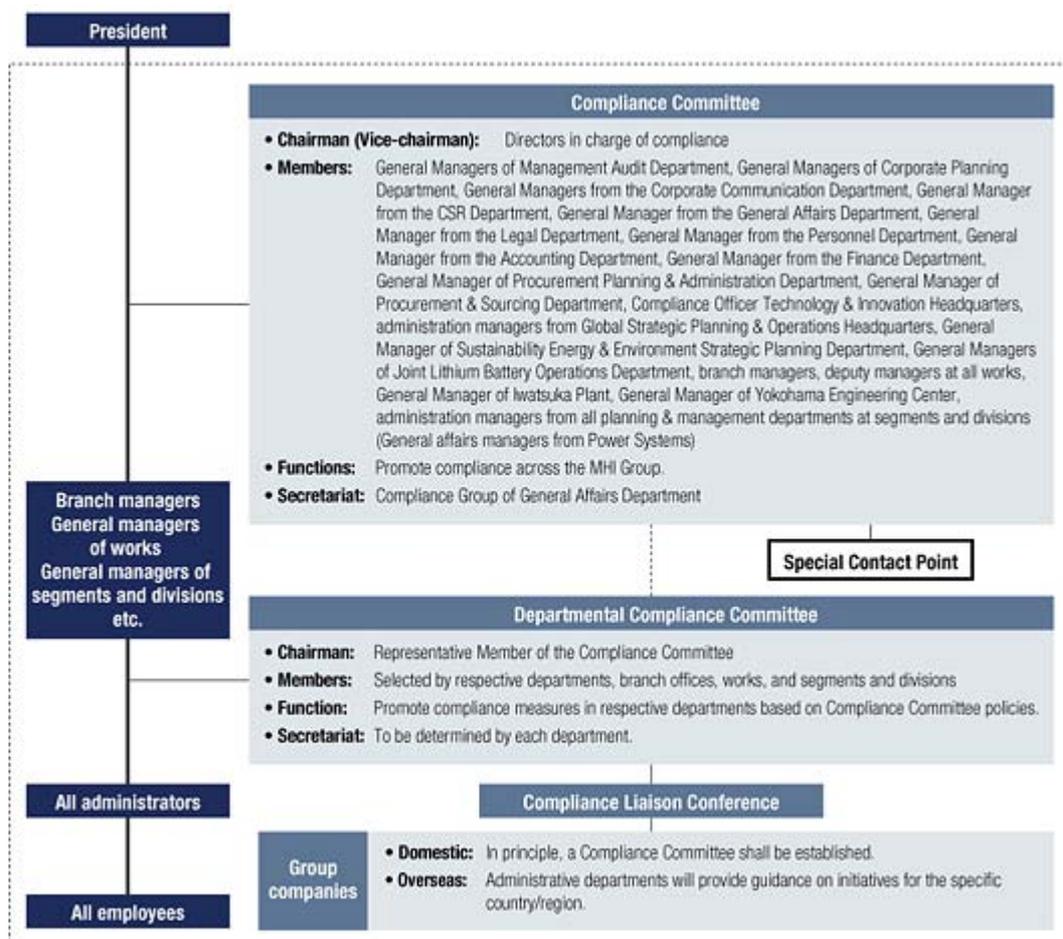
Placing "point of contact" persons responsible for promoting compliance in all departments and Group companies.

The Compliance Committee was established in May 2001 to strictly observe applicable laws and social norms, and to promote fair and honest business practices. The committee meets twice annually to draw up company-wide compliance support plans and to measure progress. It is chaired by the director in charge of compliance, and its members consist of general managers from relevant departments at the Head Office, branch managers, deputy general managers from all worksites, and general managers from all planning and management departments at headquarters and divisions.

In April 2006, Departmental Compliance Committees were established in all departments of the company. These committees are chaired by the department's respective member of the Compliance Committee, and compliance measures are implemented for each respective department. At the same time, Compliance Liaison Conferences were set up for regularly exchanging compliance information with Group companies. Individual departments are required to ensure their own compliance through these committees and conferences, and are expected to carry out compliance activities on their own accord as part of their responsibility.

Based on the results of a survey on compliance awareness, and the percentage of individuals that attend compliance promotion trainings, in fiscal year 2010 the Compliance Committee confirmed that compliance activities are increasing and employee awareness of compliance has risen. It also confirmed that appropriate measures are being taken, such as the inclusion of relevant themes in training sessions for issues that need improvement.

Compliance Promotion System (as of April 1, 2011)



Implementing a point of contact/hotline for all employees and clients

A hotline has been established specifically for business clients and employees (including contract employees) of MHI and all Group companies that wish to report or discuss potentially unlawful or dishonest acts they have come upon. Contact can be made through email, phone, or Fax. The Compliance Committee will promptly investigate the reported information and communicate with the director in charge. Information on what should be reported is contained in the Compliance Guidelines distributed to all employees and in bulletins published in-house monthly.

Setting clear regulations on the rights afforded to in-house informants

With the implementation of the hotline, the rights for protection afforded to informants were set out in the 2007 company regulations entitled, "Compliance Promotions," which states that the informant's name will not be released without the person's consent, and the informant will not be placed at any disadvantage because of the information s/he has reported. Employees have been advised of the rights to protection given to in-house informants and have been told of the existence of the hotline. Twice yearly an investigation is conducted to determine whether such individuals' rights have been violated.

Improving Compliance Policy/Guidelines

The *Compliance Guidelines* Clarifies Behavior Standards

The MHI Compliance Guidelines established in September 2001 explicitly set forth required behavior standards so that compliance with applicable laws and social norms can be comprehensively achieved in business activities, societal relationships, and employee relationships. This policy has been printed on cards so that it can be carried with workers and has been distributed to all employees, including contract workers. In addition, all employees have been provided with MHI's Compliance Guidelines, which contains straightforward explanations on specific areas requiring caution during the execution of daily duties.

Moreover, thorough articles on compliance have regularly been included in company bulletins, and from fiscal year 2010, illustrated articles have been included to further heighten employee awareness.



Compliance Guidelines

MHI Compliance Guidelines

I Business activities

We will conduct company activities in a sensible and appropriate manner and in compliance with applicable laws and social norms, and will contribute to society by providing safe, high-quality products and services.

II Relationship between the company and society

We will try to preserve the environment and live in harmony with society as a good corporate citizen.

III Relationship between the company and employees

The company will provide a safe, healthy work environment, and company members will make clear distinctions between public and private activities and obligations, comply with applicable laws and internal rules, and execute their duties faithfully.

Formulating and publicizing company guidelines for preventing bribery involving foreign civil servants

MHI strives for fairness in its global commercial transactions by upholding its fundamental policy of complying with the Unfair Competition Prevention Law and the Guidelines to Prevent Bribery of Foreign Public Officials that forbid bribing a civil servant of a foreign country in order to obtain an unfair advantage.

The MHI Compliance Guidelines also prohibit improper business dealings. In conjunction with these principles, the company established the Guidelines for the Prevention of Bribery Involving Foreign Civil Servants in April 2005 to define the rules of conduct based on the Unfair Competition Prevention Law. These documents have been posted on the company's intranet to ensure a thorough understanding of these policies by all involved in MHI's overseas business.

Firm Measures Against Antisocial Forces

MHI's Compliance Guidelines clearly set forth firm measures to deal with antisocial forces, such as racketeering.

All MHI facilities have established departments to direct measures to be taken if unjust demands are made by antisocial forces. The aforementioned departments will work with other relevant departments to comprehensively deal with the incident as an organization. In addition, MHI has taken actions, including compliance training, to promote the ideal mindset and essential concepts for responding to undue claims.

Moreover, MHI pro-actively strives to build close cooperative relationships with police, lawyers, and special institutions, to gain advice and support for dealing with unjust demands.

Eliminating Camouflage Contracts Based on the Policies of the Ministry of Health, Labour and Welfare

In 2007, the Ministry of Health, Labour and Welfare created "Guidelines for Measures that Should be Adopted by Outsourcers Striving to Improve and Optimize Employment Management of Contract Work for Manufacturing Businesses." Based on these guidelines, MHI is strictly enforcing the rule that states, "When direct supervision is required, utilize direct employment, and when not required, contract out the work."

In addition, MHI is voluntarily and actively working to prevent incidences of the so-called "camouflage contract" problem by implementing compliance training, thoroughly auditing worksite conditions, and holding consultations with the labor department.

Preventing a Recurrence of Legal Violations (if any)

Continuing a System that Ensures Compliance and Transparency in Order-Receiving Activities

From 2005 to 2006, MHI was the subject of an investigation by the Japan Fair Trade Commission and other offices when it fell under suspicion of violating the Anti-Monopoly Act in construction orders involving steel bridge construction projects and night-soil treatment plants. MHI took the investigation seriously, and established the Order Compliance Committee in an effort to prevent potentially suspect activities from occurring again. MHI has worked diligently to build a stringent system to uphold the Anti-Monopoly Act that ensures the transparency and legality of order-receiving activities. This system includes drawing up "action standards" for the Public Sector Procurement Department, carrying out compliance checks on each instance of competitive bidding for construction contracts, and conducting special monitoring for the optimization of public sector order-receiving.

A special monitoring project during fiscal year 2010 confirmed that proper bidding/order receiving activities had continued from the prior fiscal year without any anomalies, and that Anti-Monopoly Act compliance awareness had spread throughout the relevant sales departments.

Furthermore, based on an amicable settlement of a shareholder lawsuit related to allegations of steel bridge construction bid-rigging, MHI in July 2010 established "Public Works Business Process Validation and Advisory Committee," which consisted of three independent and respected individuals from outside the corporation. The committee examined the MHI's implementation of a complete compliance system for carrying out public construction. MHI initiatives were assessed to have sufficient countermeasures necessary to avoid collusion in the tendering process. It also proposed a code of conduct for a new era and drew up guidelines. Based on this proposal and other efforts, MHI will continue to take actions that instill a law-abiding mentality in order-receiving activities.

In fiscal 2010, no on-site inspections were made, nor were any cease and desist notices issued against MHI from government offices related to violations against compliance laws.

Secure Safeguarding of Proprietary Information

The Information Technology Department and General Affairs Department take the lead in protecting confidential information

MHI has built a corporate-wide system for confidential information management, information security management, and personal privacy through the Information Technology Department and General Affairs Department in order to thoroughly safeguard confidential information, such as company management information and technological information, and information related to customers and clients. MHI is working to carry out appropriate information management (including paper documents and electronic data) and improve information security.

Using the manual and database to thoroughly protect personal information

In conjunction with the enforcement of the Act on the Protection of Personal Information in April 2005, MHI announced its own Privacy Policy and formulated Personal Information Protection Rules and the Personal Information Management Manual. In addition, the company compiled key points related to our business into a digest and distributed it to all employees in an effort to ensure thorough protection of personal information.

A personal information database registration system has been developed and used as a means for consolidating the handling of personal data by registering all data owned by respective divisions.

Constantly reinforcing measures to protect confidential information

MHI has always determined rules for managing confidential information and written documents in its management of confidential information, but as the amount of electronic data increased, MHI decided in 2001 to draw up Standards on Information Security Management. In 2010, they were revised to encompass new information technologies, dangers, and law revisions in an endeavor to more appropriately manage electronic information. Moreover, the Manual on the Management of Confidential Information and How to Prevent Leakage of Confidential Information were created and distributed to improve employee awareness of confidential information management.

In the past, computers from employees at MHI and partner companies have been infected with computer viruses and product information has been leaked, causing trouble for clients. Therefore, MHI strictly enforces measures to prevent a recurrence of such incidents by forbidding the use of private personal computers for work and the introduction of software not required for work. Also, as measures against information leaks as a result of theft or loss of computers and external storage media, MHI has provided employees with comprehensive instructions on encrypting data on PCs, external storage media, and e-mail, and has clarified procedures for taking these devices outside the company.

MHI instructs both domestic and overseas Group companies on improving administrative rules for information security, information management education, and internal audits in an effort to carry out exhaustive information management throughout the Group. MHI also enters into nondisclosure agreements with subcontractors to ensure comprehensive management of confidential information.

Implementing employee training to enhance awareness of management of confidential information

MHI has incorporated education on protection of personal information into compliance promotion trainings attended by all employees and training by employee level, and also provides e-learning on the overall topic of confidential information and information security to thoroughly educate employees on specific procedures and rules.

In fiscal 2010, under the theme, Preventing Leaks of Confidential Information and Case Studies, MHI held training sessions for employees who use computers in-house and employees who utilize computers in domestic Group companies to make them aware of the kinds of situations in which accidents involving information security can easily occur, and to completely prevent the occurrence of such incidents.

MHI has also sent English materials to overseas Group companies to help support their education efforts.

Continuously assessing the status of security measures through internal audits

To safeguard information, it is important to continuously evaluate and reassess the state of security measures being implemented.

MHI has prepared a checklist to be used at all departments and regularly holds an internal audit once a year to determine the status of measurements being implemented. As a result, when issues are discovered they are revised and the following year during the audit that revision is assessed, leading to steady improvements.

The internal audit in fiscal 2010 improved the audit content by increasing the number of questions related to managing confidential information taken outside the company.

Future efforts

Information security management rules have also been upgraded in overseas Group companies, so in fiscal 2010 the internal audit of information management that had been conducted in-house and in domestic Group companies was expanded to overseas Group companies. MHI will continue to run information security management PDCA cycles throughout the Group in an ongoing effort to improve information management.

Compliance Education and Increasing Awareness

Implementing discussion training based on daily duties

Discussion-based training sessions for all employees to promote compliance have been carried out in all worksites since fiscal 2003. Since fiscal 2005, training has been held twice yearly.

The training is held with the goal of increasing awareness so that employees can execute proper judgment and actions in accordance with compliance, no matter the situation. In the discussions, employees consider what they would do or what the proper action would be if, for example, they were to feel anxiety over compliance because they are faced with problematic costs or delivery demands, or they are pressured by a supervisor.

In fiscal 2010, discussions were held on 27 additional themes based on actual recent cases. Over 31,000 employees (more than 96 percent of all employees) participated. The training sessions will continue with themes based on issues the employees come up against in their daily work.

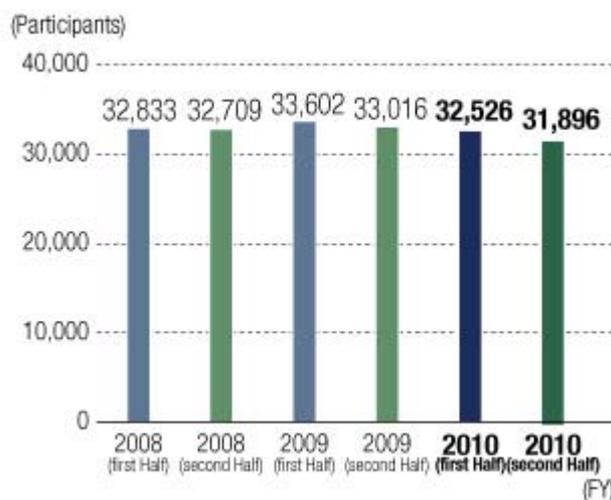
Yearly compliance awareness survey

Since fiscal 2004, every year the Compliance Committee conducts a compliance awareness survey. In fiscal 2010, a questionnaire was sent to 9,935 employees (a random sample of approximately 30 percent of all employees) of whom 8,601 (86.6 percent) responded.

About 97 percent of them indicated that they are aware of compliance. The indicators, "level of compliance awareness," "violation potential," "recognition of the MHI Compliance Guidelines," and "workplace environment regarding compliance" have all risen for the third consecutive year, confirming that the outcomes of compliance actions are improving and that the awareness of compliance among employees is steadily growing.

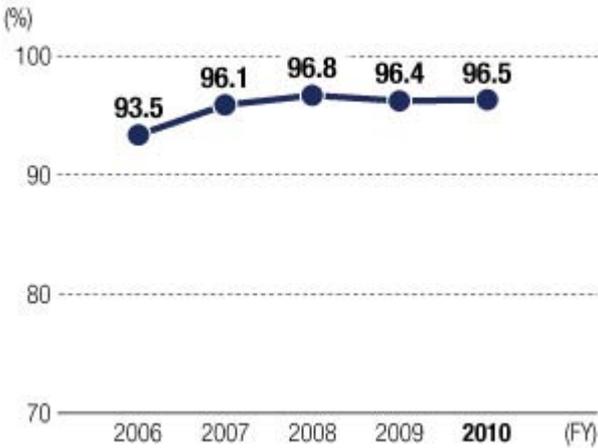
The company will continue to conduct survey-style research to confirm the level of compliance awareness among employees.

Number of participants at compliance promotion trainings



(Note) Number of participants over the past three years

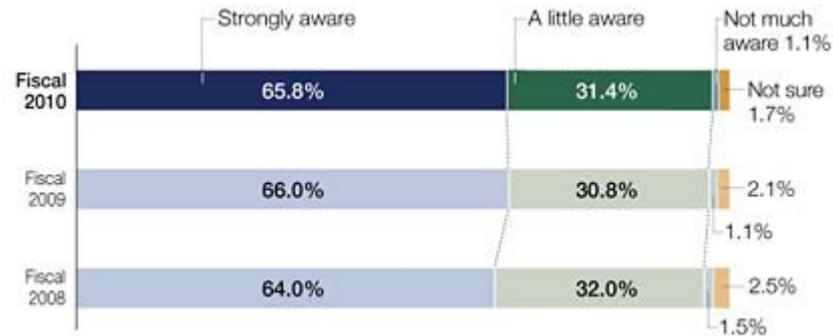
Participation rates for compliance promotion training



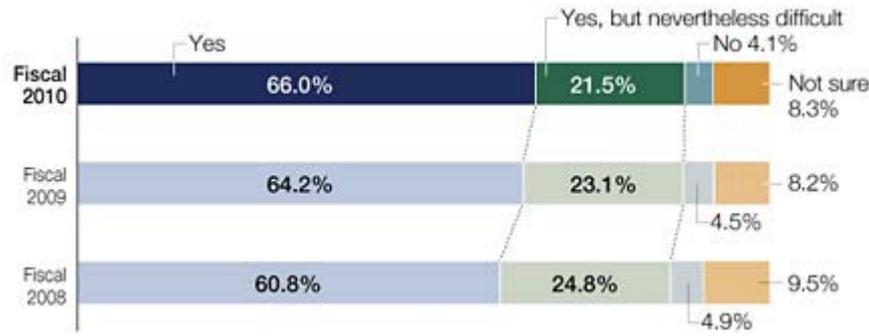
(Note) Training sessions have been held twice a year (first and second halves) since fiscal 2005. Figures represent the average participation rates for the first and second halves.

Results of Compliance Awareness Survey

How much are you aware of compliance?



Does your workplace atmosphere allow you to point out cases of compliance violations?



A Word from an Employee

Training sessions that include specific case examples helped me realize the importance of preventing information leaks.

Harumi Hazaka
Administration Section,
Marine Diesel
Engine Department,
Marine Machinery & Engine
Division,
Power Systems



In fiscal 2010, I attended training sessions on transactions with foreign countries, managing corporate secrets, and the Worker Dispatching Law. For Power Systems Headquarters to globally expand business, complying with export laws and handling confidential information is crucial. Attending the training strengthened my resolve to tackle business with a greater awareness of legal compliance. In particular, in the lecture on Measures to Prevent Information Leaks, I was able to hear about specific instances of risk and impacts related to actual incidents. I was reminded of the importance of taking thorough precautions to prevent information leaks in my everyday work.

Environmental Management Promotion System

Promotion of environmental management by a company-wide committee and promotion entities at each works

MHI established the Environmental Committee, chaired by the director in charge of the environment, to plan and propose annual environmental actions for the entire company. Decisions are conveyed to the entire company and all Group companies. Environmental Committees established at each works promote policies and conduct environmental management corresponding to the specific features of each works. In addition, Environmental Liaison Conferences for individuals in charge of the environment at the Head Office and each works and Energy Conservation Liaison Conferences, where energy and CO₂ reduction measures are discussed, are held. Various other environmental activities take place such as the Energy Conservation Sectional Meeting and Zero Emission Sectional Meeting, whose members include section chiefs and under at each works.

In fiscal 2010, the company-wide Environmental Committee formulated a promotional plan that is being implemented throughout MHI to upgrade air-conditioners as part of CO₂ reduction measures based on our Business Plan.

Basic Policy on Environmental Matters (Established 1996)

As clearly laid out in provision 1 of its creed-"We strongly believe that the customer comes first and that we are obligated to be an innovative partner to society."-MHI believes its primary purpose is to contribute to society through its R&D, manufacturing and other business activities. Accordingly, in the performance of its business activities the company shall embrace the awareness that it is an integral member of society and, in all aspects of its business activities, it will strive to reduce burden on the environment and shall devote its comprehensive technological capabilities to the development of technologies and products that will protect the environment, as its way of contributing to the development of a sustainable society.

Action Guidelines (Established 1996)

1. Accord high priority to environmental protection within company operations, and take steps company-wide to protect and enhance the environment.
2. Clarify roles and responsibilities regarding environmental protection by developing an organized structure to deal with environmental protection matters, defining environment-related procedures, etc.
3. Strive to alleviate burden on the environment in all aspects of company business activities- from product R&D and design to procurement of raw materials, manufacture, transport, usage, servicing and disposal-through pollution prevention, conservation of resources, energy saving, waste reduction, reuse and recycling.
4. Strive to develop and provide advanced, highly reliable, wholly proprietary technologies and products that will contribute to solving environmental and energy problems.
5. Strive continuously to improve and enhance environmental protection activities not only by fully complying with environmental laws and regulations but also, when necessary, by establishing, implementing and evaluating independent standards and setting environmental goals and targets.
6. In the performance of business activities overseas and exportation of products, pay full attention to impact on the local natural and social environments and strive to protect those environments; also, become actively involved in technological cooperation overseas in matters of environmental protection.
7. Take steps to raise environmental awareness among all employees through environmental education, etc., undertake activities to provide environment-related information to the public, and proactively make environment-enhancing contributions to society.

Environmental Management Structure



Promoting mid- and long-term targets for the entire Group

The MHI Group formulated the MHI Group mid- and long-term environmental targets, which set common targets for all Group companies in April 2008. Under this plan, special focus is on reducing CO₂ emission by an average of 3 percent between 2008 and 2012 compared to fiscal 2007; promoting zero emissions; and acquiring, maintaining and renewing certifications such as ISO environmental management.

At our Environmental Meeting with Group companies held in fiscal 2010, each company confirmed efforts to incorporate the aforementioned mid- and long-term targets into its own environmental management program and promote their implementation. We will continue to work to achieve those targets and promote activities as a Group.

Environmental Audits at All Works in Japan

MHI has been conducting environmental audits of works at all of its 13 headquarters, divisions and works in Japan since fiscal 2007. The purpose of the audits is to ensure compliance with environmental laws and regulations and to conduct physical, on-site verification of operational conditions. Audit teams consisting of auditors from works other than those being audited perform their audit and then report results and improvements to the Environmental Committee, which are then shared across the company.

In fiscal 2010, we conducted audits at four locations namely the Air-Conditioning & Refrigeration Systems Headquarters, Machine Tool Division, Iwatsuka Area (Note1) and Nagasaki Shipyard & Machinery Works. They affirmed that indications made during the previous audits were corrected appropriately and that steps were taken to improve the level of management.

(Note1) Iwatsuka Area is the collective name for the Iwatsuka Area Management Department of the Machinery & Steel Structures Headquarters, Iwatsuka District of General Machinery & Special Vehicles Headquarters, Iwatsuka Plant of Machine Tool Division, Nagoya Research & Development Center, Mitsubishi Heavy Industries Food & Packaging Machinery Co., Ltd. and Mitsubishi Heavy Industries Plastic Technology Co., Ltd.

Initiating Environmental Meetings with Group Companies

Environmental Meetings have been held since fiscal 2007 to unify environmental management across the entire MHI Group. The meetings identify problems and support the study of improvements and the exchange of information related to the environment, with the primary goal of ensuring the compliance of Group companies and preventing environmental pollution.

In fiscal 2010, MHI held Environmental Meetings at 15 domestic Group companies, including 10 companies of our Group which independently acquired the international standard certification for environmental management system ISO 14001; 4 companies which acquired the same certification within MHI work's ISO 14001 accreditation scope; and 1 domestic Group company which has not acquired Environmental ISO or other certifications.

In addition, MHI gathered the 15 Group companies that held Environmental Meetings in fiscal 2010 under one roof on February 18, 2011 for a Domestic Group Company Environmental Liaison Conference where members shared the positive examples they learned from their respective Environmental Meetings.

Hereafter, MHI will conduct environmental activities for the Group companies located in the MHI works based on the policies of each works, and for the other Group companies promote the attainment of mid- and long-term environmental targets common throughout the MHI Group. MHI will strive to enhance the level of environmental activities Group-wide.

Establishing and Operating an Environmental Management System Based on its Own Standards

Establishing two unique standards that are compliant with ISO and EcoAction 21

MHI is promoting the introduction of an Environmental Management System to all companies across the group.

With a view to reducing costs, MHI introduced two of its own standards, M-EMS and M-EMS EcoAction, which are based on the international environmental standard ISO 14001 and the Japanese guideline EcoAction 21.

In fiscal 2010, 1 company (1 site) in Japan and 2 companies (2 sites) overseas newly acquired environmental ISO and other certifications, bringing MHI to a total of 91 out of 120 domestic companies and 27 out of 114 overseas companies which have acquired certifications.

Fostering environmental awareness for each every employee through stratified environmental training

Each works formulates its own environmental education curriculum based on e-learning and other methods to provide environmental education to employees.

In addition to the internal environmental auditor training program organized by our Head Office, specialized training that deals with daily management procedures and handling emergencies also takes place for employees doing painting tasks and handling dangerous materials.

■ Registered ISO 14001 Internal Auditors (as of April 1, 2011)

| FY | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------|------|------|------|------|------|------|
| Number | 593 | 684 | 687 | 815 | 847 | 980 |

Preserving Biodiversity

Breeding program for Japanese honeybees in danger of extinction

MHI promotes biodiversity preservation activities positioned on its Basic Policy on Environmental Matters and Action Guidelines and CSR Action Guidelines which include the concepts of the Ministry of the Environment's "Guidelines for Private Sector Engagement in Biodiversity" and the Japan Federation of Economic Organizations' "Biodiversity Declaration."

For example, in fiscal 2010 at the Nagoya Aerospace Systems Works, we started an endangered Japanese honeybee breeding program inspired by the honeycomb structure of airplanes and began tending to honeybees in beehives kept in the Works.



Breeding Japanese honeybees

Controlling and Improving Response to Potential Environmental Impact Risks

Clarifying the risks at each works and addressing them through daily

The company has prepared and uses an ISO-based manual for each works, encompassing such issues as risk identification methods, daily management procedures and contingency plans. At each works, emergency response drills are carried out at least once yearly to confirm the effectiveness of response procedures for emergencies such as oil spills and earthquakes. We are also revising annually our risk extraction and evaluation methods for environmental issues based on the ISO Manual.

In the event of any crisis in any plant, the company's in-house crisis management information system is prepared to quickly convey information to the President.

Remediation of contaminated soil and groundwater

In instances where MHI sells or modifies land, it reports in advance to the relevant local government authorities, local communities or their associations under the Soil Contamination Countermeasures Law and applicable local regulations, while thoroughly investigating and identifying any contamination present in the soil or groundwater.

One such case was the 2006 discovery of VOC (Volatile Organic Compounds) contamination during the sale of the vacant lots where the old Taiko Plant used to stand in Higashi-ku, Nagoya City. At three areas, we conducted decontamination measures following the instructions of Nagoya City officials that resulted in the passing of statutory criteria for two years straight by all three lots. In November 2010, we completed soil and groundwater decontamination efforts and submitted to Nagoya City a notice of completion of soil pollution dispersion measures, which that city accepted.

Promoting green purchasing

MHI formulated its internal green purchasing policy in March 2002 to systematically promote the purchasing of raw materials, components and products that contribute to the reduction of the environmental burden with the aim of building a circular-flow economy and society. Based on this, we urge the purchasing of office goods, etc. that place the lowest burden possible on the environment.

With an eye on the goal of 'green' purchasing for 90 percent of our annual volume and 95 percent of cash outflows for purchasing, the result for the latter in fiscal 2010 was 92.8 percent. We will continue to promote green purchasing.

Status of Incidents and Legal Violations Relating to the Environment

Thoroughly implementing preventive measures after incidents of wastewater overflow

In June 2009, we discovered that the hydrogen ion concentrations in water emitted from the comprehensive wastewater treatment facility at the Air-Conditioning & Refrigeration Systems Headquarters, Matsusaka Plant (Matsusaka City, Mie Prefecture) exceeded standard levels. We then formulated company-wide preventive measures including inspections of wastewater treatment facilities and confirmation of capability to deal with emergency countermeasures. As a result, there were no cases of wastewater exceeding standard levels in fiscal 2010.

Environmental Management Systems Adopted at MHI and Its Subsidiaries

As of April 1, 2011

ISO 14001 certification at MHI works, plants and research & development centers

| | Location or company name | Date of issue (or registration) | |
|-----------------------------------------------------|---------------------------------------------------------|----------------------------------------|---------------|
| MHI sites and plants | Yokohama Machinery Works | Oct. 31, 1997 | |
| | Nagasaki Shipyard & Machinery Works | May 22, 1998 | |
| | Takasago Machinery Works | Jun. 26, 1998 | |
| | Nagoya Air-Conditioning & Refrigeration Machinery Works | Nov. 20, 1998 | |
| | Sagamihara Machinery Works | May 21, 1999 | |
| | Mihara Machinery Works | Sep. 3, 1999 | |
| | Hiroshima Machinery Works | Sep. 30, 1999 | |
| | Shimonoseki Shipyard & Machinery Works | Nov. 24, 1999 | |
| | Nagoya Guidance & Propulsion Systems Works | Dec. 18, 1999 | |
| | Kobe Shipyard & Machinery Works | Feb. 18, 2000 | |
| | Iwatsuka Plant | Mar. 17, 2000 | |
| | Ritto Machinery Works | Dec. 28, 2000 | |
| | Environmental & Chemical Plant Division (Yokohama) | Jun. 29, 2001 | |
| | Nagoya Aerospace Systems Works | Oct. 1, 2003 | |
| | Head Office | Apr. 6, 2006 | |
| | MHI Research & development centers | Nagasaki Research & Development Center | Aug. 21, 2006 |
| | | Advanced Technology Research Center | Nov. 9, 2006 |
| Yokohama Research & Development Center | | Nov. 9, 2006 | |
| Hiroshima Research & Development Center (Hiroshima) | | Aug. 2, 2007 | |
| Hiroshima Research & Development Center (Mihara) | | Dec. 5, 2006 | |
| Nagoya Research & Development Center | | Dec. 26, 2006 | |
| Takasago Research & Development Center | Mar. 9, 2007 | | |

Group companies that acquired ISO 14001 certifications independently

| | Location or company name | Date of issue (or registration) |
|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------|
| Domestic | MHI Solution Technologies Co., Ltd. | Aug. 28, 1998 |
| | Mitsubishi Agricultural Machinery Co., Ltd. | Jul. 24, 2001 |
| | Nagoya Ryoju Estate Co., Ltd. | Mar. 14, 2002 |
| | Nishinon Ryoju Estate Co., Ltd. | Jul. 12, 2002 |
| | Chubu Jukan Operation Co., Ltd., Head Office | Jan. 13, 2004 |
| | Ryoju Co., Ltd., Printing Division, Tokyo Plant (including Head Office and Chubu Plant) | Apr. 23, 2004 |
| | Shimonoseki Ryoju Estate Co., Ltd. | Mar. 14, 2005 |
| | Ryoju Estate Co., Ltd. | Mar. 17, 2005 |
| | Mitsubishi Heavy Industries Food & Packaging Machinery Co., Ltd. | Mar. 17, 2005 |
| | Seibu Jukan Operation Co., Ltd., Head Office | Mar. 22, 2005 |
| | Kusakabe Co., Ltd. | Mar. 24, 2005 |
| | Tamachi Building Co., Ltd. | Mar. 25, 2005 |
| | Hiroshima Ryoju Estate Co., Ltd. | Apr. 9, 2005 |
| | Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd. (Head Office and Branch Office) | Apr. 12, 2004 |
| | Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd. (Engineering Division) | Feb. 17, 2005 |
| | Ryoju Cold Chain Co., Ltd. | Apr. 22, 2005 |
| | Mitsubishi Heavy Industries Precision Casting Co., Ltd. | May 11, 2005 |
| | Tokiwa Machinery Works Ltd. | May 18, 2005 |
| | Jukan Operation Co., Ltd., Head Office | Aug. 1, 2005 |
| | MHI Aerospace Logitem Co., Ltd. | Jan. 5, 2007 |
| Overseas | Mitsubishi Heavy Industries Air-Conditioning & Thermal Systems Corporation, System Production Department | Sep. 14, 2007 |
| | Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd., Chiba Plant | Mar. 25, 2010 |
| | Mitsubishi Heavy Industries-Haier (Qingdao) Air-Conditioners Co., Ltd. | Dec. 14, 1998 |
| | MHI Equipment Europe B.V. | Nov. 9, 2001 |
| | Mitsubishi Caterpillar Forklift Europe B.V. | Jul. 25, 2002 |
| | Mitsubishi Heavy Industries Climate Control Inc. | Jun. 12, 2003 |
| | Thai Compressor Manufacturing Co., Ltd. | Jun. 27, 2003 |
| | Mitsubishi Power Systems Americas, Inc. Orlando Service Center | Feb. 18, 2004 |
| | MHI Automotive Climate Control (Shanghai) Co., Ltd. | Jul. 11, 2005 |
| | CBC Industrias Pesadas S.A. | Dec. 1, 2005 |
| | Mitsubishi Heavy Industries Korea Ltd. | Dec. 17, 2005 |
| | Mitsubishi Heavy Industries-Mahajak Air Conditioners Co., Ltd. | Dec. 21, 2005 |
| | Mitsubishi Heavy Industries-Jinling Air-Conditioners Co., Ltd. | Jan. 24, 2006 |
| | MHI Machine Tool (Hong Kong) Ltd. | Mar. 30, 2006 |
| | Mitsubishi Heavy Industries, (Hong Kong) Ltd. | Apr. 5, 2006 |
| | MPL Hong Kong Ltd. | May 25, 2006 |
| | Mitsubishi Heavy Industries, (Shanghai) Co., Ltd. | Jul. 5, 2006 |
| | MHI-Pornchai Machinery Co., Ltd. | Jul. 17, 2006 |
| | Mitsubishi Heavy Industries India Private Ltd. | Dec. 7, 2006 |
| | Mitsubishi Heavy Industries Singapore Private, Ltd. | Jan. 21, 2007 |
| Mitsubishi Heavy Industries America, Inc. Headquarters | Oct. 15, 2007 | |
| Mitsubishi Heavy Industries America, Inc. Tire Machinery Division | Oct. 15, 2007 | |
| Mitsubishi Caterpillar Forklift America Inc. | Dec. 6, 2007 | |
| Mitsubishi Heavy Industries (Thailand) Ltd. | Dec. 31, 2007 | |
| Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. | May 14, 2008 | |
| MHI Equipment Alsace S.A.S | Mar. 17, 2009 | |
| Mitsubishi-Hitachi Metals Machinery South Asia Private Ltd. | Jul. 14, 2010 | |
| Mitsubishi Power System Europe, Ltd. | Oct. 1, 2010 | |
| Mitsubishi Turbocharger Asia Co., Ltd. | Dec. 22, 2010 | |

EcoAction 21 certification at MHI Group companies

| | Location or company name | Date of issue (or registration) |
|----------|----------------------------------------------|---------------------------------|
| Domestic | Daiya Building Service Co., Ltd. | Apr. 21, 2005 |
| | Nuclear Development Co., Ltd. | May 30, 2005 |
| | Ryonichi Engineering Co., Ltd. | Oct. 31, 2005 |
| | Kyusyu Yukan Operation Co., Ltd. Head office | Jun. 11, 2008 |
| | Higashi Chugoku Ryoju Estate Co., Ltd. | Oct. 15, 2009 |
| | Hiroji Center Co., Ltd. | Jan. 29, 2010 |

K-EMS certification at MHI Group companies

| | Location or company name | Date of issue (or registration) |
|----------|--------------------------------------------------------|---------------------------------|
| Domestic | Seiyo Engineering Co., Ltd. | Dec. 24, 2004 |
| | Kinki Ryoju Estate Co., Ltd. | Feb. 23, 2005 |
| | Mitsubishi Heavy Industries Mechatronics Systems, Ltd. | Feb. 23, 2005 |
| | MHI Nuclear Engineering Co., Ltd. | Mar. 24, 2005 |
| | Nuclear Power Training Center, Ltd. | Mar. 24, 2005 |
| | MHI General Services Co., Ltd. | Mar. 24, 2005 |
| | Ryoju Co., Ltd., Kobe Branch | Mar. 24, 2005 |
| | Techno Data Engineering Co., Ltd. | Feb. 27, 2006 |
| | Energis Co., Ltd. | Mar. 23, 2006 |
| | | |

Kamakura EcoAction 21 certification at MHI Group companies

| | Location or company name | Date of issue (or registration) |
|----------|---------------------------|---------------------------------|
| Domestic | Shonan Monorail Co., Ltd. | Apr. 4, 2007 |

MHI Group companies adopting M-EMS (based on ISO 14001)

| | Location or company name | Date of issue (or registration) |
|----------|----------------------------------------------------------------------------------|---------------------------------|
| Domestic | MHI Power Systems Inspection Technologies, Ltd., Yokohama Division | Apr. 25, 2005 |
| | Ryoju Co., Ltd., Shinagawa Branch | Apr. 26, 2005 |
| | Mitsubishi Heavy Industries Air-Conditioning & Refrigeration Systems Corporation | May 13, 2005 |
| | Mitsubishi Heavy Industries Engine Systems Co., Ltd. | Jul. 12, 2005 |
| | Aomori Daiya Co., Ltd. | Jul. 12, 2008 |
| | Kagoshima Daiya Co., Ltd. | Jul. 12, 2008 |
| Overseas | Mitsubishi Engine North America, Inc. | Jan. 19, 2007 |
| | MPL U.S.A., Inc. | Jan. 19, 2007 |

MHI Group companies M-EMS EcoAction (based on EcoAction 21)

| | Location or company name | Date of issue (or registration) |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Domestic | Mitsubishi Heavy Industries Transportation Equipment Engineering & Service Co., Ltd., Transportation Works Division, Domestic Service Division | Apr. 20, 2005 |
| | Ryoju Co., Ltd., Sagami Branch | Apr. 25, 2005 |
| | Shunjusha Ltd. | Apr. 26, 2005 |
| | MHI Sagami High-tech, Ltd. | May 9, 2005 |
| | Ryosen Engineers Co., Ltd. | May 10, 2005 |
| | Hiroshima Dia System Co., Ltd. | May 11, 2005 |
| | MHI Marine Engineering, Ltd. | May 16, 2005 |
| | Churyo Engineering Co., Ltd. | May 16, 2005 |
| | Ryoju Co., Ltd., Yokohama Branch, Minatomirai area | May 16, 2005 |
| | MHI Aerospace Systems Corp. | Jul. 12, 2005 |
| | MDS Corporation | Jul. 22, 2005 |
| | Ryosei Service Co., Ltd. | Jun. 10, 2009 |
| | Diamond Travel Co., Ltd. | Mar. 1, 2010 |
| | | |

Group companies within the scope of ISO 14001 accreditation of MHI works and plants

| | Location or company name | Date of issue (or registration) | Names of works and plants which acquired ISO14001 |
|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------|
| Domestic | Mitsubishi Heavy Industries Plastic Technology Co., Ltd. | Apr. 1, 2000 | Iwatsuka Plant |
| | Ryoju Co., Ltd., Nagoya Branch | Oct. 22, 2004 | Nagoya Aerospace Systems Work |
| | MHI Aerospace Production Technologies, Ltd. | Oct. 22, 2004 | Nagoya Aerospace Systems Work |
| | Diamond Air Service Incorporation | Oct. 22, 2004 | Nagoya Aerospace Systems Work |
| | Ryoju Co., Ltd., Shimonoseki Branch | Nov. 22, 2004 | Shimonoseki Shipyard & Machinery Works |
| | Kanmon Dock Service, Ltd. | Nov. 22, 2004 | Shimonoseki Shipyard & Machinery Works |
| | Shimonoseki Ryo-Jyu Engineering Co., Ltd. | Nov. 22, 2004 | Shimonoseki Shipyard & Machinery Works |
| | Ryoju Co., Ltd., Nagoya Nishi Branch | Jan. 6, 2005 | Iwatsuka Plant |
| | MHI Machine Tool Engineering Co., Ltd. | Feb. 25, 2005 | Ritto Machinery Works |
| | Ryoju Co., Ltd., Ritto Branch | Feb. 25, 2005 | Ritto Machinery Works |
| | MHI Aero Engine Service Co., Ltd. | Apr. 11, 2005 | Nagoya Guidance & Propulsion Systems Works |
| | MHI Logitec Company Limited | Apr. 11, 2005 | Nagoya Guidance & Propulsion Systems Works |
| | MHI Diesel Service Engineering Co., Ltd. | May 12, 2005 | Kobe Shipyard & Machinery Works |
| | Nuclear Plant Service Engineering Co., Ltd. | May 12, 2005 | Kobe Shipyard & Machinery Works |
| | Sanshin-Tec. Ltd. | May 12, 2005 | Kobe Shipyard & Machinery Works |
| | Mitsubishi Heavy Industries Parking Co., Ltd. | May 14, 2005 | Yokohama Machinery Works |
| | Ryoju Co., Ltd., Yokohama Branch, Yokose area | May 14, 2005 | Yokohama Machinery Works |
| | Ryoju Estate Co., Ltd., Yokohama Branch | May 14, 2005 | Yokohama Machinery Works |
| | MHI Energy & Service Co., Ltd. | May 14, 2005 | Yokohama Machinery Works |
| | MHI Power Systems Inspection Technologies, Ltd., Takasago Division | May 14, 2005 | Takasago Machinery Works |
| | Mitsubishi Heavy Industries Plant Construction Co., Ltd. Power Systems Service Headquarters | May 14, 2005 | Takasago Machinery Works |
| | Koryo Engineering Co., Ltd. | May 14, 2005 | Takasago Machinery Works |
| | Ryoju Co., Ltd., Takasago Branch | May 14, 2005 | Takasago Machinery Works |
| | Nuclear Plant Service Engineering Co., Ltd., Takasago Division | May 14, 2005 | Takasago Machinery Works |
| | MEC Engineering Service Co., Ltd. | Jun. 23, 2005 | Hiroshima Machinery Works |
| | Hiroshima Ryoju Engineering Co., Ltd. | Jun. 23, 2005 | Hiroshima Machinery Works |
| | Mitsubishi Heavy Industries Plant Construction Co., Ltd. | Jun. 23, 2005 | Hiroshima Machinery Works |
| | Mitsubishi-Hitachi Metals Machinery, Inc. | Jun. 23, 2005 | Hiroshima Machinery Works |
| | Ryoju Co., Ltd., Hiroshima Branch | Jun. 23, 2005 | Hiroshima Machinery Works |
| | Sagami Logistics & Service Co., Ltd. | Sep. 13, 2005 | Sagami Branch |
| | Choryo Senpaku Kouji Co., Ltd. | Sep. 22, 2005 | Nagasaki Shipyard & Machinery Works |
| | Ryoju Co., Ltd., Nagasaki Branch | Sep. 22, 2005 | Nagasaki Shipyard & Machinery Works |
| | MHI Power Systems Inspection Technologies, Ltd., Nagasaki Division | Sep. 22, 2005 | Nagasaki Shipyard & Machinery Works |
| | MHI Oceanics Co., Ltd. | Sep. 22, 2005 | Nagasaki Shipyard & Machinery Works |
| | Kowa Kogyo Co., Ltd. | Sep. 22, 2005 | Nagasaki Shipyard & Machinery Works |
| | Choryo Control Systems Co., Ltd. | Sep. 22, 2005 | Nagasaki Shipyard & Machinery Works |
| | Choryo Designing Co., Ltd. | Sep. 22, 2005 | Nagasaki Shipyard & Machinery Works |
| | MHI Maritech, Ltd. | Sep. 22, 2005 | Nagasaki Shipyard & Machinery Works |
| | Choryo Software Co., Ltd. | Sep. 22, 2005 | Nagasaki Shipyard & Machinery Works |
| | Mitsubishi Heavy Industries Machine Tool Sales Co., Ltd. | Jan. 13, 2006 | Ritto Machinery Works |
| Ryoju Estate Co., Ltd., Department of Facilities Management Service | Apr. 6, 2006 | Head Office | |
| Tamachi Bldg. Co., Ltd., Shinagawa Building Management Center | Apr. 6, 2006 | Head Office | |
| MHI Personnel, Ltd. | Apr. 6, 2006 | Head Office | |
| MHI Tourist, Ltd. | Apr. 6, 2006 | Head Office | |
| MHI Accounting Service, Ltd. | Apr. 6, 2006 | Head Office | |
| MHI Finance Co., Ltd. | Apr. 6, 2006 | Head Office | |
| Daiya PR Co., Ltd. | Apr. 6, 2006 | Head Office | |
| Diamond Air Service Incorporation, Tokyo Office | Apr. 6, 2006 | Head Office | |
| E-Techno, Ltd. | May 12, 2006 | Kobe Shipyard & Machinery Works | |
| Choryo Engineering Co., Ltd. | Aug. 21, 2006 | Nagasaki Shipyard & Machinery Works | |
| Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd. | Aug. 2, 2007 | Hiroshima Machinery Works | |
| MHI Solution Technologies Co., Ltd. Takasago Branch | Apr. 9, 2008 | Takasago Machinery Works | |
| Shinyo System Corp. | May 1, 2008 | Kobe Shipyard & Machinery Works | |
| Nagasaki Diamond Staff Co., Ltd. | Jun. 16, 2009 | Nagasaki Shipyard & Machinery Works | |
| Nagasaki Ryoko Service Co., Ltd. | Jun. 16, 2009 | Nagasaki Shipyard & Machinery Works | |
| Ryoju Co., Ltd., Mihara Branch | Oct. 15, 2009 | Mihara Machinery Works | |
| Ryoju Estate Co., Ltd., Yokohama Building Service Department | Oct. 19, 2009 | Head Office | |
| Mitsubishi Heavy Industries Compressor Corporation | Oct. 14, 2010 | Hiroshima Machinery Works | |
| Mitsubishi Heavy Industries Printing & Packaging Machinery, Ltd. | Nov. 19, 2010 | Mihara Machinery Works | |
| Mitsubishi Heavy Industries Transportation Equipment Engineering & Service Co., Ltd. | Nov. 19, 2010 | Mihara Machinery Works | |

Targets and Progress

Results of Promotional Efforts of Medium- to Long-Term Environmental Targets (Fiscal 2010 Results)

MHI led the way among shipbuilders and heavy-equipment manufacturers as one of the first to establish medium- to long-term environmental activity goals in 2002.

The following are the results of our promotional efforts for targets ending in fiscal 2010.

Despite achieving several targets including ones for waste reduction and zero emissions, we did not achieve a number of others such as VOC reductions. We will continue to conduct activities for those items that were either unattained or whose deadline is fiscal 2012. We are also presently developing our Mitsubishi Heavy Industries Environmental Vision that presents the long-term orientation of our environmental activities geared towards contributing to the realization of a sustainable society through CO₂ reductions both during production and product utilization as well as lowering the quantity of resources used and waste produced.

■ Results of Medium- to Long-Term Environmental Target Promotional Efforts

○="Pass" ×="Fail"

| Item | Medium- or long-term goals | Progress through FY2010 | Evaluation |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Reduced waste generation and emissions | By FY2010, reduce total generated waste to 170,000 tons (greater than 20 percent reduction from FY1992 level): to be achieved by conserving resources and reducing the purchase of materials | Total emissions: 133,000 tons 38.3 percent reduction from FY1992 level | ○ |
| Reduced landfill waste disposal | By FY2010, achieve zero landfill waste disposal at all works through reuse and recycling | Zero emissions achieved by Nagoya Aerospace Systems Works (August 2010): Zero emissions achieved by all MHI works, and the environmental target was met. | ○ |
| Elimination of equipment using PCBs and detoxification treatment | <ul style="list-style-type: none"> By FY2010, completely eliminate lighting ballasts and high-voltage equipment using PCBs Request Japan Environmental Safety Corporation (JESCO) to render the used transformers, condensers and oils harmless now stored or being used in MHI, toward completing the task by FY2011 (excluding ballasts, smaller equipment and equipment that uses low-concentration PCB) | <ul style="list-style-type: none"> Replacement gradually progressing as planned The treatment of high-concentration PCB devices was not completed by FY2011 even after outsourcing tasks to JESCO. | × |
| Reduced emissions of organochlorides | Zero atmospheric emissions of dichloromethane, trichloroethylene and tetrachloroethylene by FY2010: to be achieved through total management and reduced release of organochlorides | Atmospheric discharge: 18.7 tons 92.9 percent reduction from FY1996 level | × |
| Reduced VOC emissions | More than 30 percent reduction of atmospheric emission of VOC with focus on xylene, toluene and ethylbenzene (reduced by 704 tons | Total emission of xylene, toluene and ethylbenzene: 1,881 tons Reduced by 17.1 percent | × |

Targets and Progress/Report on Environmental Initiatives

| | | | |
|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| | from 2,268 tons in FY2000 to 1,564 tons in FY2010) | from the FY2000 level | |
| Reduced CO ₂ emissions from business activities | 6 percent reduction of the average CO ₂ emission amount for the five years from FY2008 to 2012 (from FY1990 level): to be achieved through reduction efforts at all production plants | CO ₂ emissions: 435,000 tons 7.8 percent reduction from FY1990 level | - (FY2013 evaluation) |
| | By FY2010, introduce photovoltaic facilities capable of generating a total of 2,000 kW | Total of 2,110 kW introduced by FY2009 | ○ |
| | More than 13 percent reduction of the average CO ₂ emission amount for the five years from FY2008 to 2012 (from FY2005 level): to be achieved through reduction efforts at offices and operations divisions (Head Office, domestic offices and research & development centers) | Head Office (Shinagawa and Yokohama) reduced by 13.9 percent ¹ from FY2005 level ¹ According to data reported to the Tokyo Metropolitan Government and the Bureau of Economy, Trade and Industry | - (FY2013 evaluation) |
| Reduced energy usage and CO ₂ emissions from product transportation | More than 4 percent reduction of energy consumption in transportation in FY2010 (from FY2006 level) by promoting efforts to reduce transportation energy (unit energy consumption of FY2006: 50.7 to 48.7 by FY2010) | FY2010 unit energy consumption of transport energy is 45.0, 11.2 percent lower than the FY2006 figure (50.7), thus achieving the goal of 5 percent or more in 5 years. | ○ |
| Reduced fluorocarbon usage | By FY2010, completely replace potentially ozone-depleting HCFCs with 100 percent ozone-safe HFCs, etc. | Emissions in FY2010: 6.6 tons | × |
| Consolidated environmental management system | Ongoing ISO 14001 renewal by domestic works, Head Office, branch offices and research & development centers | Ongoing renewal of ISO 14001 by domestic works (including research & development centers), Head Office and branch offices | ○ |
| Utilization of environmental management information system | Promoting effective use of environmental management information systems and disclosure of information | Tabulation of environmental performance data, environmental accounting, and so forth was conducted using the database system leading to the information disclosed in this report | ○ |
| Promotion of consolidated environmental accounting | Promoting collection of environmental accounting data through use of environmental management information system and disclosing information through CSR Report | | |
| Ongoing issuance of Group CSR Report (Social and Environmental) | Ongoing issuance of CSR Report (Social and Environmental Report) that includes Group company information | Issuance of CSR Report (Social and Environmental Report) in June 2010. | ○ |
| Promotion of | Promoting the purchase of | Green purchasing rate: | × |

Targets and Progress/Report on Environmental Initiatives

| | | | |
|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| green purchasing | environmentally friendly products based on the company's own green purchasing guidelines | 92.8 percent | |
| Development and provision of environmentally friendly technologies and products | <ul style="list-style-type: none"> ● Efforts to develop and provide innovative technologies and products that help society reduce environmental degradation through "Basic Guideline on Production of Environmentally Friendly Products" (established in 2005) ● Special efforts to develop and provide innovative technologies and products that address global warming and create a low-carbon society | Efforts made to develop and provide products that address global warming; including a wide variety of high-efficiency power generating facilities, photovoltaic facilities, wind power generation systems and CO ₂ recovery systems | ○ |

Fiscal 2011 and 2012 Environmental Targets

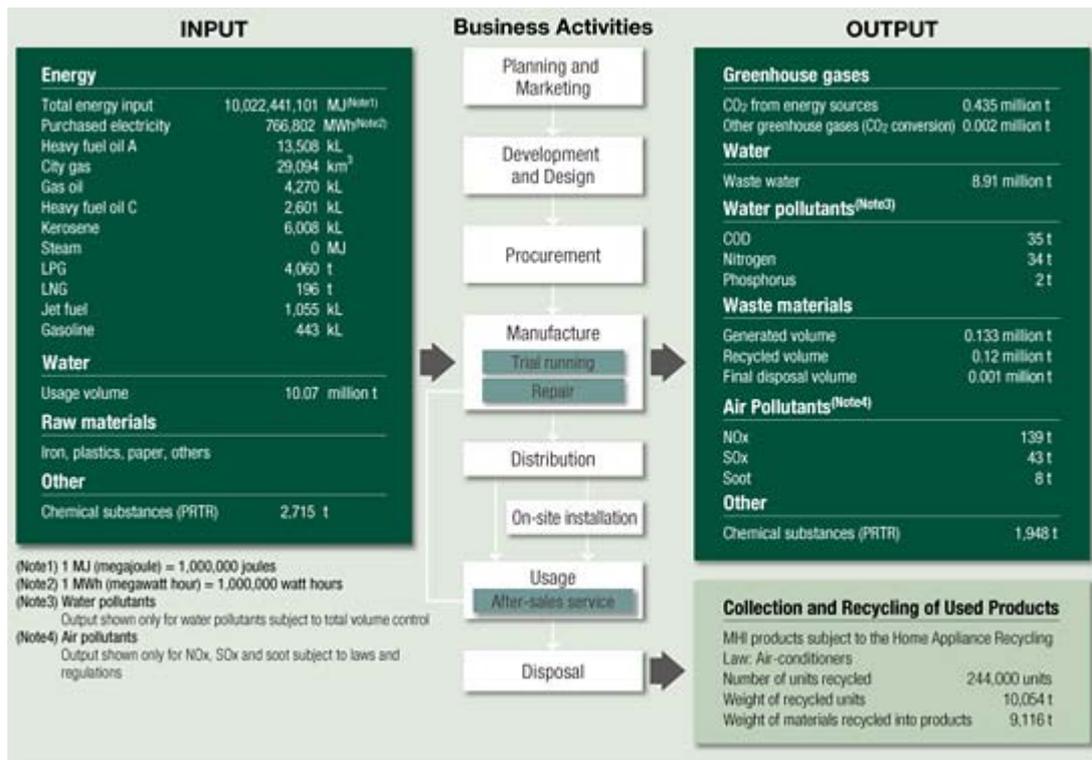
MHI is promoting the formulation of its Environmental Vision to clarify mid- to long-term company-wide efforts. In order to fully articulate this Vision and in response to the expiration of the commitment period for the Kyoto Protocol in fiscal 2012, we plan to establish new medium- to long-term environmental targets that will start in fiscal 2013. On the other hand, our previous mid- to long-term targets concluded in fiscal 2010, with a few exceptions, and targets eyed for fiscal 2011 and 2012 will constitute the environmental targets shown below (FY2011 and 2012) under the policy of revising upwards the targets achieved by fiscal 2010 and continuing to work on targets unattained in fiscal 2010. MHI will make a concerted effort to achieve these targets.

■ FY2011 and 2012 Environmental Targets

| Item | | Target | Concept |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Realization of a low-carbon society energy savings (global warming measures) | Reduced CO ₂ emissions from business activities | <ul style="list-style-type: none"> 6 percent reduction of the average CO₂ emission amount for the five years from FY2008 to 2012 (from FY1990 level): to be achieved through reduction efforts at all production plants More than 13 percent reduction of the average CO₂ emission amount for the five years from FY2008 to 2012 (from FY2005 level): to be achieved through reduction efforts at offices and operations divisions (Head Office, domestic offices and research & development centers) | Set as a goal to be achieved by FY2012 |
| | Energy savings and CO ₂ reductions through product transport | More than 5 percent reduction of energy consumption in transportation in FY2012 (from FY2007 level) by promoting efforts to reduce transportation energy (unit energy consumption of FY2007: 48.1 to 45.7 by FY2011) | Raise target figures and continual setting because FY2010 targets were attained |
| Form a recycling-based society (waste and water resource countermeasures) | Reduced waste generation and emissions | By FY2012, reduce total generated waste by 40 percent of FY1992 level: to be achieved by conserving resources and reducing the purchase of materials | Raise target figures and continual setting because FY2010 targets were attained |
| | Reduced landfill waste disposal | By FY2012, reduce landfill waste disposal volume by 98 percent of FY2000 level By FY2012, landfill waste disposal rate to below 1 percent | Raise target figures and continual setting because FY2010 targets were attained |
| | Effective utilization of water resources | Reduce water consumption by FY2012 to 9,350,000 tons, a 2 percent reduction of the average consumption between FY2005 and 2007 (9,540,000 tons) | New setting |
| | Effective utilization of water resources | Reduce water consumption by FY2012 to 9,350,000 tons, a 2 percent reduction of the average consumption between FY2005 and 2007 (9,540,000 tons) | New setting |

| | | | |
|------------------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| Manage chemical substances (control chemical substances) | Elimination of equipment using PCBs and detoxification treatment | <ul style="list-style-type: none"> • Detoxification of high concentration PCB waste in storage (transformers, condensers, oils) to be completed by FY2015 (including ballasts and smaller equipment) • Analysis and confirmation of low PCB devices (low concentration) to be finished by FY2012, complete detoxification by FY2015 | Continual setting because FY2010 targets were not attained |
| | Reduced VOC emissions | More than 30 percent reduction of atmospheric emission of VOC with focus on xylene, toluene and ethyl-benzene in FY2012 (reduce by 704 tons from 2,268 tons in FY2000 to 1,564 tons in FY2012) Aim for zero atmospheric emissions by FY2012 of VOC organochlorinated hazardous air pollutants: dichloromethane, trichloroethylene and tetrachloroethylene | Continual setting because FY2010 targets were not attained |
| Group environmental management | Consolidated environmental management system | Ongoing ISO 14001 renewal by domestic works, Head Office, branch offices and research & development centers | FY2010 targets attained. Continuous setting. |
| | Collecting and disclosing of environmental management information | Collecting environmental information (environmental data and environmental accounting) from environmental management information systems and disclosing information through CSR Reports and other releases | FY2010 targets attained. Continuous setting. |
| | Promotion of green purchasing | Promoting the purchase of environmentally friendly products based on the company's own green purchasing guidelines (Purchasing rate: 90 percent of volume, 95 percent of cash outflow) | Continual setting because FY2010 targets were not attained |
| | Development and provision of environmentally friendly technologies and products | <ul style="list-style-type: none"> • Development and provision of new products and technology based on our Basic Guideline on Production of Environmentally Friendly Products (formulated in 2005) to help reduce society's environmental burden • In particular, we will work to develop technology and provide products that are revolutionary and contribute to solving global warming and building a low-carbon society. | FY2010 targets attained. Continuous setting. |
| Form society that coexists with nature (Preserving Biodiversity) | Promote activities for the protection of biodiversity and nature | We will continue revegetation, alien fish removal, building biotopes and breeding Japanese honeybees, among other activities relating to biodiversity and examine the possibilities for evaluating the effect of our business activities on the preservation of biodiversity as necessary in light of global trends. | New setting |

Material Balance



To carry out its business operations, MHI uses various types of energy and resources. We consistently strive to reduce environmental load throughout the lifecycle of a product, from development, design, procurement and manufacture to distribution, on-site installation, usage, servicing and disposal.

Environmental Accounting

MHI quantitatively monitors investments and costs for protecting the environment as part of the performance reviews of the company's business activities and also calculates the relative benefits of these efforts. The company refers to the Environmental Accounting Guidelines published by the Ministry of the Environment.

7.0 billion yen in investments and 18.1 billion yen in costs

Total investments amounted to 7.0 billion yen while total costs were 18.1 billion yen for fiscal 2010. Both figures represented increases over fiscal 2009.

Economic advantages valued at 2.5 billion yen were gained during the year, consisting mainly of revenues from recycling and reduced costs for purchasing electricity due to energy savings.

■ Environmental protection costs and economic benefit (non-consolidated)

| Cost Category | Activities in FY2010 | Investment | | Cost | |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------|------------|-------|-------|--------|
| | | 2009 | 2010 | 2009 | 2010 |
| 1. Production activities | | 5,280 | 6,011 | 6,723 | 6,104 |
| (1) Pollution control | Maintenance and operation of wastewater and flue-gas treatment systems | 3,590 | 2,980 | 4,051 | 3,097 |
| (2) Global environmental protection | Energy savings | 1,380 | 2,435 | 510 | 432 |
| (3) Recycling | Reduced waste generation, recycling | 310 | 596 | 2,162 | 2,575 |
| 2. Upstream and downstream costs | Recycling of household electrical appliances and container packaging | 0 | 0 | 10 | 6 |
| 3. Management activities | Development of environmental management systems, ISO Office, publication of MHI Social & Environmental Report | 22 | 224 | 1,222 | 957 |
| 4. R&D | Development of environmentally friendly products | 937 | 475 | 7,204 | 10,399 |
| 5. Public and social activities | Support of environmental protection initiatives, greening activities | 6 | 3 | 285 | 444 |
| 6. Environmental | Soil remediation | 398 | 274 | 145 | 190 |

| remediation | measures | | | | |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------|------------------|-------|-----------------------------------------------------------------------------|----------------------------------------------------------|
| Total | | 6,643 | 6,987 | 15,589 | 18,100 |
| Cost Category | Activities in FY2010 | Economic benefit | | | Environmental protection benefit |
| | | 2009 | 2010 | Description | |
| 1. Production activities | | 1,522 | 2,435 | | |
| (1) Pollution control | Maintenance and operation of wastewater and flue-gas treatment systems | - | 10 | Improvement of productivity through renovation of painting workshops | Reduced emissions of air and water pollutants |
| (2) Global environmental protection | Energy savings | 188 | 155 | Cost reduction from energy savings | Reduced energy input |
| (3) Recycling | Reduced waste generation, recycling | 1,334 | 2,270 | Income derived from recycling, cost reduction from reduced waste generation | |
| 2. Upstream and downstream costs | Recycling of household electrical appliances and container packaging | 44 | 39 | | |
| 3. Management activities | Development of environmental management systems, ISO Office, publication of MHI Social & Environmental Report | - | - | | |
| 4. R&D | Development of environmentally friendly products | - | - | | Development of diverse environmentally friendly products |
| 5. Public and social activities | Support of environmental protection initiatives, greening activities | - | - | | |
| 6. Environmental remediation | Soil remediation measures | - | - | | Prevention of oil and chemicals spills |
| Total | | 1,566 | 2,474 | | |

1 Total capital investments in FY2010: 100.6 billion yen. Portion related to the environment: 7.0 billion yen (7.0 percent).

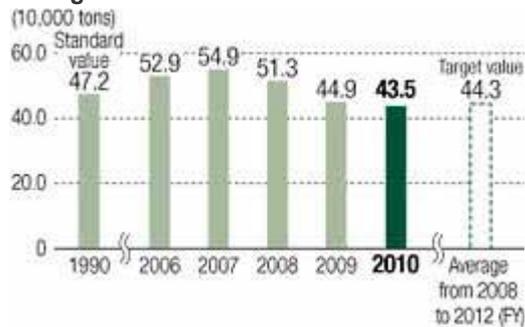
2 Total R&D outlays in FY2010: 100.6 billion yen. Portion related to the environment: 10.9 billion yen (10.8 percent)

Promotion of Energy-saving and CO₂ Emission Control Measures

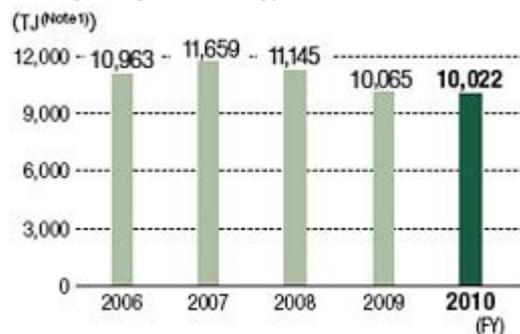
CO₂ emissions reduction at production plants

In fiscal 2010, MHI's CO₂ emissions resulting from energy use were 435,000 tons, reduced by 3 percent over the previous year. This is attributable not only to CO₂ reduction measures but also to decreased factory operations at many of our plants as a result of the effect of the global recession starting in fall 2008. Compared to our benchmark year of fiscal 1990, this represents a 7.8 percent reduction thus achieving our single-year target decrease of 6 percent. To attain our company-wide target reduction of a 6 percent average against the benchmark over the five-year period (fiscal 2008–2012), the company will make further reductions through such efforts as upgrading to energy-saving lighting and air-conditioning as outlined in the CO₂ emissions reduction acceleration and enforcement action plan formulated in March 2009, as well as the plan for updating in-house air-conditioners formulated in November 2010.

Change in CO₂ emissions

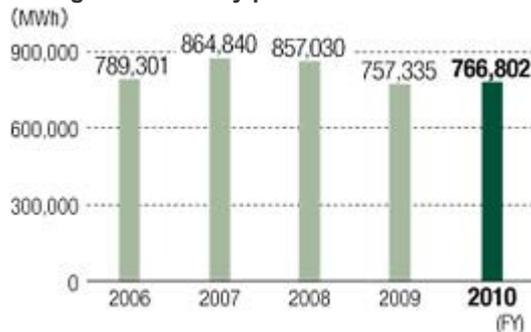


Change in gross energy input



(Note1) 1 TJ (terajoule) = 1 trillion joules (1,000,000,000,000 J)

Change in electricity purchases



Promoting photovoltaic generation for plants, offices and company dormitories

Progress is continuing in MHI's plan to install solar cell panels on office buildings, employee dormitories and other facilities to serve as a power source for such amenities as air-conditioning and lighting. We introduced 2,110 kW of cumulative solar power domestically in fiscal 2009, achieving our company-wide medium- to long-term target of installing over 2,000 kW photovoltaic facilities by fiscal 2010 one year earlier than planned. During fiscal 2010, we introduced a total of 101 kW at each single employee dormitory at our Head Office, General Machinery & Special Vehicle Headquarters, Nagasaki Shipyard & Machinery Works and Kobe Shipyard & Machinery Works. This resulted in cumulative solar power of 121 kW for six dormitories.



Solar cell panels introduced at MHI single employee dormitories

One million kWh of green energy used annually thanks to wind power generation

MHI has contracted with Japan Natural Energy Co., Ltd. (JNE) to purchase 1 M kWh of wind-generated power from JNE each year for a period of 15 years starting April 2002. In fiscal 2010, MHI used 0.481 M kWh of this clean power at its Head Office and 0.481 M kWh at the Mitsubishi Minatomirai Industrial Museum.



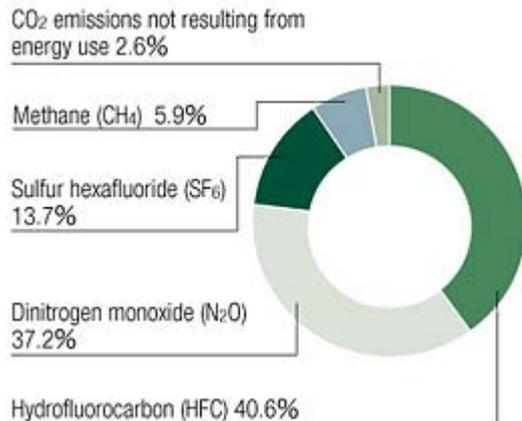
Green power certificate

Greenhouse gas emissions excluding CO₂ emissions from energy use

MHI has been compiling data on greenhouse gas emissions (excluding CO₂ emissions from energy use) since fiscal 2006 under the system enforced in fiscal 2006 for calculating, reporting and publishing emissions of greenhouse gases.

The actual emission record of fiscal 2010 was 2,339 tons.

Breakdown of greenhouse gas emissions (excluding CO₂ emissions from energy use)



Acquisition of approx. 120,000 tons of CO₂ emission credits from a CDM project

MHI has concluded emission rights purchasing agreements with four projects under Kyoto Mechanisms JI (Joint Implementation) (Note2) and CDM (Clean Development Mechanism) (Note3). These purchasing agreements will help MHI to achieve its target of reducing emissions by an average of 6 percent from the level of fiscal 1990 over a five-year period (fiscal 2008–2012), and will use the purchased emission credits to achieve this.

In April 2011, MHI acquired approximately 120,000 tons of emission credits through a CDM hydroelectric power generation project at the Xiadongxia in Fujian Province, China, the agreement for which was signed in 2007. Although these emission credits are being administered in an MHI holding account, they will be transferred to a government retirement account with no penalty provided that the credits are used to achieve targets. Once transferred, the credits will be added to Japan's greenhouse gas reduction volume.

(Note2) System in which a company invests in greenhouse gas reduction projects in advanced countries and applies the reduced emissions to achieve its own goals.

(Note3) System in which a company invests in greenhouse gas reduction projects in developing countries and applies the reduced emissions to achieve its own goals.

A Word from an Employee

Energy-savings promoted through monitoring systems

Masaichi Honda
Safety & Environment Management Section, General Affairs
Department, Hiroshima Machinery Works

We introduced monitoring systems that enable the visualization of energy usage for each area and piece of equipment inside the six main facilities of the Kanon Plant in June 2010. This allows employees to see how much energy is being used by their computers, thus increasing their awareness of energy conservation. In the future, we will accumulate data on power utilization for each piece of equipment to detect waste and promote energy-saving measures.

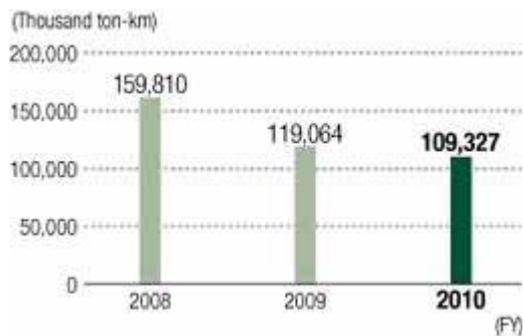


Measures to Curb Energy Use in Transport

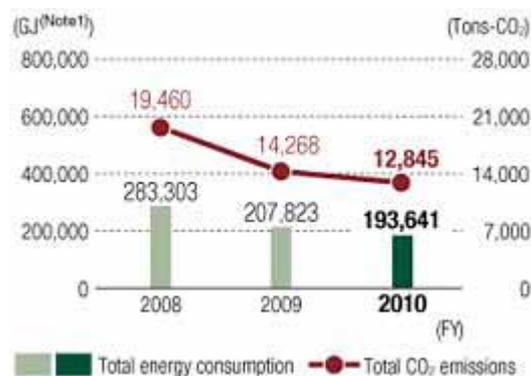
Promotion of energy-conservation in transport through modal shift and load ratio improvement

The Revision of Energy Conservation Law requires specified consigners to reduce energy consumption in transport by a total of 5 percent over the five years ending in fiscal 2010. As a company handling cargo transport of over 30 million ton-km per year and hence subject to that Law, MHI worked to promote transportation efficiency through measures such as modal shift and truck load ratio improvement, among others. As a result of the company's efforts, transportation energy consumption in fiscal 2010 was reduced to 45 units by 11.2 percent over fiscal 2006, thus achieving the target set by the Law. We will work to further reduce energy use in transport by implementing more efficient transport practices.

Total volume of transportation



Energy consumption and CO₂ emissions



(Note1) 1 GJ (gigajoule) = 1,000 MJ (megajoules)

Energy-saving Activities in Offices

Promoting "Cool Biz" and "Warm Biz"

In addition to "Cool Biz" in summer (office air-conditioning systems set to 28°C, employees do not need to wear ties) and "Warm Biz" in winter (office air-conditioning systems set to 20°C, employees are encouraged to bring an extra layer of clothing), the company has implemented diverse energy-saving activities.

In accordance with power utilization control measures for facilities located within the jurisdiction of Tokyo Electric Power Company enacted as a result of the Great East Japan Earthquake, we are saving power and controlling power utilization at our Head Office, Yokohama Dockyard & Machinery Works and Sagamihara Machinery Works. We also introduced "Cool Biz" on May 9 in 2011, one month earlier than usual.

CO₂ reductions with MHI product usage (FY2010)

■ CO₂ reductions with MHI product usage (FY2010)

| Sector | CO ₂ reduction (thousand tons) | Basis of calculation | Remarks |
|---------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Power plant | 145,809 | Estimates based on MHI's actual delivery record in FY2010, compared with FY1990. Estimate for nuclear and wind power is based on actual output generated in FY2010 by plants built by MHI. | Thermal plants (combined, conventional), nuclear plants, photovoltaic, wind turbine and geothermal power generation, etc |
| Transportation | 1,984 | Estimates based on MHI's actual delivery record in FY2010, compared with FY1990. | Ships, transportation systems, etc. |
| Mass produced items | 1,312 | Estimates based on MHI's actual delivery record in FY2010, compared with FY1990. | Air-conditioners, centrifugal chillers, gas engines, forklift trucks, etc. |

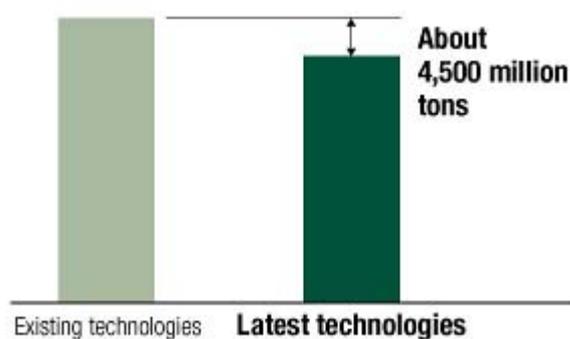
MHI is working to create a low-carbon society across a broad spectrum of fields, including: large-scale power generation technologies such as thermal power generation plants and nuclear power plants, power generation systems that utilize wind, solar and other renewable energies, vessels and transportation systems for improving the efficiency of the transportation sector, and high energy-saving hybrid forklifts and air-conditioning systems that use heat pump technology.

CO₂ reduction from the fiscal 1990 level through the use of the company's products in fiscal 2010 came to about 150 million tons.

The power generation sector, which accounts for nearly 30 percent of CO₂ emissions, has the potential for reducing emissions by about 4,500 million tons, assuming Japan's latest technologies at the top international level would be deployed across the world.

Going forward, MHI will continue to conduct business by maximizing its collective strengths to further reduce the global environmental load.

CO₂ reduction potential assuming MHI products are introduced globally



As an example, we estimated the potential CO₂ reduction if MHI products were introduced globally. We will continue working so that MHI's activities may serve to realize further contributions in the area of global warming.

Curbing Waste Generation, Release and Disposal

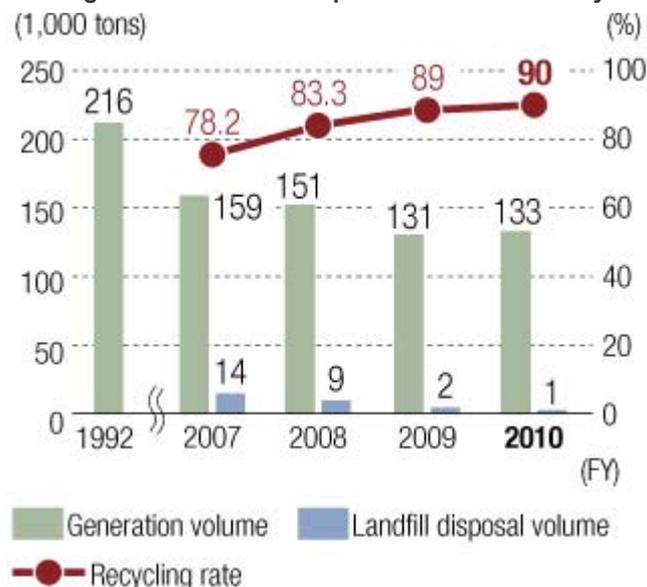
Attaining zero emission at all sites

In fiscal 2010, MHI's waste output was 133,000 tons, well below our stated mid- to long-term target of reducing the volume of the company's waste to less than 170,000 tons by fiscal 2010. In addition, we achieved zero emissions at the Nagoya Aerospace Systems Works in August 2010, realizing our goal of zero emissions at all 13 sites by fiscal 2010.

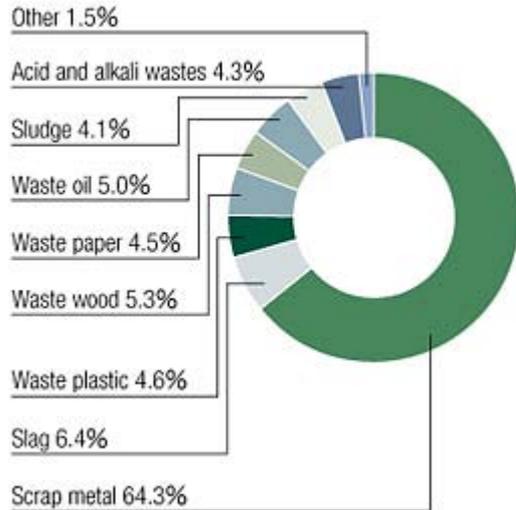
■ Sites that have achieved zero emissions

| | |
|---------------|---------------------------------------------------------------------------------------------------------------|
| Mar.01 | Yokohama Dockyard & Machinery Works |
| Mar.04 | Takasago Machinery Works |
| Nov.04 | General Machinery & Special Vehicle Headquarters |
| Feb.06 | Nagoya Guidance & Propulsion Systems Works |
| Aug.06 | Air-Conditioning & Refrigeration Systems Headquarters |
| Sep.06 | Machine Tool Division, Iwatsuka Area |
| May.07 | Paper & Printing Machinery Division (including Transportation Systems & Advanced Technology Division, Mihara) |
| Jan.08 | Shimonoseki Shipyard & Machinery Works |
| Oct.08 | Industrial Machinery Business, Technology & Solutions Division |
| Jan.09 | Nagasaki Shipyard & Machinery Works |
| Apr.09 | Kobe Shipyard & Machinery Works (including Transportation Systems & Advanced Technology Division, Kobe) |
| Aug.10 | Nagoya Aerospace Systems Works |

Waste generation/landfill disposal volumes and recycling rate

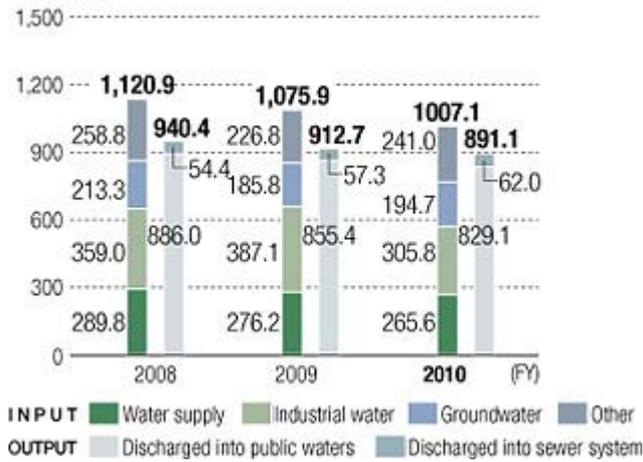


Waste generation by material

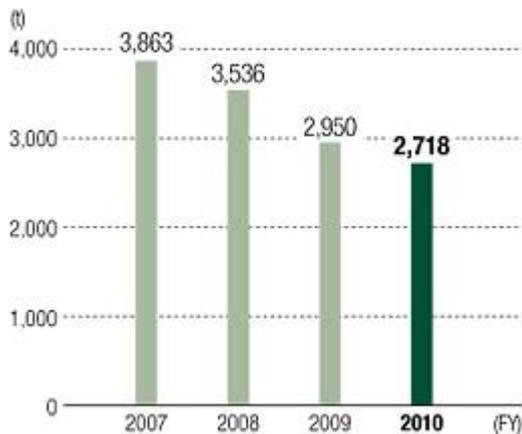


Water usage and discharge

(10,000 tons)



Paper usage



Topics**Zero emissions at Nagoya Aerospace Systems Works attained in fiscal 2010**

At Nagoya Aerospace Systems Works, we strengthened waste separation efforts and promoted activities to curb waste generation in order to attain the target of zero emissions in fiscal 2010. Despite the fact that the recycling of wastes generated from the special processing of aircraft components is a difficult task, our efforts in collaboration with intermediary waste management operators to improve disposal methods and find new means to reconvert waste into resources resulted in the attainment of zero emissions in August 2010. The Works will continue its efforts to maintain zero emissions and endeavor to reduce waste treatment costs.



Employees in charge at the Nagoya Aerospace Systems Works

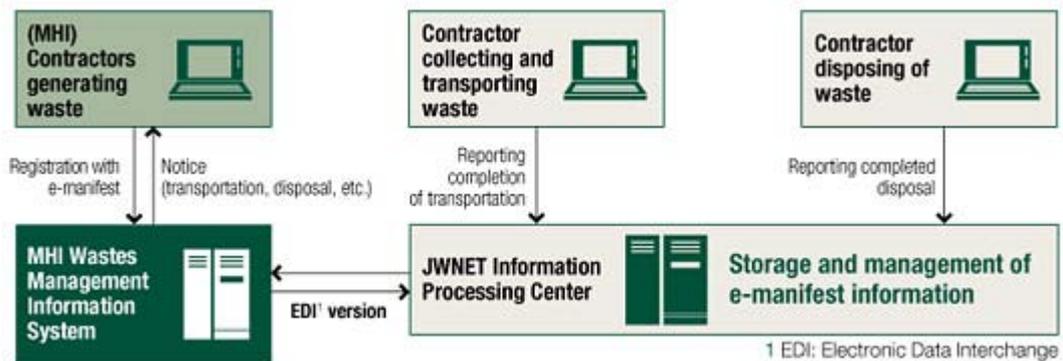
Using electronic manifests (e-manifests)

Expanding the use of e-manifests

MHI is working to realize its policy of introducing e-manifests at all sites including the Head Office over 3 years between fiscal 2009 and 2011. E-manifests are a means to fulfill our responsibility as waste producers to prevent illegal dumping. By digitalizing waste disposal manifests, a better understanding of the flow of outsourced waste disposal can be achieved.

MHI introduced a waste management system at all its sites in 2008 that includes management of data such as permissions for waste management operators and their expiry dates. In 2009, all MHI sites registered with the "Electronic Manifest System (JWNET)," which is stipulated by the Waste Management Act and managed by the Japan Industrial Waste Information Center. Our Kobe Shipyard & Machinery Works began operations using e-manifests in November of that year. In fiscal 2010, JWNET was introduced at seven sites with operations starting thereafter. Plans are underway to introduce JWNET at the remaining seven sites in fiscal 2011 and we are working towards its complete introduction at all sites.

Conceptual scheme of e-manifest



Curbing the Use and Emissions of Chemical Substances through Proper Management and Use of Alternatives

Emissions of substances subject to PRTR

In fiscal 2010, MHI released a total of 1,948 tons of substances subject to PRTR (Note1) compliance.

Roughly 97 percent of these emissions consisted of xylene, toluene and ethylbenzene, which are primarily used in painting and cleaning applications. Although the company is working to reduce these emissions, the task is proving to be a significant challenge, particularly for xylene, which is used for painting ships and its use is typically specified by ship owners. This preference is making it difficult to reduce the use of this substance.

However, in fiscal 2010, with the cooperation of ship owners, we were able to replace the paint for three ships whose owners had previously specified the use of paint containing xylene and other toxic substances for water-based paint free of such substances. The adoption of alternative products (water-based paint, etc.) is one of many actual toxic substance reduction activities we are promoting.

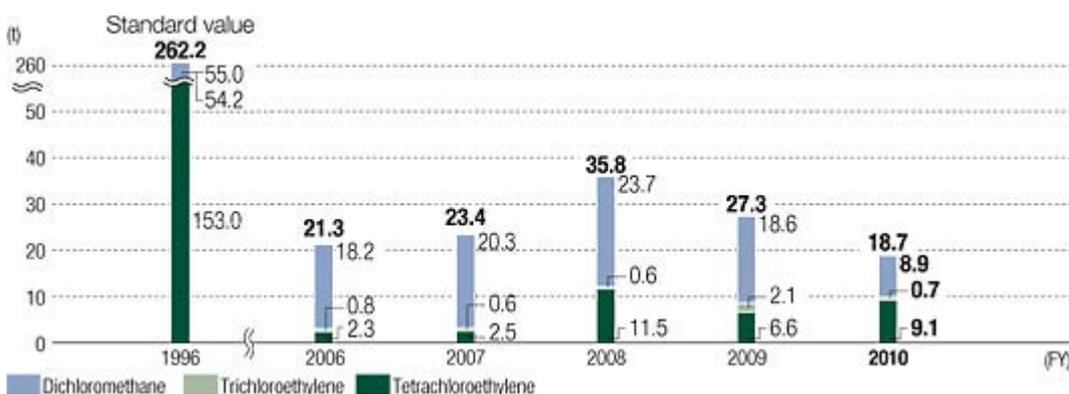
(Note1) PRTR (Pollutant Release and Transfer Register):

The PRTR system requires publication of the sources and emission volume of toxic chemical substances and the amounts of such substances removed from manufacturing plants. The system is provided for under the Pollutant Release and Transfer Register (PRTR) Law.

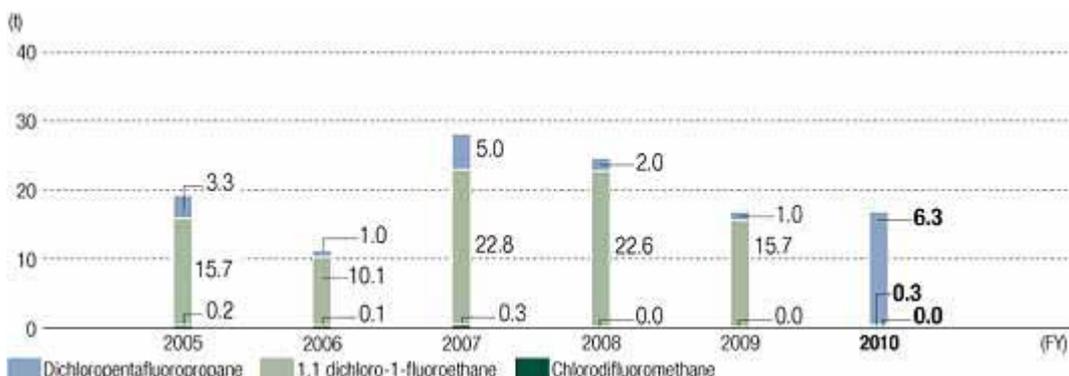
Promotion of organochlorides reduction and replacement activities

MHI is reducing the use of tetrachloroethylene, trichloroethylene and dichloromethane, which are found in paint removal agents and oil cleaning agents. Atmospheric emissions in fiscal 2010 were reduced by 92.9 percent, 3.3 points lower than the previous fiscal year, however we did not attain our goal of zero atmospheric emissions by fiscal 2010. For dichloromethane, MHI completed an evaluation of replacing its use with non-dichloromethane removal agents in fiscal 2008. The company implemented the required facility improvements for this replacement in fiscal 2009 and will complete this conversion in fiscal 2010. Meanwhile, we are also presently promoting other activities regarding tetrachloroethylene and trichloroethylene centered on selecting and evaluating alternatives and examining possible changes in specifications. MHI is committed to continuing efforts to achieve our goals.

Atmospheric emissions of organochlorides



Change in HCFC (Note2) emissions



(Note2) HCFCs (Hydrochloro-fluorocarbons):

The Montreal Protocol that regulates ozone-depleting substances stipulates that the production of these substances must cease by 2020.

Voluntary targets for the reduction of VOC atmospheric emissions

Emissions of VOC, which are causal agents of photochemical smog, are regulated for facilities that release a given volume of these substances under the Air Pollution Control Law. In fiscal 2008, in addition to legal and regulatory compliance and to further advance its activities for lessening environmental impact, the company set a new voluntary target for reducing atmospheric emissions of VOC in fiscal 2010. The goal of the new target is to decrease atmospheric emissions of VOC by 30 percent from the fiscal 2000 level, focusing on xylene, toluene and ethylbenzene, which are emitted in large volumes.

The fiscal 2010 emission volume was 1,881 tons, a 17.1 percent decrease from the fiscal 2000 level. Unfortunately, we have not reached our stated goal. Throughout fiscal 2011, however, we have been promoting concrete reduction efforts including the introduction of countermeasure equipment, such as a VOC disposing device with thermal storage combustion system at the Nagoya Aerospace Systems Works, as well as the promotion of information sharing between MHI works.

Promotion of outsourced disposal of equipment using PCBs

As of March 2006, MHI had already registered the disposal of equipment using PCBs (Polychlorinated biphenyls) either currently in use or stored at its works, with the Japan Environmental Safety Corporation (JESCO), a special entity wholly funded by the Japanese government. The company also signed a consigning contract for disposal in 2007. By fiscal 2010, consigned disposal was effected at 11 sites (Note3).

However, according to the Law Concerning Special Measures Against PCB Waste, even equipment using trace amounts of PCBs not disposed by JESCO must be detoxified by July 2016. Therefore, we will examine ways to deal with them during fiscal 2011.

MHI achieved its stated goal of completely ceasing operation of equipment using PCBs by the end of fiscal 2010.

(Note3) MHI Head Office, Machine Tool Division, Iwatsuka Area, Industrial Machinery Business, Technology & Solutions Division, Takasago Machinery Works, Nagoya Aerospace Systems Works, Nagoya Guidance & Propulsion Systems Works, Nagasaki Shipyard & Machinery Works, Kobe Shipyard & Machinery Works, Air-Conditioning & Refrigeration Systems Headquarters, Transportation Systems & Advanced Technology Division



Status of PCB Storage

Main products and technology in 2010

Delivery to a district cooling plant in Doha, Qatar, of large centrifugal chillers with cooling ratios at world-leading levels

MHI received an order for 14 large centrifugal chillers for the district cooling plant for "Heart of Doha," a development and regeneration project to transform the old downtown area of Doha, the capital of Qatar. Delivery of the chillers will start in July 2011. Qatar, which is focusing its efforts on culture, education, broadcasting and other fields and reducing its dependence on natural gas and oil, is slated to hold the 22nd FIFA World Cup in 2022. This has created a rush to construct large facilities, which in turn has resulted in a greater demand for air-conditioning equipment. Total cooling capacity for the 14 "AART-200EX" large centrifugal chillers that MHI started delivering is approx. 29,300 refrigeration tons.

With their COP (Note) (Coefficient of Performance) rating of 6.4 and cooling system based on HFC-134a which has an Ozone Depletion Potential of zero, the centrifugal chillers used in Doha are lauded as having the best levels of efficiency and environmental performance in the world.

(Note) COP (Coefficient of Performance) is the value that indicates cooling/heating capacity (kW) per power consumption (kW).



AART-200EX Centrifugal Chiller

Order received from Macau government for the construction of its Light Rapid Transit (LRT) system Significant contributions to the elimination of urban traffic congestion and environmental preservation

In March 2011, MHI jointly with ITOCHU Corporation received an order for the supply and construction of rolling stock and E&M systems for the Macau Light Rapid Transit (LRT), which is a new infrastructure development project planned by the government of Macau Special Administrative Region. The 20.2 km Macau LRT will run between the boarder gate in the northern area of Macau Peninsula which faces Zhuhai City, Guangdong Province, China and Pac On Ferry Terminal on Taipa Island. Construction is scheduled for completion in February 2015 and operation will start two months thereafter. The Macau LRT is expected to contribute greatly to the elimination of traffic congestion and environmental deterioration resulting from vehicle emissions, which are getting serious as Macau continues to grow at a rapid pace economically based on its flourishing tourism and casino industries. The "Automated People Mover" (APM) system to be supplied by MHI for Macau LRT boasts high energy savings, recyclability and other environmentally friendly characteristics thanks to its low-noise, low-vibration rubber tires and light aluminum car-body. These characteristics were also highly praised by the Tokyo Waterfront Transit Yurikamome and eventually in June 2010 MHI received an order to supply 108 APM vehicles which are scheduled to be delivered from the fiscal 2013.

Promotion of development of the next-generation "MRJ" regional jet with superior environmental compatibility

The MRJ (Mitsubishi Regional Jet) developed by Mitsubishi Aircraft Corporation is a next-generation, 70 to 90 seat regional jet which offers both top-class operational economy and outstanding cabin comfort. Component manufacturing began in the fall of 2010 with subsequent assembly beginning in April 2011 at MHI's Tobishima Plant.

Based on the aircraft development and manufacturing technology fostered by MHI, the MRJ features state-of-the-art aerodynamic design, noise analysis and composite material technologies as well as a cutting-edge engine that reduces fuel consumption by over 20 percent and generates significantly less noise and emissions compared with other regional jets currently in operation. Our intention is to contribute to the enhancement of airline competitiveness and profitability by this operational economy and environmental compatibility.

MHI manufactures MRJ's main components, such as fuselage, wing, empennage and the core systems.



(c) Mitsubishi Aircraft Corporation

Operation test of zero CO₂ emission electric bus in Kyoto

Kyoto City, as a designated environmental model city, is continuing its efforts to build a more environmentally friendly city. In pursuit of this, Kyoto is promoting the realization of its "Walking City: Kyoto" general traffic strategy as well as the adoption and diffusion of next-generation vehicles such as Electric Vehicles. It was also selected in fiscal 2010 by the Ministry of Land, Infrastructure, Transport and Tourism for operational testing for a town development project using environmentally friendly vehicles and, subsequently, Kyoto City and MHI jointly conducted an electric bus operation test in February 2011. Features of the electric bus developed and manufactured by MHI include zero CO₂ emissions thanks to its lithium-ion rechargeable battery powered motor which cuts 50 tons of CO₂ emissions per year compared to a conventional diesel-powered bus, making it a comfortable means of transportation that is friendly to both people and the environment. A single electric bus was test driven by the Kyoto Municipal Transportation Bureau under conditions similar to regular operation that included traffic congestion, etc. to evaluate its possible running time, charging intervals, passenger comfort, effect on pedestrians and other aspects of its driving performance and functionality.

Based on the results of the operation test, MHI is going forward with the development of a prototype electric bus for mass production. Additional test runs are planned in fiscal 2012, with the objective being the implementation of electric buses.



Electric bus used for operation tests

Products and technologies that contribute to a low-carbon society

Contributing to the realization of a low-carbon society through diverse energies and environmental technologies

MHI develops and provides carbon-free energy (alternative energy) sources including nuclear, wind and solar as well as high-efficiency thermal power, energy management services and various traffic and transport systems that contribute to the realization of a low-carbon society.



High-efficiency power generation (improving energy efficiency)

- Combined cycle power plants
- Steam turbines
- Gas turbines
- Boilers



Gas turbine

Carbon-free energy (alternative energy)

- Wind
- PV (Photovoltaic)
- CSP (Concentrating Solar thermal Power)
- Geothermal
- Hydro
- Biomass
- Nuclear



Wind turbine

Energy management (introduction of energy-saving technology and infrastructure)

- Smart grids
- Lithium-ion batteries
- Eco-houses and buildings
- High-performance heat pumps
- Organic EL lighting
- Desalination
- Waste incineration plants



Lithium-ion rechargeable battery

Transportation systems (modal shift)

- MRJ (Mitsubishi Regional Jet)
- Eco-ship
- High-speed rail, Light Rail Transit (LRT), High Speed Surface Transport (HSST), Automated People Mover (APM)
- EV, electric buses
- Intelligent Transport Systems (ITS)
- Hybrid forklifts



Automated People Mover (APM)

Enhancing Product Safety

Establishing the Quality Management & Product Safety Planning Center to strengthen safety and quality management systems

MHI is continuing to promote product safety activities throughout the company. One example of our efforts started in fiscal 2005, as a Product Safety Project between the Legal Department and the Production System Innovation Planning Department. That project strove to improve instruction manuals and conduct risk assessments to ascertain and reduce areas of risk related to product safety in three product categories: mass and medium-lot manufactured products; built-to-order components; and built-to-order plants.

In April 2011, the Quality Management & Product Safety Planning Center was established as part of the Production System Innovation Planning Department in the Technology & Innovation Headquarters. The goal is to firmly establish the activities that have been carried out thus far, and promote the reinforcement of management systems for safety and quality.

Nuclear power generation: ongoing efforts to ensure safety at nuclear power plants

On August 2004, a break occurred in the MHI-installed secondary piping of Unit 3 in the Mihama power station of Kansai Electric Power Co., Inc. MHI set up the Managing Board for Innovation in the Nuclear Business, chaired by the President, in December 2004. The company is striving to implement continuous internal reforms to prevent accidents and ensure safety at nuclear power plants.

Each manufacturing facility thoroughly examines and continuously strives to improve design, manufacturing, and procurement processes as well as the quality management system. At the same time, the Managing Board for Innovation in the Nuclear Business monitors the progress of improvement.

The board meeting held in fiscal 2010 confirmed that actions are being taken to share the lessons learned from the accident and ensure they will not be forgotten. It also verified that improvements are being made in quality management activities that include further tightening and boosting of internal audits, and periodic convening of the Design/Manufacturing/QA Liaison Conference. Furthermore, the board affirmed the continuation of various activities in accordance with the goals laid out at the board's inception.

In addition, after the accident occurred on March 11 at the Fukushima No.1 Nuclear Power Station, MHI immediately submitted measures to power companies that have PWR plants that should be undertaken if the same incident were to occur. MHI is sparing no effort to support a stable supply of power.

Shipbuilding: Endeavoring to prevent the recurrence of accidents and nonconformance through the quality control patrols

When designing and constructing vessels, the Classification Society is the organization that approves blueprints, inspects construction and equipment, and conducts the final test run. Vessels that pass these inspections are given a ship's classification.

MHI obtains this ship's classification, and the Quality Assurance Department of the Shipbuilding & Ocean Development Headquarters plays a central role in investigating the causes of accidents and nonconformance that have occurred in vessels previously constructed. Measures are taken to prevent recurrences and feedback is given to the Design and Construction Department. In addition, quality control patrols have been implemented based on ISO 9001 to confirm that those measures are in fact being carried out. MHI strives to ensure the safety of its vessels.

Aircraft: Endeavoring to ensure aircraft safety through education and training, and promotion of safety measures

Based on the Aircraft Safety Policy established in 1991, Nagoya Aerospace Systems Works has given its highest priority to assurance of aircraft safety. Unfortunately, in 2000 there was an emergency landing accident involving an MH2000 helicopter, and in 2007 an F-2 jet fighter crashed and burst into flames.

MHI understands the gravity of accidents, and to prevent such accidents from occurring again, MHI conducts education and training for our employees and the employees of partner companies in order to ensure safety awareness. MHI also has upgraded its protocol for handling accidents, and has put several types of safety measures in place to prevent a reoccurrence of the mechanical connections that caused the F-2 jet fighter accident. Safety measures are enhanced by verifying the promotion of these actions at safety/quality assurance reform meetings that are held weekly and attended by the general manager at the manufacturing sites. MHI will continue to carry out these actions as it strives to improve safety of aircraft manufacturing and maintenance.

GS Comment: "the corporate" and "the corporation" are unnecessary and potentially confusing. It would be clearer to just use MHI. Also, we should avoid descriptions such as "faulty."

Transportation Systems: Ensuring the safety of transportation systems based on quality management systems

MHI is working to develop various transportation systems with a high potential for use in public settings, such as fully automated, unmanned vehicles and next-generation trams for use in airports and cities in Japan and abroad. To ensure that such transportation systems are safe, MHI has developed designs, equipment procurement, manufacturing, and local construction methods based on ISO 9001 and MHI's own quality policies. Every year, quality policies are reevaluated and the effectiveness of quality management systems is closely scrutinized. In addition, MHI is constructing a framework for sharing information among relevant parties on issues such as revisions made to laws and regulations pertaining to railways. Also, in overseas projects MHI closely examines local safety standards from the initial design stage.

In addition MHI in an effort to further improve safety awareness, held lectures on applicable laws and ordinances and on general safety issues throughout fiscal year 2010.

Air-Conditioners: Implementing safety verifications in every stage-development, usage, and disposal, based on design management standards

Air-Conditioning & Refrigeration Systems Headquarters established design management standards in 1994 to ensure the safety of air-conditioners. To that end, when developing a product, quality check sheets and other measures are used to verify that products, when properly used, will not cause harm to people or property through things such as harmful materials, explosions or fire at any stage, from development through usage and disposal.

GS Comment: We should add the qualified "when properly used" to avoid having the above statement be interpreted as an unconditional guarantee of the safety of these products. Any product can be dangerous no matter how well designed or manufactured.

In fiscal 2010, the department participated in the corporate-wide Product Safety Taskforce, and received instruction from key MHI individuals regarding product safety for centrifugal chillers and ground transportation refrigeration units. In the past, air-conditioners were primarily subjected to electric safety checks, but from now on, MHI will strive for product development that takes equipment safety, environmental safety, and the safety of electric controls into consideration as global concerns and regulations become more stringent.

Establishing an Accident Exhibit and Materials Room to educate people on the prevention of product accidents

The MHI Group compiled examples of past product-related accidents and opened the Accident Exhibit and Materials Room in April 2010 to introduce those accidents through panels and other displays. Safety and quality have the highest priority for the MHI Group, whose very livelihood is based on manufacturing. That importance is made known to all employees involved in the development, production, and after-service operations of MHI Group products. The exhibit was opened so that it would play a role in the prevention of accidents and oversights. Displays include news articles and video coverage of major accidents, such as the fire that broke out on the cruise ship, *DIAMOND PRINCESS*.

Approximately 7,000 people have visited since its opening, and approximately 1,150 new employees and young technicians learned about case examples of accidents. In fiscal 2011, workshops will be offered to young administrative staff, and new chief and assistant managers to increase opportunities for staff to gain a deeper understanding of the importance of safety and quality.



Entrance to the Accident Exhibit and Materials Room



Displays inside the exhibit room

Continuously strengthening QMS created for products

MHI has created a quality management system (QMS) to offer products that are safe and of assured high quality. As of March 2011, all manufacturing sites in Japan have obtained ISO 9001 certification, and approximately 90 percent of domestic and overseas group-company manufacturing sites have been certified. In addition, each manufacturing site created the optimum QMS which was specific to the character of the products produced there and continue to improve upon it.

Also, MHI understands the reality that there will be complaints from customers about products, so the Quality Assurance Department has played a central role in gathering technology and expertise from all companies to review and improve upon QMS process issues and reinforcement measures for each product.

A Word from a Stakeholder

Expectations of MHI

Koichi Higashi
 Manager
 Rolling Stock Department, Tram Division,
 Hiroshima Electric Railway Co., Ltd,

The objective of the Hiroshima Electric Railway Co. is the development and enhancement of the Hiroshima city area transportation network. Working within the urban planning framework, the Hiroshima Electric Railway Co. intends to improve the existing Light Rail Transit (LRT) (Note1).

The LRT system offers both high levels of punctuality and a low journey time. Currently, the citizens of Hiroshima and visitors to the city enjoy this environmentally friendly system with the Light Rail Vehicle (LRV) (Note2) called the "Green Mover max." This is a 100 percent low-floor vehicle utilizing bogie technology developed by Mitsubishi Heavy Industries. It is the first 100 percent low-floor LRT produced in Japan.

The Green Mover max is a barrier free train with a flat floor, which is at the same height as the station platform, allowing easy access for both boarding and leaving passengers.

We wish that Mitsubishi Heavy Industries will continue to develop a more advanced low-floor LRT concept to allow a next generation public transport system that fits seamlessly with people, cities and the environment.

This is the system we envisage as we look forward to building the city of the future.

(Note1) LRT: Light Rail Transit

(Note2) LRV: Light Rail Vehicle



100 percent low floor Tram "Green Mover max"

Enhancing Customer Satisfaction (CS)

Pursuing products and services that can be trusted from the prioritized customer point of view

One statement of the MHI creed is: "We strongly believe that the customer comes first and that we are obligated to be an innovative partner to society." Therefore, the company's top priority is to always place itself in the customer's shoes and meet their expectations by providing products and services with high added value.

Based on this approach, each headquarters and division listens carefully to the market and customer feedback and strives to improve CS in accordance with their respective business operations. In addition, MHI implements basic CS and marketing training as well as other programs with the belief that improving employee awareness is essential for establishing a customer-oriented corporate culture.

Through these activities, MHI will continuously work to provide products and services that satisfy customers.



Basic CS training

Promoting advertising activities that comply with relevant laws and regulations

MHI established the Corporate Communication Department to promote advertising activities based on MHI business plans that target stakeholders in all global regions. As MHI moves ahead with its activities, the department authenticates facts so that customers do not receive the wrong impression, and endeavors to abide by provisions in related laws and industries. It also keeps in close contact with administration departments, all business Headquarters, and even overseas works and Group companies to develop advertising activities based on a unified concept. After advertising is run, the department assesses the improvement in recognition level in each form of media and the promulgation of the corporate image.

In fiscal 2010, in addition to running ads in national newspapers and magazines in Japan, as well as the British Financial Times overseas, the department also placed advertisements in public transportation facilities in Japan and overseas.

Implementing technical support as an aspect of preventative maintenance

Since 1999, MHI has maintained a high operational rate for thermal power plants (gas turbines) delivered both in and outside of Japan and provided technical support to prevent problems. This is a paid service for observing and supporting the operations of gas turbine plants in real time, around the clock, 365 days a year, from remote monitoring centers established in two locations, one in Japan and one outside of Japan. We are working to prevent the occurrence of problems by applying monitoring diagnostic capabilities that draw upon over ten years of accumulated operational data. Also, by automatization of abnormality diagnosis that utilize Taguchi method, any suspension of operations is kept as short as possible by quickly detecting plant anomalies and immediately implementing troubleshooting procedures.

As of April 2011, we are supporting three plants in Japan and 28 plants overseas, thereby safeguarding the stable power generation operations of our customers.



Remote monitoring center

Promoting Nuclear Power PA Activities

In an effort to deepen its understanding about the need for and safety of nuclear power generation, MHI has promoted PA activities since 1988, such as accepting visitors in our works that manufacture nuclear power equipment and publishing the magazine, Atom Power.

The Kobe Shipyard & Machinery Works, where nuclear power equipment is manufactured, offers plant tours at the request of clients and partner companies. It also provides enjoyable opportunities for learning about energy through hands-on activities targeting elementary school students.

Approximately 3,000 guests participated in fiscal 2010, sharing comments such as, "After touring the production sites, I deeply understood how advanced technology is used to manufacture nuclear power equipment." MHI will continue to offer information and tours to build up trust in nuclear power.

(Note) Nuclear Power PA (Public Acceptance) activities: Activities conducted to encourage a clearer understanding of nuclear power

A Word from an Employee

Maintaining the relationship of trust we have with our customers through persistent efforts

Hideharu Sato
Engine Machinery Team
No.2 Manufacturing Engineering Section
Guidance & Propulsion Production Department
Guidance & Propulsion Division
Aerospace Systems



I am in charge of aircraft engine overhaul and other equipment. Although we had received a lot of business in fiscal 2010, we were able to complete our work in compliance with customer wishes. We also worked together with customers to reduce repair expenses, and were successful in significantly bringing down costs by developing new repair technologies. MHI is striving to offer a sense of assurance through endeavors such as compiling weekly reports on the status of work progress. It is my wish that we continue making persistent efforts to further build a trusting relationship with our customers, which we value more than anything.

Maintaining and Strengthening the Defense Production and Technological Bases

Contributing to the peace and safety of Japan through technology

With the basic stance of ensuring the peace and safety of Japan through cutting-edge technology, MHI, as a leading enterprise in the Japanese defense industry, endeavors to maintain and strengthen the defense production and technological bases. We are also involved in the development, manufacture, and operational support for a vast array of defense equipment requested by the government, such as jet fighters, helicopters, missiles, defense ships and tanks. The defense environment surrounding Japan has been dramatically changing over recent years. It is now more vital than ever to maintain and strengthen the production and technological bases to meet the needs of the nation amid financial difficulty and rapid technological progress. MHI is focusing on the future security environment and is developing various technologies that meet the needs of the country. This includes research on the Advanced Technology Demonstrator for the purpose of achieving technologies, such as stealth and high maneuver flight control technology to be applied to future jet fighters.

Cutting-edge technologies in the defense sector have a broad reach, and ripple effects to the civilian sector are expected, in the fields of materials, components, and processing technology. So we believe defense technologies can also contribute to long-term technological advances in Japan and the defense sector is expected to develop as a national strategic industry.



UH-60JA utility helicopter (for use by the Japan Ground Self-Defense Forces).

■ Ratio of Defense-related businesses sales to total sales

| FY | Ratio | Amount |
|-------------|---------------------|--------------------------|
| 2009 | 11.8 percent | 348.3 billion yen |
| 2010 | 12.4 percent | 361.0 billion yen |

Disclosure Principles and IR Activities

Promoting IR activities to facilitate a detailed understanding of our business

MHI is striving to assist institutional investors and individual investors in Japan and abroad with gaining a deeper understanding of our business operations.

With a Corporate Communication Department dedicated to investor relations, we endeavor to disseminate appropriate information in a timely manner as well as provide additional opportunities for direct communication through a variety of briefings. We reflect the comments we receive in our ever-expanding IR activities.

Providing accurate information online that is easy to understand

MHI releases information in accordance with laws and regulations as mandated by the exchanges on which the company is listed; the company also quickly posts information on the "Investor Relations" section of our website. Information and data not subject to these laws and regulations are also posted, along with charts and comments on securities terminology, in an effort to release data that is easy-to-understand and accurate.

In addition, videos of general shareholders' meetings and account settlement briefings for institutional investors and analysts, as well as business presentation briefings are posted on our website to further enhance understanding.

In fiscal 2010 we have made improvements such as the addition of stock price information and access ranking data to both our Japanese and English websites to increase its usability.

Implementing various briefings on business operation and strategy

In response to demand from investors and analysts for greater details on the overall status and plans of individual businesses, MHI holds semiannual performance briefings as well as other types of briefings related to business performance and plans.

The fiscal 2009 Account Settlement Briefing/2010 Medium-Term Business Plan Briefing was held in April during fiscal 2010, and was attended by 228 people. In June, there was a business presentation meeting for Strategies for Energy & Environment Business and eight business Headquarters, attended by a total of 460 people. Furthermore, tours and briefings were held at the MHI facilities, Mitsubishi Minatomirai Industrial Museum (Yokohama) and the History Museum (Nagasaki Shipyard & Machinery Works).

Briefings were also held outside of neighboring cities where MHI sites are located in an effort to increase the number of opportunities to communicate with individual investors.

Holding plant tours for stockholders

The company has been conducting semiannual plant tours since March 2005 to deepen shareholder understanding of its business activities.

In fiscal 2010, a tour was held in September at Kobe Shipyard & Machinery Works, where visitors could view the manufacturing process for diesel engines and nuclear power equipment. In March 2011, a tour was also held at Yokohama Dockyard & Machinery Works. Visitors saw the manufacturing process for gas turbine blades and wind generators, and the recently renovated Mitsubishi Minatomirai Industrial Museum.

Participants made comments such as, "I really felt that the excellent technological skill of each and every employee is the source of Japan's strength," and "I hope MHI will continue to develop as a manufacturing company that exemplifies Japan." MHI will keep listening to everyone's opinions to improve IR activities.



Touring Kobe Shipyard & Machinery Works.



Touring Yokohama Dockyard & Machinery Works.

A Word from a Stakeholder

I value the active disclosure of information.

Takahiro Mori
Analyst, Global Research Department
Merrill Lynch Japan Securities Co., Ltd.

One of the areas that I appreciate about MHI's IR activities is their approach of actively disclosing information. Generally, it tends to be more difficult for a conglomerate that has a variety of businesses than a corporation dealing in a single business to gain understanding from outside the corporation, but MHI holds regular meetings, results briefings, and tours of manufacturing sites to bridge the information gap between the stock market and the corporation. Various corporations carry out this kind of general IR activities, but MHI takes it further by also holding business presentation meeting to talk about all business operations. As far as possible, MHI also answers a variety of questions from the stock market. As a result of this kind of active disclosure, I feel that the mutual understanding is deepened between the stock market and the corporation.



Recent Dividend Disbursements

Fiscal 2010 Dividend Distributions

For fiscal 2010, a 2 yen per share year-end dividend was distributed.

In addition to the previously distributed interim dividend of 2 yen per share, total dividends for the year were 4 yen per share.

■ Dividend disbursements over the past five years

| FY | Dividend per share |
|-------------|--------------------|
| 2006 | 6 yen |
| 2007 | 6 yen |
| 2008 | 6 yen |
| 2009 | 4 yen |
| 2010 | 4 yen |

Fair Dealing

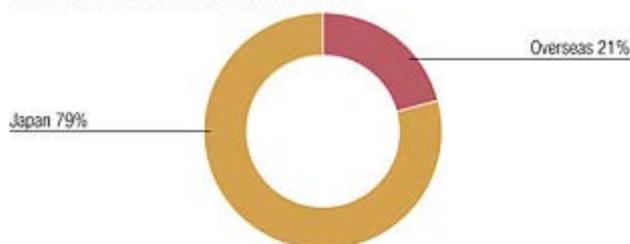
Opening a door to new suppliers and ensuring fair evaluation and selection

MHI procures a variety of materials and services both domestically and abroad that include materials such as steel, machinery, equipment, and components. MHI is very open to clients who are motivated and competitive. While complying with related laws and social norms, we evaluate and select with fairness to establish trust that leads to mutual prosperity.

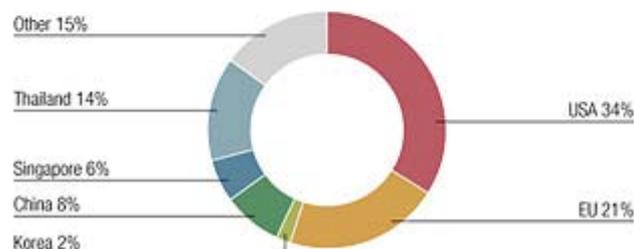
This concept is stipulated in MHI's Procurement Policy (released in 2002), which is posted on the "Procurement" page of our website. This page also includes guidelines for applicant companies and contact information for material procurement for the benefit of companies that are interested in doing business with MHI.

Overseas Procurement Rate and a General Breakdown of Overseas Business Partners

MHI Procurement Amounts (consolidated) in 2010: Approx. 1.7T Yen
Overseas Procurement Rate 21%



Major Overseas Business Partners FY2010



MHI Procurement Policy

1. Openness
We strive to provide business opportunities openly to suppliers throughout the world, and welcome creative and competitive suppliers.
2. Fairness
We provide chances for competition to qualified suppliers, and evaluate and select suppliers fairly based on criteria such as the suppliers' product quality, price, delivery schedule, technology and financial conditions.
3. Partnership
We regard our suppliers as partners based on the mutual understanding that both partners should benefit from the relationship.
4. Compliance
We comply with rules, regulations and social norm based on our compliance management policy, and all information submitted to MHI will be kept and used properly.

Thoroughly preventing illegal and unfair dealings

MHI is striving to prevent illegal dealings, such as fraudulent orders, by having departments in charge of the ordering, receiving and use of procured goods provide mutual restraints. At each stage of ordering and inspection, more than one employee as well as management staff reviews the content of a transaction, and the results are confirmed by internal audit.

MHI is endeavoring to comply with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and the Construction Business Act, which prohibits large companies from forcing unfair business practices on small- and medium-sized companies. Furthermore, the Compliance Policy clearly outlines adherence to various laws and ordinances, and the state of legal compliance is confirmed through internal audits.

Promoting CSR Procurement

Creation of Supply Chain CSR Promotion Guidelines

In June 2010, MHI drew up MHI Group Supply Chain CSR Promotion Guidelines. The concept behind CSR activities in the MHI Group has been shared with business partners, and MHI aims to promote that concept throughout the supply chain. The basic ideas for the initiatives are spelled out using five points that include comprehensive compliance and promotion of corporate ethics, and assurance of product safety and QCD (quality, cost, delivery schedule), and enhanced technological development capabilities, and considerations regarding human rights and workplace safety. MHI is asking for partner cooperation.

Members were selected from the Procurement & Sourcing Department of works to draw up these guidelines. They discussed CSR activities that MHI has always held as important in the execution of procurement, such as compliance, product quality, and environmental considerations, and talked about activities that need to be focused on, such as workplace safety and human rights. The content of the discussions were reflected in the guidelines. In addition, explanatory meetings have been held for Procurement Departments in each works to promote the guidelines awareness throughout the corporation, and information has been communicated outside the company as well through meetings with business partners, gatherings with cooperative companies held at various works, and the corporate website.



An explanatory meeting on CSR procurement held for cooperative company members at Mihara Machinery Works.

MHI Group Supply Chain CSR Promotion Guidelines

1. Compliance and Corporate Ethics

We ask all Partners to persist in compliance related to all business activities, to foster corporate ethics, and also, to work on building and operating an organization to facilitate this.

2. Safety, Quality, Cost, Delivery and Innovation

In order to maintain and improve the value of MHI's products, we ask all of our Partners to provide materials and services with assured safety and quality, cost and delivery ("QCD"). Moreover, in order to create end products with high added value, we ask for your continuous improvement in developing new technology.

3. Human Rights, Health and Safety

In the business activities of all of our Partners (including their respective supply chains), the human rights of all employees must be respected and safe, comfortable working environments be assured.

4. Respect for the Environment

In order to achieve a more sustainable society, we ask all of our Partners to continuously monitor and seek to reduce environmental impact of their activities.

5. Contribution to the Region and Society

We ask all of our Partners to work positively on the activities to contribute to the development of international society as well as regional society and to foster the next generation etc.

Our Partners are free to determine the most effective way to fulfill their social responsibilities, which may include contributions through normal course of their business, charitable donations or contributions of facilities and/or resources.

Topics

Sharing CSR values through opportunities to speak face to face with business partners

MHI believes it is necessary to share CSR values with our business partners to promote CSR in the supply chain. As a first step in that direction, in fiscal 2010 MHI arranged for opportunities to explain MHI's basic CSR concept and the MHI Group Supply Chain CSR Promotion Guidelines during business partner meetings and gatherings of cooperative company members at various worksites. In the future, MHI aims to exchange information with one another and work together to conduct surveys and hearings that ascertain the extent to which CSR activities are being promoted at partner companies.

Global Procurement Manual designed to reinforce relations with business partners

The Global Procurement Manual (GPM) was published in fiscal 2009. The GPM was drawn up so that MHI quality management system principles can be definitively realized in the actual procurement process. Therefore, MHI shares procurement information with partners to enhance convenience.

Looking ahead, we intend to use the GPM to reinforce relations with business partners in the global supply chain and offer outstanding service quality to customers.

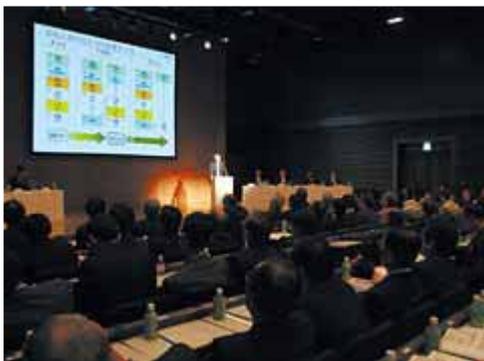
Promoting information sharing that aims to strengthen cooperation

At the first Business Partners Conference held in 2008, we declared that MHI will connect business partner comments, requests, and recommendations with management process reform and cost-cutting measures and accordingly, MHI has been strengthening corporate actions. In fiscal 2010, we introduced an online system that allows business partners to submit VE (Note1).

Also, the third Business Partners Conference was held in November, in which 297 companies participated. The President expressed the idea that close dialogues with partners are necessary for creating and enhancing true added value throughout the value chain. We presented certificates of gratitude to 13 partner companies that have significantly contributed to our business. Among these companies, three shared presentations on their improvement activities.

MHI held the similar partners conference at various business segments, and works in an effort to share information to bolster ties.

(Note1) VE: A method for both improving product value and reducing costs.



Business Partners Conference

Procurement Education and Training

Training for employees engaged in procurement activities

Our procurement departments provide various training programs on procurement as a safeguard against inappropriate ordering.

As in the previous fiscal year, a meeting was held in fiscal 2010 for young employees where participants could exchange opinions based on case studies. Discussions took place on issues and Japanese laws relevant to compliance that are encountered in procurement practices. There were 25 participants. In addition, 35 people attended an introductory lecture for new employees on basic information concerning procurement practices.

Furthermore, 253 MHI employees and 64 employees from eight Group companies participated in an online course on the Act Against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, which was held for Group employees.

MHI will continue to provide programs based on an understanding of training needs in relation to business plans and revised laws while also enhancing content.



Compliance training

Utilizing and Cultivating Diverse Human Resources

Active recruitment and utilization of mid-career, overseas and female workers

In the course of excelling at manufacturing large-scale system products that involve lengthy timeframes, including power generation plants, aerospace equipment and marine vessels, MHI's basic policy for recruiting and developing human resources had been to hire new graduates and provide ample in-house training.

However, MHI hires mid-career professionals where necessary according to its needs because a diverse pool of personnel is necessary to win over fierce competitors (in fiscal 2010, approximately 1,000 new graduates (who started in April 2011) and approximately 130 mid-career professionals were hired).

The company treats new graduates and mid-career workers equally. Mid-career workers play an active role in their respective fields as members of the company, making full use of the skills they have cultivated.

MHI is also actively working to hire personnel to deploy overseas for the global development of its business. The company is hiring overseas students and foreign students through aggressive recruitment efforts.

In fiscal 2010, in addition to our usual hiring activities in the U.S. and the U.K., we also implemented PR activities for the first time in Singapore. This resulted in the hiring of about 30 new graduates. In addition, MHI is actively hiring and utilizing female workers. The number of new female workers and managers has been increasing each year. In fiscal 2010, approximately 31 percent of new graduate and clerical recruits were women.

Basic Data

■ Breakdown of employees by age (FY2010)

| | Under 30 | 30-39 | 40-49 | 50-59 | 60 and over |
|--------|----------|--------|-------|-------|-------------|
| Male | 8,226 | 9,469 | 5,827 | 6,182 | 502 |
| Female | 781 | 927 | 687 | 416 | 14 |
| Total | 9,007 | 10,396 | 6,514 | 6,598 | 516 |

■ Number of new graduates hired

| | University | Vocational school and junior college | High school, other | Total (females in brackets) |
|----------------------------------|------------|--------------------------------------|--------------------|-----------------------------|
| Joined the company in April 2010 | 672 | 124 | 676 | 1,472 (136) |
| Joined the company in April 2011 | 480 | 96 | 410 | 986 (80) |

■ Number of female managers (section manager and above; excluding medical staff)

| 2007/4 | 2008/4 | 2009/4 | 2010/4 | 2011/4 |
|--------|--------|--------|--------|--------|
| 158 | 182 | 219 | 248 | 266 |

■ Number of rehired employees (excluding those from Group companies)

| 2009/4 | 2009/10 | 2010/4 | 2010/10 | 2011/4 |
|--------|---------|--------|---------|--------|
| 1,365 | 1,591 | 1,720 | 1,893 | 2,172 |

Rehiring all who wish to continue to work and promoting senior employee skill utilization

To provide a place that allows employees to demonstrate their abilities after retirement, the company implements a rehiring system throughout the Group that, in principle, embraces all employees who wish to take advantage of the opportunity for reemployment up to the age of 65 in both full- and part-time positions.

As of April 1, 2011, MHI alone (excluding Group companies) has rehired approximately 2,200 employees. These workers are assigned important roles for transferring their skills and expertise as experienced professionals.

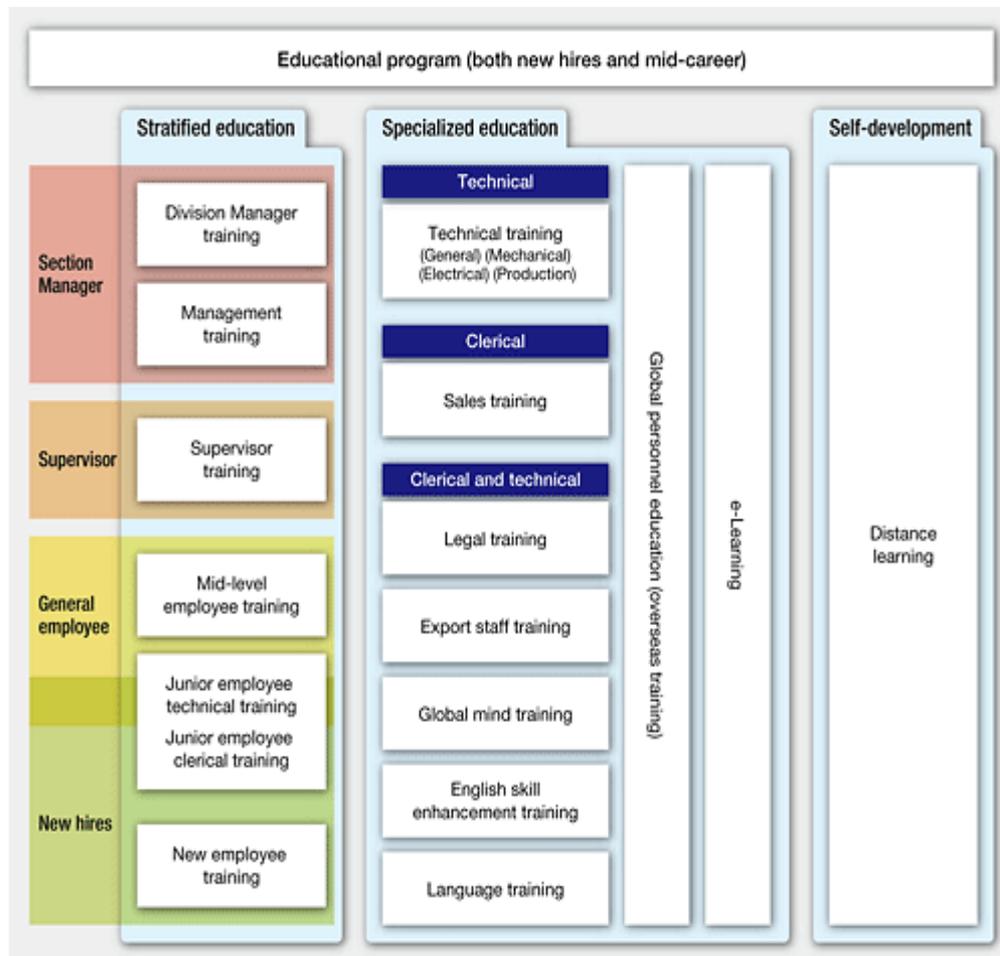
Expansion of hiring to actualize the skills of the differently-abled people

Since 1992, MHI has been pursuing efforts to expand job opportunities for the differently-abled people and create a suitable working environment for all workers by establishing a Committee for the Promotion of Employment of the Handicapped.

In fiscal 2010, in addition to the effects of statutory reform in July, we expanded the hiring of disabled individuals by operating a designated website, collaborating with regional "HelloWork" (Employment Security Bureau) offices, hosting career fairs and other means. As a result, MHI's employment rate for the differently-abled people reached 1.97 percent as of April 1, 2011, exceeding the statutory minimum of 1.8 percent. We will further increase such hiring in the future with the help of information and cooperation from each of our main hubs.

Improving education to strengthen global responsiveness

MHI is working to enhance employee capabilities and improve education aiming to realize a global organization capable of responding to sudden and chaotic changes in the market. Based on OJT (On The Job Training), we are implementing various educational programs starting immediately after hiring according to job level and function. In fiscal 2010, with the aim of honing the skills and capabilities of our junior and mid-level employees, we reformulated our stratified educational program. We will continue to improve our educational system in hopes of further fortifying our global responsiveness.



Strengthening the development of junior technicians on the forefront of manufacturing

At MHI, as more baby boomers retire, the number of junior technicians is increasing. There is an urgent need to train technicians who can maintain the front line of manufacturing.

In this area, we prepared textbooks standardized for the entire company to ensure the commonality and uniformity of education. We have also made DVDs and digitized "Skills of the Master" manuals developed by veteran technicians in order to ensure the succession of techniques to future generations and the rapid and solid development of our junior technicians.

In addition, with the dual aim of pushing up the level of expertise and energizing our junior technicians, we hold company-wide skills contests challenging participants in machine assembly, lathe, welding and many more. MHI is also working to improve the leadership skills of employees designated as mentors to junior technicians.

Bolstering training activities for Group company employees

To reinforce the management and overall constitution of MHI Group business operations, we promote training operations for the entire Group.

In fiscal 2007, we opened an e-Learning site exclusively for Group companies and began collective training from fiscal 2009. We will continue to improve training efforts for Group companies in hopes of strengthening their responsiveness in the face of globalization.



Collective training for Group companies

Encouraging mutual understanding through dialogue and the enhancement of personal capabilities

MHI is taking action to create a workplace in which employees can perform invigorating work, free from anxiety, and to promote the enhancement of each person's capabilities by facilitating mutual understanding and trust through dialogues between supervisors and subordinates.

By providing opportunities for regular dialogues between supervisors and subordinates at their request, MHI ensures the effective sharing of business targets and a common awareness of issues. Supervisors communicate with subordinates about the roles and tasks individual employees are expected to fulfill while also paying attention to their requests and business improvement suggestions. For example, for those working in technical or clerical positions, MHI adopts an MBO (Management by Objectives) system with annual performance targets and progress evaluations twice a year. Non-clerical employees and their respective supervisors hold discussions once a year to maintain a common understanding.

360° research: A program for middle managers

middle-managers' daily behavior by their supervisors, colleagues and subordinates. Results are shared with managers. This program is intended to encourage the further growth and self-improvement of managers by keeping them better informed of the feedback and evaluation of others while enabling them to identify their strengths and areas for improvement. The program is conducted once every two years, with the next one slated for 2012.

Basic Data

Breakdown of employees by age (FY2010)

Under 30: 9,007 (8,226 male, 781 female)
 30-39: 10,396 (9,469 male, 927 female)
 40-49: 6,514 (5,827 male, 687 female)
 50-59: 6,598 (6,182 male, 416 female)
 60 and over: 516 (502 male, 14 female)

Number of new graduates hired

986

Number of female managers (section manager and above; excluding medical staff)

266

Use of annual paid holidays

Number of paid holidays granted: 22.0
 Number of paid holidays used: 15.9
 Usage rate: 72.3 percent

Number of employees who resigned of own volition (FY2010)

355 (Male: 251, Female: 104)

Commitment status of new graduate employees

Out of 425 employees who entered on April 1, 2006 (390 male, 35 female), 403 remained as of April 1, 2009 (375 male, 28 female).
 Out of 534 employees who entered on April 1, 2007 (492 male, 42 female), 517 remained as of April 1, 2010 (476 male, 41 female).

Average annual salary

At March 31, 2007: 7,482,699 yen
 At March 31, 2008: 7,588,310 yen
 At March 31, 2009: 7,568,830 yen
 At March 31, 2010: 7,267,210 yen
 At March 31, 2011: 7,201,076 yen

Number of mid-career workers hired

135

Number of rehired employees (excluding those from Group companies)

October 2010: 1,893
 April 2011: 2,172

Number of employees who took child-care leave

117 (Male: 14, Female: 103)

Unionization rate (domestic)

100 percent

Building a Better Working Environment

Supporting balance between child-care/family-care and work in various ways

To create an environment that helps employees effectively balance their work and family life, MHI is working to improve systems for raising the next generations and supporting a healthy work-life balance.

The following programs exceed legal requirements.

- Child-care leave (until the child is three years of age)
- Child-care work shift (until the child graduates from elementary school)
- Family-care leave (in total, within less than one year per family member requiring care along with family-care work shift)

Working to improve MHI's unique system, in 2007, we institutionalized our "Career Return Program" that opens the door to individuals willing to reenter the company after having left for marriage or childbirth. In fiscal 2010, nine such individuals were rehired as full-time employees (24 total). In April 2009, the Work-Life Support Group was set up in the Personnel Department to comprehensively improve work environment quality from the perspective of raising the next generations and supporting a healthy work-life balance.

We are also making efforts in areas outside system operation such as placing the system and procedures regarding child-care and family-care on our intranet so that all employees can easily access information as well as holding discussion panels between individuals on child-care leaves of absence and those who took such leaves in the past in hopes of enabling a smooth transition back to work.

In the future, we will go beyond merely operating the system and work towards promoting employee enlightenment, awareness and understanding and creating a comfortable workplace that focuses on employees' work-life balance.

Programs that focus on work-life balance

| | |
|----------------------------------|-------------------------------------------------------------------------------|
| Child care and childbirth | Child-care leave system |
| | Using accumulated paid holidays for child care purposes (Note1) |
| | Child-care work shift system (shortened work hour system) |
| | Work leave to care for a sick child |
| | Special grants for working employees who place their child in daycare (Note2) |
| | Next generation nurturing support grants (Note3) |
| | Career Return Program (Note4) |
| Family care | Family-care leave system |
| | Using accumulated paid holidays for family care purposes (Note1) |
| | Family-care work shift system (shortened work hours system) |
| | Work leave to care for a family member |
| | Career Return Program (Note4) |
| Others | Flex-time system |
| | Paid holiday system by half day |
| | Trips and time off for longtime employees |

(Note1) Accumulated paid holidays is a system in which up to 50 days paid holidays can be accumulated to use for illness, injury, child care, family care, and other purposes.

(Note2) Special grants for working employees who place their children in daycare provide ¥5,000 per month to working employees who place children in daycare until the end of the fiscal year in which the child reaches three years of age. (approximately 820 paid in fiscal 2010)

(Note3) Next generation nurturing support grants provide ¥100,000 per employee with three or more children.

(approximately 230 paid in fiscal 2010)

(Note4) The Career Return Program is a system that opens the door to individuals who want to reenter the company after having left due to marriage, childbirth, childcare, nursing care and transfer of spouse (nine individuals reentered the company in fiscal 2010).

Nursery operated on the grounds of our Nagasaki shipyard & Machinery Works

In April 2010, the Nagasaki Shipyard & Machinery Works opened the first MHI in-house nursery, MHI Kira Kids Nursery.

All MHI Group employees working in the Nagasaki area can leave their pre- school-aged children at any time between 7am and 8pm.

Since opening its doors, the nursery has held various events such as parent & child picnics and Christmas parties as well as Respect-for-the-Aged events for elderly residents of the community that were well received by participants.

In addition to our goal of continuing to be a nursery well loved by employees and local residents, we look to establish nurseries at other MHI locations as well based on the performance of this nursery.



"Respect-for-the-Aged" party held for local residents



Cooking class as part of kids' food education

A Word from an Employee

Supporting both work and childcare thanks to Kira Kids Nursery

Ruben Camacho (left)
Raw Materials Purchasing & Subcontracting
Section
Machinery Procurement & Sourcing Department
Nagasaki Shipyard & Machinery Works

We decided to leave our 1 year-old daughter at the nursery because it is located close to the office and the fees are very reasonable. Not only I can see my daughter playing from my work computer thanks to a web camera installed at the nursery but equally the facilities are well equipped and lively, polite and professional childcare staff takes care of her.



The nursery prepares meals and looks after her until 8 at night. It is thanks to this great environment provided by the nursery that I can devote myself with peace of mind, which greatly supports to provide results at work.

Efforts for raising awareness of human rights in individual workplaces

Since setting up the Committee for Raising Awareness of Human Rights in 1992, we have been moving ahead with raising awareness of human rights across the company. MHI has promoted human rights education and training every year. In fiscal 2010, approximately 1,500 new recruits and 1,600 newly appointed managers and supervisors participated in the training program.

MHI strives to prevent sexual harassment through the establishment of a consultation counter (for men and women) at the Personnel Department of each workplace and location as well as the in-house distribution of pamphlets.

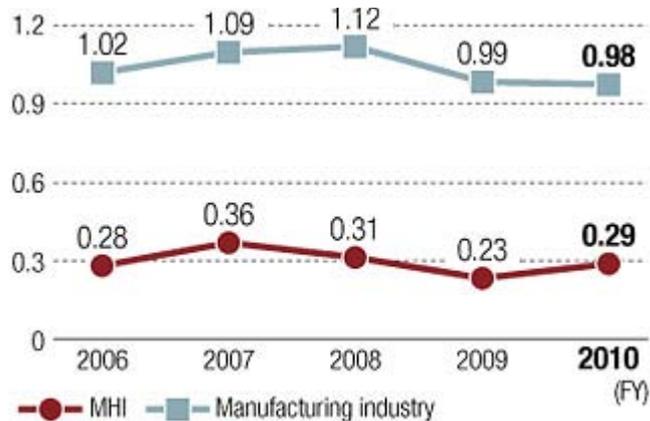
In order to prevent power harassment, we worked to strengthen awareness through such activities as making new information pamphlets and distributing them to in-house managers as well as providing a newly introduced e-Learning course completed by approximately 10,300 in-house managers. Also, new themes in compliance promotion training were added. We will endeavor to continue to strengthen educational efforts.

Creating safe and healthy workplaces centered on a basic policy for employee safety and health

MHI embraces a basic policy for employee safety and health founded on the following three commitments: (1) Always hold fast to the conviction that life is precious, and carry out safety-first measures appropriate to each position and location; (2) Devote every effort to safety in creating outstanding products that contribute to the development of society; (3) Maintain awareness that sound health is the basis upon which all else depends, and ensure that all employees have a comfortable workplace enabling them to be sound in body. In line with these principles, we operate an occupational health and safety management system throughout the company to create safe and healthy workplaces.

We will continue to fortify our activities aimed at reducing occupational accidents and leaves due to occupational injury and sickness.

Industrial accident frequency rate (Note1)



(Note1) Industrial accident frequency rate: number of deaths or injuries sustained through industrial mishaps per million hours on the job. It is calculated as follows: number of deaths or injuries sustained on the job that require one or more days of leave / aggregate number of hours worked × 1,000,000.

Risk management and training to prevent work-related accidents and injuries

In order to reduce the risk of occupational accidents, MHI looks to make improvements based on the results of risk assessments effected at each location targeting tasks and equipment mainly carried out by safety and manufacturing sectors. We are also implementing a safety training program using visual learning materials for untrained individuals and hands-on equipment that enables employees to experience walking at elevations and falling objects, among others. Such training equipment is available at the Nagasaki Shipyard & Machinery Works, Kobe Shipyard & Machinery Works and three other locations.

Furthermore, the company is vigorously striving to improve equipment and update outmoded facilities to create a comfortable workplace.

Maintaining and improving physical and mental health

At MHI, we create healthcare divisions at each location and proactively support employees in maintaining their physical and mental wellbeing.

MHI is promoting health counseling and treatment by specialists based on the results of health diagnoses and check-ups. In particular, we started offering health counseling services for employees setting company-wide targets based on BMI in order to prevent lifestyle related diseases from 2010.

In the area of mental health, we are implementing various measures from prevention by providing education and raising awareness to early detection, treatment, support for returning to work and preventing recurrences.

Number of participants in mental health training



Promoting communication between management and employees

MHI believes that communication between management and employees is crucial for carrying out smooth business operations. In line with this thinking, the company's intranet, corporate newsletter and other resources are fully utilized to disseminate management information and messages from top management to all employees as quickly as possible.

In addition, various labor-management consultations provide forums for management to both convey management policies and strategies as well as to hear the views of the employees to be integrated into management practices.

Topics

President's Town Meeting

As in fiscal 2009, the President's Town Meeting was held in again fiscal 2010. This meeting is held to provide employees an opportunity to hear directly from the top about the management policies of the company and the reasons behind them with the aim of increasing their feeling of participation as employees and motivation and setting everyone in the company on the same course.

In fiscal 2010, we arranged two programs, one entitled Discussions with Young Employees and the other Worksite Visits, that were held at 11 locations.

During Discussions with Young Employees, the President had an active exchange of ideas with employees in their mid-thirties (including members of "Forum 35") who are aiming to be future leaders, as well as other young employees at each location who are passionately involved in corporate culture reform activities. Some employee reactions included "I was truly inspired after hearing about the President's life when he was in his mid-thirties," and "The President's excitement towards management really impressed me."

Worksite Visits consisted of friendly exchanges mainly at production sites where employees could speak frankly with the President and have their picture taken with him.

Town Meetings will be repeated in the future as they are an effective means of communication between the top management and employees.

Forum 35

Forum 35 makes our job worth doing through employee exchanges at all locations.

Individuals who are in their mid-thirties and were born during Japan's second baby boom take great responsibility for their work as mid-level employees and play a leading role at their workplace. Forum 35 activities include promoting exchanges between employees of the same generation that surpass the boundaries of job title and location. Participants can appreciate the diversity of the company's business, the sophistication of different divisions' technology and the abundance of talent all in hopes of increasing their motivation which would lead to the creation of new businesses and products.

Beginning in our Head Office in July 2009, Forum 35 has spread to include members from the Kobe Shipyard & Machinery Works, Nagasaki Shipyard & Machinery Works, Nagoya Aerospace Systems Works, Hiroshima Machinery Works, Yokohama Dockyard & Machinery Works and Machine Tool Division (Ritto Machinery Works). Participating employees hold periodical meetings at their locations and exchanges between locations as well as discussions with the President, among others. From these activities, some have provided the following feedback, "I got a renewed understanding of the importance of the role that a manufacturer must fulfill towards society" and "I realized the broad scope of MHI's products and great technological strengths." Forum 35 will remain part of MHI in its capacity of energizing the organization.



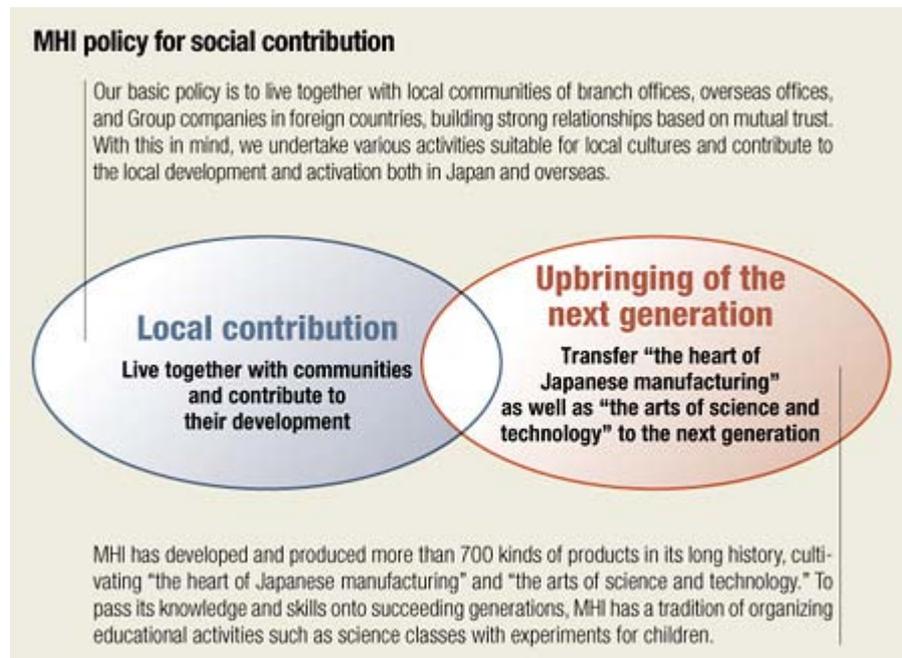
Head Office and Yokohama Dockyard & Machinery Works employees in discussions with the President

Fulfilling our Policy on Socially Beneficial Activities

Conducting activities that suit the characteristics of each region based on the MHI policy on socially beneficial activities

MHI used the opportunity of the publication of the Social and Environmental Report in 2004 to formulate the basic concepts for social contribution, stated as "We are obligated to be an innovative partner to society" and "We place importance on relationships with local communities based on mutual trust."

MHI policy for social contribution was composed in 2007 after soliciting input from individuals outside the company, and repeatedly reviewing and discussing the types of activities expected by society. Based on that policy, a variety of programs are being carried out throughout various regions in Japan.



Local contribution

Live together with communities and contribute to their development

Upbringing of the next generation

Transfer "the heart of Japanese manufacturing" as well as "the arts of science and technology" to the next generation

Upbringing of the next generation

Transfer "the heart of Japanese manufacturing" as well as "the arts of science and technology" to the next generation

MHI has developed and produced more than 700 kinds of products in its long history, cultivating "the heart of Japanese manufacturing" and "the arts of science and technology." To pass its knowledge and skills onto succeeding generations, MHI has a tradition of organizing educational activities such as science classes with experiments for children.

Achievements Made through Socially Beneficial Activities

Approx. 1.65B yen used for socially beneficial activities

MHI endorses the goals of the "One Percent Club," a program initiated by Nippon Keidanren (Japan Business Federation) in which participating members pledge to use at least 1 percent of their ordinary profits or disposable incomes to fund activities for the public benefit, and we enthusiastically engage in social contribution activities as a member. MHI has been a member since the Club's founding in 1990. The company reports its expenditures for such purposes every year; we spent an amount equivalent to 6.89 percent of ordinary profit, or 1.65B yen, in fiscal 2009.

Change in expenditures on socially beneficial activities

| | FY2007 | FY2008 | FY2009 |
|--------------------------------------|-----------------------|-----------------------|-----------------------|
| Academic research | 138 Millions of yen | 128 Millions of yen | 339 Millions of yen |
| Education | 665 Millions of yen | 766 Millions of yen | 537 Millions of yen |
| Community activities | 155 Millions of yen | 131 Millions of yen | 158 Millions of yen |
| Sports | 118 Millions of yen | 112 Millions of yen | 114 Millions of yen |
| Other | 276 Millions of yen | 463 Millions of yen | 507 Millions of yen |
| Total | 1,352 Millions of yen | 1,600 Millions of yen | 1,655 Millions of yen |
| Percentage of ordinary profit | 1.98% | 2.12% | 6.89% |

(Note1) Figures include cash donations, payments in kind, activities by employees, free use of company facilities, etc., converted into monetary equivalents; activities privately performed by employees are not included.

(Note2) Group companies under consolidated accounting are included starting with FY2008.

(Note3) Figures for FY2010 are now being prepared.

Robust recovery assistance to areas hit by natural disasters

The MHI Group has long embraced a humanitarian perspective and offered assistance and support across the world in the aftermath of large-scale natural disasters. After the Great East Japan Earthquake struck in March 2011, we donated various supplies and relief funds to help victims recover as quickly as possible.

■ Major support activities in recent years

| Year | Disaster | Scale of support | Type of support |
|------|----------------------------------------------|----------------------|------------------------------------------------|
| 2011 | Great East Japan Earthquake | 583 Millions of yen | Donations of solar power systems and other aid |
| 2010 | China Qinghai Earthquake | 10 Millions of yen | Cash donation |
| | Chile Earthquake | 5 Millions of yen | Cash donation |
| | Haiti Earthquake | 10 Millions of yen | Donation of lighting towers with generators |
| 2009 | Indian Ocean Earthquake and Tsunami | 3 Millions of yen | Cash donation |
| | Damage from Typhoon Morakot | 2.54 Millions of yen | Cash donation |
| | L'Aquila Earthquake in Italy | 2.54 Millions of yen | Cash donation |
| 2008 | China Sichuan Earthquake | 210 Millions of yen | Cash donation |
| | Cyclone in Southern Burma | 3 Millions of yen | Cash donation |
| | Extraordinarily heavy snow in Southern China | 1.5 Millions of yen | Cash donation |
| | Iwate-Miyagi Nairiku Earthquake | 2 Millions of yen | Cash donation |

(Note) The monetary amount for 2011 includes monies for actions to be executed within the year.

Examples of Regional Socially Beneficial Activities

Ship Launching Ceremonies Open to the Public

To convey the outstanding nature of manufacturing and to help people better understand the shipbuilding industry, MHI makes naming and launching ceremonies for ships open to the public. In fiscal 2010, Shimonoseki Shipyard & Machinery Works held a launching ceremony for the public for survey ships that mine energy resources, such as seabed minerals and methane hydrate, as well as for a pure car and truck carrier and the car ferry, *ISHIKARI*.



The launching ceremony for the *ISHIKARI*.

Nursery School Children Dig up Potatoes at Mitsubishi Wind Turbine View Park

Yokohama Works invited 40 local nursery school children to Mitsubishi Wind Turbine View Park on July 13 to dig up potatoes with employee volunteers. About 100 kilograms of potatoes were harvested and donated to a nursery school as healthy snacks.



Nursery school children dig up potatoes at Mitsubishi Wind Turbine View Park.

Health Consultations at a Local Event

The Industrial Machinery Business, Technology & Solutions Division (the current Hiroshima Machinery Works) cooperated in the "Minami Kannon Community Center Festival" held on November 13. Health checks that included health consultations and measuring blood pressure were conducted by employees of Hiroshima Mitsubishi Hospital, which is located near the Industrial Machinery Business, Technology & Solutions Division. So many local residents visited the booth on the day of the event that they had to wait in line.



Many residents took advantage of the health consultation.

Visiting Nursing Homes for the Elderly

From September 21 to 27, approximately 100 students undergoing technical training at Nagoya Aerospace Systems Works split into groups to visit 14 nursing homes for the elderly and facilities for the mentally impaired. In addition to assisting with meals and bath time, they learned about community interaction by communicating with facility residents through games and other activities.



Students undergoing technical training play a game with facility residents.

MHI Charity Musical

On January 29, the MHI Head Office hosted a performance of the musical, *The Wizard of Oz* in the hall of the adjacent building. Approximately 340 local elementary students, children from city welfare institutions and their parents were invited. Following the show, the M's Square showroom was opened for the audience where they viewed MHI products, including rockets and the communication robot named *wakamaru*.



The musical, *The Wizard of Oz*.

Charity Concert

The Takasago Machinery Works has been holding charity concerts every year since fiscal 2003. In fiscal 2010, the concert was held at Takasago Cultural Hall on February 27. We also welcomed the local Takasago Boys' & Girls' Choir as special guests and the concert proceeded under a harmonious atmosphere. All proceeds of the concert are donated to Takasago City to promote welfare and cultural programs.



The Charity Concert held by Takasago Machinery Works.

A Word from a Stakeholder

We are grateful for the continuation of donations that help promote welfare and cultural programs.

Takumi Amano
Executive Director
Takasago City
Social Welfare Council,
Social Welfare Organization



Each year, we receive donations from proceeds raised by the MHI Charity Concert, contributions collected from the audience, and proceeds from the Charity Bazaar held during the "Mitsubishi-Takasago Summer Festival." These donations help welfare and cultural programs in Takasago City, Hyogo Prefecture. In fiscal 2010, we received approximately 1.1 million yen in aid raised through the concert and bazaar. Recently, there has been a decline in the donations given to our social welfare council, so we are extremely grateful for the continued donations. We also believe that the programs deepen interaction with the local community and present a good opportunity to energize the region.

Examples of Activities that Nurture the Next Generation

Elementary School Students Football Competition

The Power Systems has sponsored the MHI Elementary School Students' Football Championship since fiscal 2008. Three representative teams that had won regional tournaments in Yokohama, Takasago and Nagasaki gathered again in fiscal 2010 for heated competition at Ajinomoto Stadium.



Elementary school students' football competition.

Baseball Teams Host a Children's Baseball Clinic

Baseball teams from Nagasaki, Kobe, Yokohama, Hiroshima, and Nagoya periodically hold baseball clinics for elementary and junior high school students in each area, and deepen community interaction by giving instruction on fielding and batting.



A baseball team member gives instruction on batting.

Hands-on Manufacturing for Elementary School Students

On August 6, Kobe Shipyard & Machinery Works and the Transportation Systems & Advanced Technology Division invited approximately 200 elementary school children and their parents to participate in a workshop where they made robots using paper cups. The aim of the event was to promote interest in advanced technologies and teach the importance of manufacturing to the next generation, who are responsible for the future. The children were excited to see the hand-made robots move.



A mother and child attempt to build a robot.

Inviting Elementary School Students to JAXA

Under the theme, "Let's Go See Technologies of the Future," Nagasaki Shipyard & Machinery Works invited 20 elementary school students from Nagasaki Prefecture to tour JAXA Tsukuba Space Center (Tsukuba City) and the Mitsubishi Minatomirai Industrial Museum (Yokohama City) on August 19 and 20. The students viewed the H-II rocket and the astronaut training facility, fueling their dreams of the future.



Elementary school students from Nagasaki who participated in the tour.

Plant Tours for Elementary School Students from Takasago City

Takasago Machinery Works held plant tours from November 5 to 29 for approximately 1,000 fifth-graders from 10 elementary schools in Takasago City. Volunteer female employees who are Customer Project members led the tours and talked to the children in an easy-to-understand manner about topics such as how turbines generate electricity.



Elementary school students who participated in the plant tour.

Practical Instruction with the Lathe for High School Students

The Machine Tool Division (the current Ritto Machinery Works) has been providing practical instruction with the engine lathe to teachers and students from local technical high schools. The program began 3 years ago as part of collaboration between industry and academia, and the instruction will continue to be provided with the aim of contributing to human resource development for local youth involved in manufacturing.



High school students receive practical instruction.

Topics

Offering "TABLE FOR TWO" Meals at Yokohama Dockyard & Machinery Works and Nagasaki Shipyard & Machinery Works

Yokohama Dockyard & Machinery Works began offering "TABLE FOR TWO (TFT)" meals in December 2010, and Nagasaki Shipyard & Machinery Works followed suit in March 2011. TFT is a social action program devised in 2007 by the Japanese NPO, TABLE FOR TWO International. The project donates 20 yen for each healthy, TFT meal provided at places such as corporate cafeterias. This pays for one school lunch for children in Africa. The program was conceived to balance the social issue of developed nations fighting an increase in obesity because of overnutrition, with the malnutrition suffered by many children in developing nations. Many companies and universities participate because they agree with the objective. Yokohama Dockyard & Machinery Works also held a lecture by TABLE FOR TWO International's director, Mr. Kogure, to engender employee understanding toward the program. Presently, TFT's healthy dishes are proving so popular at both sites that they are sell-outs.



A healthy, TFT meal.



A lecture given by the NPO director.

Examples of Group Company Activities

Koryo Engineering Co., Ltd. **Continuing a Tree-planting Project**

In 2003, Koryo Engineering launched the "Project to Create a Forest in Takasago City." Each year, the company plants trees with donations from employees. In April 2010, 20 Yoshino cherry trees and 13 evergreen trees were planted. Additionally, as a part of the program, in March 2011 employee volunteers participated in the planting of weeping plum trees, heavenly bamboo, and glossy abelia along the path in front of the main entrance to Takasago Municipal Hospital, which presented the company with a certificate of appreciation.



Planting greenery.

Tamachi Building Co., Ltd. **Offering Nursery School Children Environmental Learning Opportunities**

Tamachi Building uses the rooftop garden of its Daiichi Tamachi Bldg. to offer nursery school children from the Tamachi area opportunities to learn about the environment. The children picked strawberries in May 2010, and in November of the same year they dug sweet potatoes. A total of 43 children aged three to five from nearby nursery schools were invited to the garden where they were told about the environmental effects of rooftop greenery and were able try their hand at harvesting. The children were also given a chance to sample the foods after they were harvested. They enjoyed learning about the importance of nature.



Nursery school children picking strawberries.

Kinki Ryoju Estate Co., Ltd.
Baseball Clinic for Young Children

In May 2010, Kinki Ryoju Estate held a baseball clinic for young children hosted by the company's rubber-ball baseball team. Approximately 50 elementary students belonging to boy's baseball teams in Kobe City and their coaches participated in the baseball clinic. Thirteen members from the baseball team instructed the children in techniques for fielding, batting, and base running. The company's rubber-ball baseball team includes several former members of the MHI Kobe (Hardball) Baseball Team, and the team always achieves top-class performances in the Kobe Rubber-Ball Baseball Association. The instruction utilized the member's skills and was extremely well received.



The baseball clinic for young children.

Hiroshima Ryoju Estate Co., Ltd.
Accepting Student Work-study Programs

Hiroshima Ryoju Estate accepts work-study programs for local junior high, high school, and vocational school students at company-run facilities in order to provide students with an opportunity to learn about the meaning of work and to think about the future. In 2010, Hiroshima Diamond Hotel and the Japanese restaurant, Hanano opened their establishments to students who received hands-on experience that included interacting with customers, making beds, and cooking in the kitchen.



The work-study program at Hiroshima Diamond Hotel.

CBC Industrias Pesadas S.A.
Donating Goods to Nearby Welfare Facilities

In 2009, CBC Industrias Pesadas in Brazil began donating goods to children living in nearby welfare facilities. In fiscal 2010, it donated 185 chocolate eggs during Easter, and 817 toys, 450 articles of clothing, 320 pairs of shoes, and 55 boxes of foodstuffs at Christmas.



Children smile while holding their toy gifts.

Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.
Donating Relief Supplies to Elementary Schools Affected by Mudslides

Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd. in China donated relief supplies, such as 360 sets of scarves, gloves, and heaters to the children of Ching-ping Elementary School in the area of Mianzhu in Sichuan hit by the mudslide disaster.



Donating relief supplies to the elementary school.

MHI Technical Services Corporation
Socially Beneficial Activities, Such as Donations and Blood drives

Many employees of MHI Technical Services Corporation in the Philippines have voluntarily developed social action programs since a CSR program was launched in 2009. In July 2010, they contributed 10,000 pesos to orphans through the Christian foundation, Lambs Home. In October of the same year, in addition to 56 employees cooperating in a blood drive given by the Philippine Red Cross, the company carried out various activities to help children, including donating one computer and one monitor each to six elementary schools in remote areas, such as an elementary school in the Province of Sorsogon, located in the southernmost edge of Luzon Island.



Children gather around the donated computer.

CSR Reports for Fiscal 2008 to 2010 and CSR Action Plans for Fiscal 2011 and beyond

MHI formulated medium-term CSR targets for a three-year period (fiscal 2008 to 2010) as well as action plans for each fiscal year to expand CSR management across the entire Group and implemented each activity.

For fiscal 2011 and beyond, we will prepare a new medium-term plan and the CSR Committee, chaired by the President, will review the progress of activities every half term to promote the strategic and comprehensive CSR initiatives throughout the Group.

CSR Reports for Fiscal 2008 to 2010 and CSR Action Plans for Fiscal 2011 and beyond

| Area | Priority item (responsibility) | Medium-term targets (FY2008–2010) |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CSR Promotion | Broadened CSR awareness (CSR Committee / CSR Department) | 1. Broaden CSR awareness across the Group and promote self-directed activities of individual departments 2. Selection and implementation of unified activity themes for the entire Group (representative CSR activities) based on the CSR Action Guidelines |
| | Socially beneficial activities (CSR Department) | 1. Energizing activities in line with the social contribution policy of the entire company (community contribution and nurturing the next generation) and instilling a sense of unity across the Group 2. Raising the level of all activities by exchanging information among departments and energizing activities of Group companies 3. Building a structure to support participation of employees in social contribution activities |
| | Strengthening information dissemination (Corporate Communication Department) 1. Enhancement of brand value concerning the environment 2. Enhancement of corporate image 3. Promotion of IR activities 4. Improvement of the Mitsubishi Minatomirai Industrial Museum | 1. Gain wider recognition and improve evaluation of the company's environmental protection efforts 2. Promote PR to improve the corporate image 3. Increase the number of shareholders who hold the company's stocks longer (fan) 4. Attract 140,000 visitors a year |
| | CSR procurement (Procurement Planning & Administration Department, Procurement & Sourcing Department) | 1. Penetration of CSR Procurement Guidelines and strengthened PDCA cycle 2. Compliance with REACH Regulation and others 3. Deepened activities for further reducing energy use in transportation |
| Compliance | Thorough compliance (Compliance Committee) | 1. Establishment of promotion system across the Group and unified activity content 2. Implementation of compliance training that is well-developed in terms of both awareness and knowledge |
| | Order compliance (Order Compliance Committee) | Maintaining zero violations of the Anti-Monopoly Act (continued order compliance activities) |
| | Compliance with the Construction Business Act (Construction Business Act Compliance Committee) | 1. Improvement of on-site compliance level 2. Establishment of the system for compliance 3. Support of the Group companies in compliance |
| | Compliance with export-related laws and regulations (International Trade Control Committee) | 1. Enhancing sure export control management at individual departments and cultivating experts in export management 2. Further strengthening effective export control management system by Group companies |
| Environment | Reduced CO₂ emissions (Environment Committee) | Ensuring achievement of the voluntary reduction target for CO ₂ emissions 1. Visualization of energy usage and implementation of energy conservation by eliminating waste 2. Obtaining necessary emission credits and systematically introducing energy-saving equipment 3. Installation of additional photovoltaic facilities to bring cumulative total across the company to more than 2,000 kW |
| | Group environmental management (Environment Committee) | 1. Completing introduction of environmental ISO in Group companies in Japan 2. Deployment of environmental management activities by the Group acting as one 3. Implementation of regular audits of Group companies and round-table conferences |
| Human rights and labor | Raising awareness of human rights (Committee for Raising Awareness of Human Rights) | Broaden understanding and awareness regarding human right issues across the company and implement initiatives to prevent sexual and power harassment |
| | Promote employment of the differently-abled people (Committee for the Promotion of Employment of the Handicapped) | Maintenance and expansion of employment level exceeding legal mandate, and promotion of systematic employment by individual departments |
| | Creating a better workplace (Personnel Department) 1. Enriched education 2. Strengthening mental health 3. Utilization of retired employees 4. Nurturing the next generation | 1. Further enhance the environment for carefully nurturing valuable human resources 2. Implementation of effective measures, starting from the prevention of mental health disorders to supporting employees in returning to work 3. Further increasing the rehiring rate (more than 60%) 4. Maintaining Kurumin (next generation nurturing support) certification mark |
| Product responsibility | Ensuring quality and safety of nuclear business (Managing Board for Innovation in the Nuclear Business) | 1. Establishment of an integrated QMS (Quality Management System) across the headquarters and works and construction of an autonomous framework 2. Further improvement of plant reliability 3. Nurturing a climate that does not allow compliance violations and earning the public trust through ongoing dissemination of information |
| | Product safety (Production System Innovation Planning Department / Legal Department) | 1. Utilization, spread and deployment of accomplishments related to product safety activities (including enhanced risk assessments and manual) 2. Further reinforcement of product safety system |
| Risk management | Risk assessment and management (Management Audit Department) | 1. Further strengthening the PDCA cycle for autonomous risk management at the company as well as domestic and overseas Group companies 2. Regular implementation of risk assessment 3. Thoroughly implementing company-wide horizontal deployment of advanced cases using database |

| Area | Priority item (responsibility) | Results from CSR activities in FY2010 | CSR Action Plans for FY2011 and beyond |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CSR Promotion | Broadened CSR awareness (CSR Committee / CSR Department) | <ol style="list-style-type: none"> 1. Distribution of the 2010 CSR Report to all Group company employees in Japan (86,000 copies) 2. Presidential Town Meetings held at ten locations and CSR training sessions held at nine locations 3. Symbolic CSR activities conducted almost fully as planned in keeping with MHI's CSR Action Guidelines | <ol style="list-style-type: none"> 1. Distribution of the 2011 CSR Report to all domestic Group company employees 2. Top Town Meeting held 5 times a year by the President and Vice-President and CSR Training effected at all locations |
| | Socially beneficial activities (CSR Department) | <ol style="list-style-type: none"> 1. Activities conducted as per CSR Action Guidelines <ol style="list-style-type: none"> (1) Community contribution activities: ship launching ceremonies open to the public, health counseling sessions, elderly home visits, charity events (2) Next generation development activities: Elementary School Soccer Competition, Kid's Baseball Clinic, factory tours, science classes, product making workshops 2. CSR activities conducted at Group companies domestically and overseas <ol style="list-style-type: none"> (1) Japan: Tree Planting by the Employee Fund, internships, Kid's Baseball Clinic (2) Overseas: Thailand- donations for equipment for elementary schools; Brazil- Christmas presents provided to care facilities; China- donations of heaters, etc. to elementary schools; Philippines- donations of blood, used clothes and used computers | <ol style="list-style-type: none"> 1. Continuing and expanding community contribution activities (cleaning, charity, etc.) and next-generation development (science classes, product making workshops for children, etc.) 2. Promoting the globalization of CSR activities including to overseas Group companies 3. Conducting various support activities for victims of the Great East Japan Earthquake |
| | Strengthening information dissemination (Corporate Communication Department) 1. Enhancement of brand value concerning the environment 2. Enhancement of corporate image 3. Promotion of IR activities 4. Improvement of the Mitsubishi Minatomirai Industrial Museum | <ol style="list-style-type: none"> 1. Dissemination of information about new technologies and products that contribute to energy efficiency and environmental conservation 2. Corporate advertisements in newspapers, issue of periodicals (PR magazine "MHI Graph," etc.), CSR advertisements in the Kansai Region 3. Factory tours for individual investors (Kobe Shipyard & Machinery Works, Yokohama Dockyard & Machinery Works), briefings for individual investors (Nagasaki, Mitsubishi Minatomirai Industrial Museum), website usability improvements (added stock information, and access ranking indications) 4. Facility renovations (Aerospace Zone) resulting in a cumulative total of over 1,700,000 visitors | <ol style="list-style-type: none"> 1. Positioning energy and the environment as strategic businesses and disseminating information 2. Promoting a global advertisement strategy by building an integrated corporate image 3. Increasing events for investors using operational hubs in Japan and overseas 4. Responding systematically to both the tangible (staff training) and intangible (exhibit refurbishment) aspects |
| | CSR procurement (Procurement Planning & Administration Department, Procurement & Sourcing Department) | <ol style="list-style-type: none"> 1. Establishment of the MHI Group CSR Promotion Guidelines under which briefings were held both at business partners and in-house and surveys were made at business partners 2. Audits and monitoring related procurement 3. Reduction of transportation energy (FY2006 basic units: 96 attained out of 100) | <ol style="list-style-type: none"> 1. Promoting improvement activities based on collection and analysis of survey responses by business partner 2. Monitoring of procurement-related laws and regulations and effecting improvement follow-ups 3. Reducing transportation energy |
| Compliance | Thorough compliance (Compliance Committee) | <ol style="list-style-type: none"> 1. Development and implementation of compliance measures with respect to overseas Group companies 2. Maintenance of high completion rate while expanding the subject matter of compliance promotion training to 117 themes (FY2010: 96.5%) | <ol style="list-style-type: none"> 1. Strengthening the compliance framework supporting our global business promotional efforts 2. Examining and providing responses to the Public Works Business Process Validation and Advisory Committee recommendations (such as establishment of an external contact point for consultation and reporting on any illegal or inappropriate activity) |
| | Order compliance (Order Compliance Committee) | <ol style="list-style-type: none"> 1. Sharing information and verification of status of activities by Order Compliance Committee based on reports from each department 2. Verification of appropriate implementation of order compliance measures through special monitoring 3. Evaluation by the Public Works Business Process Validation and Advisory Committee that the present bid-rigging prevention efforts and recurrence prevention measures are sufficient. | <ol style="list-style-type: none"> 1. Verifying the status of order compliance activities by the Order Compliance Committee 2. Conducting special monitoring that is both effective and efficient 3. Promoting order compliance awareness and training activities 4. Executing the recommendations of the Public Works Business Process Validation and Advisory Committee |
| | Compliance with the Construction Business Act (Construction Business Act Compliance Committee) | <ol style="list-style-type: none"> 1. Routine workshops held (951 participants) 2. Briefings on the Construction Business Act held for business partners (292 participants) 3. Compilation of Q&A by Specialist Meeting regarding Group company legal compliance system | <ol style="list-style-type: none"> 1. Verifying thoroughly the Installation Organizational Chart Register prior to construction 2. Constructing a legal compliance framework for Group companies and monitoring basic compliance items 3. Continuing contract compliance activities (monitoring, etc.) with business partners |
| | Compliance with export-related laws and regulations (International Trade Control Committee) | <ol style="list-style-type: none"> 1. e-Learning programs (9,895 cumulative participants) 2. Regular audits for Group companies by the primary supervising department | <ol style="list-style-type: none"> 1. Continuing and fortifying e-Learning and other company-wide training efforts 2. Supporting Group companies to ensure proper export management |
| Environment | Reduced CO₂ emissions (Environment Committee) | <ol style="list-style-type: none"> 1. CO₂ emissions reduction of 7.8% (single-year FY2010) surpassing the 6% target 2. Monitoring system introduced (2010, Industrial Machinery Business, Technology & Solutions Division) to visualize energy usage volume 3. Acquisition of target emission credits (119,000 tons) and equipment upgrades to energy-saving types mainly for compressors, transformers and lighting 4. Introduction of cumulative 2,110 kW solar panels in-house in FY2009, plus another 101 kW introduced in single employee dormitories in FY2010 | Attaining self-proclaimed CO ₂ reduction targets <ol style="list-style-type: none"> 1. Promoting CO₂ reduction measures (introduction of or upgrade to energy-saving equipment; efficient operation of private generators) 2. Upgrading to air-conditioners based on the In-house Air-Conditioner Upgrade Plan 3. Verifying monitoring system introduction effects |
| | Group environmental management (Environment Committee) | <ol style="list-style-type: none"> 1. Total of 91 domestic and 27 overseas Group companies introduced environmental ISO standards 2. Group-wide promotion of environmental management activities following common targets for all Group companies 3. Periodical audits (18 companies) and environmental meetings (15 companies) held | <ol style="list-style-type: none"> 1. Promoting initial acquisition of environmental ISO certification for Group companies in Japan and overseas 2. Promote activities for achieving the common targets of Group companies 3. Continue to hold environmental meetings (of 16 companies) |
| Human rights and labor | Raising awareness of human rights (Committee for Raising Awareness of Human Rights) | <ol style="list-style-type: none"> 1. Meetings of the Committee for Raising Awareness of Human Rights and Works Committee held 2. Power harassment training for managers held (e-Learning) 3. Training of sexual harassment counseling supervisor and counselors | <ol style="list-style-type: none"> 1. Holding committee meetings annually 2. Introducing human rights issues in each training program and continuing implementation 3. Strengthening awareness of sexual and power harassment prevention |
| | Promote employment of the differently-abled people (Committee for the Promotion of Employment of the Handicapped) | <ol style="list-style-type: none"> 1. Meetings of the Committee for Raising Awareness of Human Rights and Works Committee held 2. Meetings of staff in charge of recruiting differently-abled persons held 3. Compliance to legal reform 4. Survey and report of hiring status reports for domestic consolidated Group companies | <ol style="list-style-type: none"> 1. Conducting hiring activities proactively aiming for a 2% hiring rate (monthly follow-ups of status of activities) 2. Holding committee meetings annually |
| | Creating a better workplace (Personnel Department) 1. Enriched education 2. Strengthening mental health 3. Utilization of retired employees 4. Nurturing the next generation | <ol style="list-style-type: none"> 1. Career Design Training and other company-wide standard training conducted to provide basic knowledge to junior and mid-level employees 2. Road map for cultivation of global human resources drafted 2. e-Learning program for managers formulated reflecting results of mental health analyses 3. Operation of short-term work system for long time absentees 3. Rehiring rate increased by 14% from 59% in the first half of 2007 to 73% in the latter half of 2010 4. Discussion meetings held between employees on childcare leave and those who have childcare leave experience and efforts outside the system made to support their return to work | <ol style="list-style-type: none"> 1. Examining possibilities for global human resource development (G-MAP) and conducting trials Examining possibilities for management development training program and conducting trials Continuing to implement and build training programs for Group companies 2. Company-wide development of e-Learning as a mental health training tool Examining possibilities for a system whereby prevention and recurrence prevention efforts can be integrated 3. Examining possibilities for people over 60 years of age whereby employees would elect to extend their retirement age (implementation from 2013 retirees) 4. Expanding next-generation development and work-life balance support system and encouraging its publicity and understanding |
| Product responsibility | Ensuring quality and safety of nuclear business (Managing Board for Innovation in the Nuclear Business) | <ol style="list-style-type: none"> 1. Additional reform and improvements for nuclear power QMS 2. Promotion of sophistication of preventive maintenance and safety through information sharing 3. Establishment of ethics training system and commencement of tasks to publicize information | <ol style="list-style-type: none"> 1. Promoting QMS sophistication and continual improvement with an eye on Global business development 2. Harnessing our comprehensive technological strengths and increasing customer satisfaction levels 3. Focusing on compliance and fostering a culture of safety |
| | Product safety (Production System Innovation Planning Department / Legal Department) | <ol style="list-style-type: none"> 1. Company-wide product safety activities (improvement of risk assessments and manuals) 2. Briefings held on the importance and necessity of product safety activities and product safety information provided | <ol style="list-style-type: none"> 1. Developing product safety activities in our QMS 2. Formulating the basis for product safety activities (providing support, determining standards, developing human resources) |
| Risk management | Risk assessment and management (Management Audit Department) | <ol style="list-style-type: none"> 1. Risk Management Operation Procedures established for Group-wide risk management and risk management system expanded and strengthened through the new establishment of the Risk Management Supervisors Meeting 2. Regarding vital, high-priority risks, efforts were made to examine control strengthening measures and verify the status of tasks and internal audits were conducted | <ol style="list-style-type: none"> 1. Working to share awareness of important risks among all divisions and corporate groups for the effective operation of the risk management PDCA cycle 2. Establishment of a PDCA cycle relating to the various activities of the divisions and corporate groups and expansion of internal audits |

CSR Medium-Term Action Plan for FY2011 to FY2013

CSR targets for the period between FY2011 to FY2013 were established as follows based on the results of activities effected between FY2008 and FY2010

| Area | Priority item (responsibility) | Medium-term targets (FY2008–2010) | Results from CSR activities in FY2010 | CSR Action Plans for FY2011 and beyond |
|---------------|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CSR Promotion | Broadened CSR awareness (CSR Committee / CSR Department) | <ol style="list-style-type: none"> Broaden CSR awareness across the Group and promote self-directed activities of individual departments Selection and implementation of unified activity themes for the entire Group (representative CSR activities) based on the CSR Action Guidelines | <ol style="list-style-type: none"> Distribution of the 2010 CSR Report to all Group company employees in Japan (86,000 copies) Presidential Town Meetings held at ten locations and CSR training sessions held at nine locations Symbolic CSR activities conducted almost fully as planned in keeping with MHI's CSR Action Guidelines | <ol style="list-style-type: none"> Distribution of the 2011 CSR Report to all domestic Group company employees Top Town Meeting held 5 times a year by the President and Vice-President and CSR Training effected at all locations |
| | Socially beneficial activities (CSR Department) | <ol style="list-style-type: none"> Energizing activities in line with the social contribution policy of the entire company (community contribution and nurturing the next generation) and instilling a sense of unity across the Group Raising the level of all activities by exchanging information among departments and energizing activities of Group companies Building a structure to support participation of employees in social | <ol style="list-style-type: none"> Activities conducted as per CSR Action Guidelines <ol style="list-style-type: none"> Community contribution activities: ship launching ceremonies open to the public, health counseling sessions, elderly home visits, charity events Next generation development activities: Elementary School Soccer Competition, Kid's Baseball Clinic, factory tours, science classes, product making workshops | <ol style="list-style-type: none"> Continuing and expanding community contribution activities (cleaning, charity, etc.) and next-generation development (science classes, product making workshops for children, etc.) Promoting the globalization of CSR activities including to overseas Group companies Conducting various support activities for victims of the Great East Japan Earthquake |

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| | contribution activities | 2. CSR activities conducted at Group companies domestically and overseas (1) Japan: Tree Planting by the Employee Fund, internships, Kid's Baseball Clinic (2) Overseas: Thailand-donations for equipment for elementary schools; Brazil-Christmas presents provided to care facilities; China-donations of heaters, etc. to elementary schools; Philippines-donations of blood, used clothes and used computers | |
| Strengthening information dissemination (Corporate Communication Department) | <ol style="list-style-type: none"> 1. Gain wider recognition and improve evaluation of the company's environmental protection efforts 2. Promote PR to improve the corporate image 3. Increase the number of shareholders who hold the company's stocks longer (fan) 4. Attract 140,000 visitors a year | <ol style="list-style-type: none"> 1. Dissemination of information about new technologies and products that contribute to energy efficiency and environmental conservation 2. Corporate advertisements in newspapers, issue of periodicals (PR magazine "MHI Graph," etc.), CSR advertisements in the Kansai Region 3. Factory tours for individual investors (Kobe Shipyard & Machinery Works, Yokohama Dockyard & | <ol style="list-style-type: none"> 1. Positioning energy and the environment as strategic businesses and disseminating information 2. Promoting a global advertisement strategy by building an integrated corporate image 3. Increasing events for investors using operational hubs in Japan and overseas 4. Responding systematically to both the tangible (staff training) and intangible (exhibit refurbishment) aspects |
| 1. Enhancement of brand value concerning the environment | | | |
| 2. Enhancement of corporate image | | | |
| 3. Promotion of IR activities | | | |
| 4. Improvement of the Mitsubishi Minatomirai Industrial Museum | | | |

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| | | | <p>Machinery Works), briefings for individual investors (Nagasaki, Mitsubishi Minatomirai Industrial Museum), website usability improvements (added stock information, and access ranking indications)</p> <p>4. Facility renovations (Aerospace Zone) resulting in a cumulative total of over 1,700,000 visitors</p> | |
| | <p>CSR procurement (Procurement Planning & Administration Department, Procurement & Sourcing Department)</p> | <ol style="list-style-type: none"> 1. Penetration of CSR Procurement Guidelines and strengthened PDCA cycle 2. Compliance with REACH Regulation and others 3. Deepened activities for further reducing energy use in transportation | <ol style="list-style-type: none"> 1. Establishment of the MHI Group CSR Promotion Guidelines under which briefings were held both at business partners and in-house and surveys were made at business partners 2. Audits and monitoring related procurement 3. Reduction of transportation energy (FY2006 basic units: 96 attained out of 100) | <ol style="list-style-type: none"> 1. Promoting improvement activities based on collection and analysis of survey responses by business partner 2. Monitoring of procurement-related laws and regulations and effecting improvement follow-ups 3. Reducing transportation energy |
| Compliance | <p>Thorough compliance (Compliance Committee)</p> | <ol style="list-style-type: none"> 1. Establishment of promotion system across the Group and unified activity content 2. Implementation of compliance training that is well-developed in terms of both awareness and | <ol style="list-style-type: none"> 1. Development and implementation of compliance measures with respect to overseas Group companies 2. Maintenance of high completion rate while | <ol style="list-style-type: none"> 1. Strengthening the compliance framework supporting our global business promotional efforts 2. Examining and providing responses to the Public Works |

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| | knowledge | expanding the subject matter of compliance promotion training to 117 themes (FY2010: 96.5%) | Business Process Validation and Advisory Committee recommendations (such as establishment of a external contact point for consultation and reporting on any illegal or inappropriate activity) |
| Order compliance (Order Compliance Committee) | Maintaining zero violations of the Anti-Monopoly Act (continued order compliance activities) | <ol style="list-style-type: none"> 1. Sharing information and verification of status of activities by Order Compliance Committee based on reports from each department 2. Verification of appropriate implementation of order compliance measures through special monitoring 3. Evaluation by the Public Works Business Process Validation and Advisory Committee that the present bid-rigging prevention efforts and recurrence prevention measures are sufficient. | <ol style="list-style-type: none"> 1. Verifying the status of order compliance activities by the Order Compliance Committee 2. Conducting special monitoring that is both effective and efficient 3. Promoting order compliance awareness and training activities 4. Executing the recommendations of the Public Works Business Process Validation and Advisory Committee |
| Compliance with the Construction Business Act (Construction Business Act Compliance Committee) | <ol style="list-style-type: none"> 1. Improvement of on-site compliance level 2. Establishment of the system for compliance 3. Support of the Group companies in compliance | <ol style="list-style-type: none"> 1. Routine workshops held (951 participants) 2. Briefings on the Construction Business Act held for business partners (292 participants) | <ol style="list-style-type: none"> 1. Verifying thoroughly the Installation Organizational Chart Register prior to construction 2. Constructing a legal compliance framework for Group companies |

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| | | | 3. Compilation of Q&A by Specialist Meeting regarding Group company legal compliance system | and monitoring basic compliance items 3. Continuing contract compliance activities (monitoring, etc.) with business partners |
| | Compliance with export-related laws and regulations (International Trade Control Committee) | <ol style="list-style-type: none"> 1. Enhancing sure export control management at individual departments and cultivating experts in export management 2. Further strengthening effective export control management system by Group companies | <ol style="list-style-type: none"> 1. e-Learning programs (9,895 cumulative participants) 2. Regular audits for Group companies by the primary supervising department | <ol style="list-style-type: none"> 1. Continuing and fortifying e-Learning and other company-wide training efforts 2. Supporting Group companies to ensure proper export management |
| Environment | Reduced CO ₂ emissions (Environment Committee) | <p>Ensuring achievement of the voluntary reduction target for CO₂ emissions</p> <ol style="list-style-type: none"> 1. Visualization of energy usage and implementation of energy conservation by eliminating waste 2. Obtaining necessary emission credits and systematically introducing energy-saving equipment 3. Installation of additional photovoltaic facilities to bring cumulative total across the company to more than 2,000 kW | <ol style="list-style-type: none"> 1. CO₂ emissions reduction of 7.8% (single-year FY2010) surpassing the 6% target 2. Monitoring system introduced (2010, Industrial Machinery Business, Technology & Solutions Division) to visualize energy usage volume 3. Acquisition of target emission credits (119,000 tons) and equipment upgrades to energy-saving types mainly for compressors, transformers and lighting 4. Introduction of cumulative 2,110 kW solar panels in-house in FY2009, plus another 101 kW introduced in single employee | <p>Attaining self-proclaimed CO₂ reduction targets</p> <ol style="list-style-type: none"> 1. Promoting CO₂ reduction measures (introduction of or upgrade to energy-saving equipment; efficient operation of private generators) 2. Upgrading to air-conditioners based on the In-house Air-Conditioner Upgrade Plan 3. Verifying monitoring system introduction effects |

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| | | | dormitories in FY2010 | |
| | Group environmental management (Environment Committee) | <ol style="list-style-type: none"> 1. Completing introduction of environmental ISO in Group companies in Japan environmental management activities by the Group acting as one 3. Implementation of regular audits of Group companies and round-table conferences | <ol style="list-style-type: none"> 1. Total of 91 domestic and 27 overseas Group companies introduced environmental ISO standards 2. Group-wide promotion of environmental management activities following common targets for all Group companies 3. Periodical audits (18 companies) and environmental meetings (15 companies) held | <ol style="list-style-type: none"> 1. Promoting initial acquisition of environmental ISO certification for Group companies in Japan and overseas 2. Promote activities for achieving the common targets of Group companies 3. Continue to hold environmental meetings (of 16 companies) |
| Human rights and labor | Raising awareness of human rights (Committee for Raising Awareness of Human Rights) | Broaden understanding and awareness regarding human right issues across the company and implement initiatives to prevent sexual and power harassment | <ol style="list-style-type: none"> 1. Meetings of the Committee for Raising Awareness of Human Rights and Works Committee held 2. Power harassment training for managers held (e-Learning) 3. Training of sexual harassment counseling supervisor and counselors | <ol style="list-style-type: none"> 1. Holding committee meetings annually 2. Introducing human rights issues in each training program and continuing implementation 3. Strengthening awareness of sexual and power harassment prevention |
| | Promote employment of the differently-abled people (Committee for the Promotion of Employment of the Handicapped) | Maintenance and expansion of employment level exceeding legal mandate, and promotion of systematic employment by individual departments | <ol style="list-style-type: none"> 1. Meetings of the Committee for Raising Awareness of Human Rights and Works Committee held 2. Meetings of staff in charge of recruiting differently-abled persons held 3. Compliance to legal reform 4. Survey and report of hiring status reports for domestic consolidated Group | <ol style="list-style-type: none"> 1. Conducting hiring activities proactively aiming for a 2% hiring rate (monthly follow-ups of status of activities) 2. Holding committee meetings annually |

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| | | | companies | |
| | <p>Creating a better workplace (Personnel Department)</p> <ol style="list-style-type: none"> 1. Enriched education 2. Strengthening mental health 3. Utilization of retired employees 4. Nurturing the next generation | <ol style="list-style-type: none"> 1. Further enhance the environment for carefully nurturing valuable human resources 2. Implementation of effective measures, starting from the prevention of mental health disorders to supporting employees in returning to work 3. Further increasing the rehiring rate (more than 60%) 4. Maintaining Kurumin (next generation nurturing support) certification mark | <ol style="list-style-type: none"> 1. Career Design Training and other company-wide standard training conducted to provide basic knowledge to junior and mid-level employees Road map for cultivation of global human resources drafted 2. e-Learning program for managers formulated reflecting results of mental health analyses Operation of short-term work system for long time absentees 3. Rehiring rate increased by 14% from 59% in the first half of 2007 to 73% in the latter half of 2010 4. Discussion meetings held between employees on childcare leave and those who have childcare leave experience and efforts outside the system made to support their return to work | <ol style="list-style-type: none"> 1. Examining possibilities for global human resource development (G-MAP) and conducting trials Examining possibilities for management development training program and conducting trials Continuing to implement and build training programs for Group companies 2. Company-wide development of e-Learning as a mental health training tool Examining possibilities for a system whereby prevention and recurrence prevention efforts can be integrated 3. Examining possibilities for people over 60 years of age whereby employees would elect to extend their retirement age (implementation from 2013 retirees) 4. Expanding next-generation development and work-life balance support system and encouraging its publicity and understanding |
| Product responsibility | <p>Ensuring quality and safety of nuclear business (Managing Board for Innovation in the Nuclear Business)</p> | <ol style="list-style-type: none"> 1. Establishment of an integrated QMS (Quality Management System) across the headquarters and works and construction of an autonomous framework | <ol style="list-style-type: none"> 1. Additional reform and improvements for nuclear power QMS 2. Promotion of sophistication of preventive maintenance and safety | <ol style="list-style-type: none"> 1. Promoting QMS sophistication and continual improvement with an eye on Global business development 2. Harnessing our comprehensive technological |

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| | | <ol style="list-style-type: none"> 2. Further improvement of plant reliability 3. Nurturing a climate that does not allow compliance violations and earning the public trust through ongoing dissemination of information | <p>through information sharing</p> <ol style="list-style-type: none"> 3. Establishment of ethics training system and commencement of tasks to publicize information | <p>strengths and increasing customer satisfaction levels</p> <ol style="list-style-type: none"> 3. Focusing on compliance and fostering a culture of safety |
| | Product safety (Production System Innovation Planning Department / Legal Department) | <ol style="list-style-type: none"> 1. Utilization, spread and deployment of accomplishments related to product safety activities (including enhanced risk assessments and manual) 2. Further reinforcement of product safety system | <ol style="list-style-type: none"> 1. Company-wide product safety activities (improvement of risk assessments and manuals) 2. Briefings held on the importance and necessity of product safety activities and product safety information provided | <ol style="list-style-type: none"> 1. Developing product safety activities in our Quality Management System 2. Formulating the basis for product safety activities (providing support, determining standards, developing human resources) |
| Risk management | Risk assessment and management (Management Audit Department) | <ol style="list-style-type: none"> 1. Further strengthening the PDCA cycle for autonomous risk management at the company as well as domestic and overseas Group companies 2. Regular implementation of risk assessment 3. Thoroughly implementing company-wide horizontal deployment of advanced cases using database | <ol style="list-style-type: none"> 1. Risk Management Operation Procedures established for Group-wide risk management and risk management system expanded and strengthened through the new establishment of the Risk Management Supervisors Meeting 2. Regarding vital, high-priority risks, efforts were made to examine control strengthening measures and verify the status of tasks and internal audits were conducted | <ol style="list-style-type: none"> 1. Working to share awareness of important risks among all divisions and corporate groups for the effective operation of the risk management PDCA cycle 2. Establishment of a PDCA cycle relating to the various activities of the divisions and corporate groups and expansion of internal audits |

Recognition from Society

| Year Awarded | Month Awarded | Award Name | Organization / Item | Awarded by |
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| 2010 | April | Certificate of Appreciation for Relief Funds for 2004 Indian Ocean Earthquake and Tsunami | Mitsubishi Heavy Industries, Ltd. | Japanese Red Cross Society |
| | April | 39th Japan Industrial Technology Awards, Minister of Education and Science Culture, Sports, Science and Technology Prize (for the HTV/H-IIB launch vehicle) | Mitsubishi Heavy Industries, Ltd., and 11 other companies | Minister of Education, Culture, Sports, Science and Technology |
| | April | The Nikkan Kogyo Shimbun Award, 39th Japan Industrial Technology Award, (for the HTV/H-IIB launch vehicle) | Mitsubishi Heavy Industries, Ltd., and 11 other companies | Nikkan Kogyo Shimbun, Ltd. |
| | May | 48th Award of The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan | Received jointly by Mitsubishi Heavy Industries, Ltd., and other companies | The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan |
| | May | Award for Best OEM in Power Generation Sector for Long-Term Maintenance at Port Dickson GTCC Power Plant | Power Systems, Mitsubishi Heavy Industries, Ltd. | Tenaga Nasional Berhad |
| | May | Certificate of Commendation for Prevention of Disasters by Explosives | Nagoya Guidance & Propulsion Systems Works, Mitsubishi Heavy Industries, Ltd. | Aichi Prefecture Explosives Safety Association |
| | June | Chunichi Shimbun Newspaper Advertising Award, Residential & Financial Sections, Environmental Advertising in Nagoya Area | Mitsubishi Heavy Industries, Ltd. | Chunichi Shimbun Co., Ltd. |
| | June | Certificate of Appreciation for Crime Prevention & Sound Nurturing of Youth | Nagoya Guidance & Propulsion Systems Works, Mitsubishi Heavy Industries, Ltd. | Komaki City Plant & Workplace Crime Prevention Association, Komaki Police Station, Aichi Prefectural Police |
| | September | 2nd Robots and Society Awards | Nuclear Energy Systems, Mitsubishi Heavy Industries, Ltd. | The Robotics Society of Japan |
| | September | Certificate of Commendation for Excellence in Traffic Safety | Nagoya Guidance & Propulsion Systems Works, Mitsubishi Heavy Industries, Ltd. | Komaki city, Safety driving management conference, Komaki Police Station, Aichi Prefectural Police |

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| September | City of Nagasaki Certificate of Commendation for Excellence in Construction, Municipal Ebira- Hamahira Road Improvement Work | Nishinihon Ryoju Estate Co., Ltd. | City of Nagasaki |
| October | Certificate of Commemoration for Global Warming Prevention in Fiscal 2010 | General Machinery & Special Vehicle, Mitsubishi Heavy Industries, Ltd. | Cities of Yokohama, Kawasaki, Sagamihara, Kanagawa Prefecture |
| October | Equal Participation Prize, Kira Kids Nursery, for female technical field hiring | Nagasaki Shipyard & Machinery Works, Mitsubishi Heavy Industries, Ltd. | City of Nagasaki |
| October | Special Prize in the Excellence in Company History Prizes, Nagasaki Shipyard & Machinery Works 150 Years of History, Tales of Nagasen | Nagasaki Shipyard & Machinery Works, Mitsubishi Heavy Industries, Ltd. | Excellence Company History Award selection committee, Japan Business History Institute |
| November | 2nd Place in Ranking for Website Richness of All Listed Companies by Sector (Machinery) | Website, Mitsubishi Heavy Industries, Ltd. | Nikko Investor Relations Co., Inc. |
| November | 6th Place in Ranking of Best Corporate Information Website by Sector (Machinery and Transport Equipment) | Website, Mitsubishi Heavy Industries, Ltd. | Japan Brand Strategy, Inc. |
| November | Certificate of Appreciation for Participation in Kids Energy Quest | Yokohama Works, Power Systems, Mitsubishi Heavy Industries, Ltd. | Japan Office, World Food Programme, United Nations |
| November | Special Certificate of Appreciation for Distinguished Business Practices (Part of Blood Donation Service) | Kobe Shipyard & Machinery Works, Mitsubishi Heavy Industries, Ltd., and 18 other companies | Japanese Red Cross Society |
| November | The Safety Award for the best contractor 2010 (the first winner) | Dubai Rapid Link Consortium (DURL), a consortium of five companies including Mitsubishi Heavy Industries, Ltd. | Roads and Transport Authority, Government of Dubai, the United Arab Emirates |
| November | Citation of Special Merit for Donation of Proceeds from the Mitsubishi Heavy Industries Charity Concert and Mitsubishi Takasago Summer Festival Charity Bazaar | Takasago Machinery Works, Power Systems, Mitsubishi Heavy Industries, Ltd. | Takasago City Council of Social Welfare |
| December | 59th Nikkei Advertising Award for Excellence in Environmental Advertising | Mitsubishi Heavy Industries, Ltd. | Nikkei Inc. |

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| | December | Web Grandprix Nominee, Student sector, 4th Japan Web Grandprix | "Kids Land" website, Mitsubishi Heavy Industries, Ltd. | IBM Japan, Ltd. |
| | December | Good Office for Trash Separation, Yokoyama Environmental Action Award (6th consecutive year) | Kanazawa Plant, Yokohama Works, Power Systems, Mitsubishi Heavy Industries, Ltd. | Resources & Waste Recycling Bureau, City of Yokohama |
| | December | Good Office for Trash Separation, Yokoyama Environmental Action Award (5th consecutive year) | Honmoku Plant, Yokohama Works, Power Systems, Mitsubishi Heavy Industries, Ltd. | Resources & Waste Recycling Bureau, City of Yokohama |
| | December | Certificate of Appreciation for Distinguished Persons in Hayabusa Asteroid Explorer Project | Hayabusa Project Support Team (composed of 118 organizations) | Minister of State for Space Development, Minister of Education, Culture, Sports, Science and Technology |
| 2011 | January | Certificate of Appreciation for Understanding and Cooperation with Police Duties | Nagoya Guidance & Propulsion Systems Works, Mitsubishi Heavy Industries, Ltd. | Komaki Police Station, Aichi Prefectural Police |
| | February | Special Award for Cross Communication, Kobe Shimbun Newspaper Advertising Awards | Mitsubishi Heavy Industries, Ltd. | The Kobe Shimbun |

Progress Toward a Sustainable Society

| MHI's Activities (●: Society / ■: Environment) | | Year | Major Events in Japan and Abroad (●: Society / ■: Environment) | |
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| | | | Japan | World |
| | | | | 1948 ● Universal Declaration of Human Rights. |
| | | | 1967 ■ Institution of Basic Law for Environmental Pollution Control. | |
| 1970 | ■ Completion of Japan's first PWR power plant. | 1970 | | |
| | | | 1971 ■ Establishment of Environment Agency. | |
| | | | | 1972 ■ United Nations Conference on the Human Environment convenes in Stockholm. ■ Adoption of Statement for Human Environmental Quality. ■ Establishment of United Nations Environment Programme (UNEP). |
| 1973 | ■ Inauguration of Environment Management Department. | | | |
| | | | | 1976 ● OECD Guidelines for Multinational Enterprises issued. |
| 1977 | ● Development of "Basic Guidelines for Safety & Health Management." | | | |
| 1978 | ■ Creation of Environmental Manager Conferences. | | | |
| 1980 | ● Establishment of Committee on Promotion of Training in the Dowa Issue. | 1980 | | |
| | | | | 1981 ● Convention on the Elimination of All Forms of Discrimination against Women went into effect. ● International Year of Disabled Persons. |
| | | | 1985 ● Enactment of Equal Employment Opportunity Law. | |
| 1987 | ● Establishment of Export-related | | | 1987 ■ Enactment of Ozone Layer Protection Law. |

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| | Regulations Monitoring Committee. | | | | |
| | | 1988 | ■ Launch of In-house Conference on CO ₂ Measures and In-house Conference on CFC Measures. | | |
| 1989 | ■ Launch of In-house Conference on CO ₂ Measures and In-house Conference on CFC Measures. | | | | |
| | | 1990 | | 1990 | ● Institution of Americans with Disabilities Act. |
| | | 1991 | ■ Establishment of Keidanren Global Environmental Charter. ● Establishment of Keidanren Charter of Corporate Behavior. ● Enactment of Child Care Leave Law. | | |
| 1992 | ● Committee on Promotion of Training in the Dowa Issue renamed Committee for Raising Awareness of Human Rights. ● Establishment of Committee for the Promotion of Employment of the Handicapped. | 1992 | ■ Ministry of International Trade and Industry requests Voluntary Plan on the Environment. | 1992 | ■ United Nations Conference on Environment and Development (Earth Summit) convenes in Rio de Janeiro; adoption of Rio Declaration on Environment and Development and Agenda 21. |
| 1993 | ■ Formulation of voluntary plan entitled, "Our Approach to Environmental Problems." | 1993 | ■ Enactment of Basic Environmental Law. | | |
| | | | | 1994 | ● Caux Round Table draws up Principles for Business. |
| | | 1995 | ● Child Care Leave Law revamped into Child Care and Family Care Leave Law. | 1995 | ■ 1st Conference of the Parties to the United Nations Convention on Climate Change (COP1) convened in Berlin. |
| 1996 | ■ Formulation of Environmental Policies and establishment of Environment Committee. | 1996 | ● Revision of Keidanren Charter of Corporate Behavior. | 1996 | ■ ISO 14001 is instituted. ■ 2nd Conference of the Parties to the United Nations Framework Convention on Climate Change (COP2) convened in Geneva. |
| 1997 | ■ Acquisition of ISO | 1997 | ■ Formulation of | 1997 | ■ 3rd Conference of the |

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| | <p>14001 certification by Yokohama Machinery Works, a first for Japan's heavy industry manufacturers.</p> <p>■ Launch of R410A-compatible air-conditioners. (R410A: new type of environment-friendly refrigerant)</p> | | <p>Keidanren Voluntary Action Plan on the Environment.</p> | | <p>Parties to the United Nations Framework Convention on Climate Change (COP3) convened in Kyoto.</p> |
| 1998 | <p>■ Development of system that thermally decomposes PCBs contained in industrial effluents.</p> | | <p>1998 ■ Enactment of Law Concerning the Promotion of Measures to Cope with Global Warming. ● Enactment of Law to Promote Specified Nonprofit Activities.</p> | 1998 | <p>■ 4th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP4) convened in Buenos Aires.</p> |
| 1999 | <p>■ Delivery of combined-cycle power plant incorporating the M701G gas turbine, featuring the world's highest efficiency rating.</p> | | <p>1999 ■ Enactment of Pollutant Release and Transfer Register (PRTR) Law.</p> | 1999 | <p>■ 5th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP5) convened in Bonn.</p> |
| 2000 | <p>■ ISO 14001 certification acquired by all production bases (13 works).</p> | 2000 | <p>2000 ■ 2000 Enactment of The Basic Law for Establishing a Recycling-based Society. ■ Revision of Law for the Promotion of Recycled Resources Utilization. ■ Enactment of Construction Material Recycling Law, Food Recycling Law and Law on Promoting Green Purchasing.</p> | 2000 | <p>■ 6th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP6) convened in The Hague. ● United Nations Global Compact is instituted. ● Issuance of GRI Sustainability Reporting Guidelines Version 1.</p> |
| 2001 | <p>■ Acquisition of ISO 14001 certification by Engineering Department. ● Establishment of Compliance Committee.</p> | | <p>2001 ■ Establishment of Ministry of the Environment. ■ Enactment of Law Concerning Special Measures against PCB Waste. ■ Enactment of Fluorocarbons Recovery and Destruction Law.</p> | 2001 | <p>■ 7th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP7) convened in Marrakech. ● ISO Council launches feasibility study on establishing international CSR standards.</p> |
| 2002 | <p>■ Establishment of medium- to long-term environmental activity goals.</p> | | <p>2002 ■ Ratification of Kyoto Protocol. ■ Enactment of Soil Contamination Countermeasures Law. ● Nippon Keidanren revamps Keidanren</p> | 2002 | <p>■ World Summit for Sustainable Development convened in Johannesburg. ■ 8th Conference of the Parties to the United</p> |

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| | | | <p>Charter of Corporate Behavior into Corporate Behavior Charter.</p> <ul style="list-style-type: none"> ● First meeting of CSR Standardization Committee held by Ministry of Economy, Trade and Industry. | | <p>Nations Framework Convention on Climate Change (COP8) convened in New Delhi.</p> <ul style="list-style-type: none"> ● GRI Sustainability Reporting Guidelines Version 2 released. |
| 2003 | <ul style="list-style-type: none"> ● Establishment of Construction Business Act Compliance Committee. | 2003 | <ul style="list-style-type: none"> ■ 2003 Trial project for trading of greenhouse gas emissions implemented by Ministry of the Environment. ■ Emissions standards for diesel vehicles tightened. ■ Revision of Waste Management and Public Cleansing Law. ● Japan Committee for Economic Development releases 15th Corporate White Paper, entitled, "Evolution of Market and Social Responsibility-Minded Business Management." | 2003 | <ul style="list-style-type: none"> ■ First study meeting held to discuss treaty on safety of radioactive waste management. ■ 9th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP9) convened in Milan. |
| 2004 | <ul style="list-style-type: none"> ● Joined United Nations Global Compact initiative. ● Establishment of Managing Board for Innovation in the Nuclear Business. | | | 2004 | <ul style="list-style-type: none"> ■ Tenth item (on corruption prevention) added to United Nations Global Compact. 10th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP10) convened in Buenos Aires. |
| 2005 | <ul style="list-style-type: none"> ● Introduction of Executive Officer system. ● Establishment of Internal Audit Department. ● Establishment of CSR Center. ● Establishment of Order Compliance Committee. | 2005 | <ul style="list-style-type: none"> ● Enactment of Act on the Protection of Personal Information. | 2005 | <ul style="list-style-type: none"> ■ Kyoto Protocol goes into force. ■ 11th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP11) and the 1st Meeting of the Parties to the Kyoto Protocol (COP/MOP1) convened in Montreal. |
| 2006 | <ul style="list-style-type: none"> ■ Acquisition of ISO 14001 certification by Head Office (including branch offices). ● Establishment of CSR Committee. ● Establishment of CSR Department. | 2006 | <ul style="list-style-type: none"> ● Enactment of New Company Law. ● New National Energy Strategy formulated. | 2006 | <ul style="list-style-type: none"> ● GRI Sustainability Reporting Guidelines Version 3 released. ■ 12th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP12) convened in Nairobi. ■ EU announced target of reducing CO₂ emissions by 20% compared to 1990 levels by 2020. |

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| 2007 | <ul style="list-style-type: none"> ● Establishment of CSR Action Guidelines. | | 2007 | <ul style="list-style-type: none"> ■ 21st Century Environmental Nation Strategy formulated. ● Enactment of the revised Consumer Products Safety Law. | 2007 | <ul style="list-style-type: none"> ■ Fourth Assessment Report released by the United Nations Intergovernmental Panel on Climate Change (IPCC). |
| 2008 | <ul style="list-style-type: none"> ● Development of CSR Action Plan. | | 2008 | <ul style="list-style-type: none"> ● Application of internal control report system based on the Financial Instruments and Exchange Act (J-SOX) started. ● Holding of the G8 Hokkaido Toyako Summit. ■ Revision of Act Concerning the Rational Use of Energy. | | |
| | | | 2009 | <ul style="list-style-type: none"> ■ Revision of Soil Contamination Countermeasures Law. | 2009 | <ul style="list-style-type: none"> ● The Green New Deal advocated by the U.S. is embraced by countries across the globe. |
| 2010 | <ul style="list-style-type: none"> ■ Achievement of zero emission at all locations ● Establishment of the Accident Exhibit and Materials Room ● Establishment of the CSR Promotion Section of the Presidential Administration Office | | 2010 | <ul style="list-style-type: none"> ■ Cabinet determines Basic Law for Prevention of Global Warming ■ Cabinet determines 2010 National Strategy for the Conservation and Sustainable Use of Biological Diversity ■ Revision of the Waste Disposal Act ■ Revision of the Air Pollution Control Law ■ Revision of the Water Pollution Prevention Act | 2010 | <ul style="list-style-type: none"> ■ 15th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 15) convened in Copenhagen. ■ COP10 10th Conference of the Parties to the Convention on Biological Diversity held in Nagoya ■ Adoption of the Nagoya Protocol and Aichi Target ● ■ CSR Standards (ISO 26000) issued |

Main third-party opinions on past CSR reports and our responses

Main opinions on the 2010 report and our responses

1. In order to improve your report, please include opinions and comments from society and bring in stakeholders to participate.

The 2011 report has contributions from various stakeholders, including customers and school teachers both in Japan and overseas. These can be found in the Feature Article, the social responsibility reports Commitment to our Customers, Commitment to our Shareholders & Investors and Contributions to Society. In A bridge to the next Generation, we feature dialogues with NPOs and elementary school head teachers as well as other material created with the cooperation of stakeholders.

2. I would like to see the same report issued and appreciated worldwide.

The 2011 report contains details on CSR activities at overseas locations in the Feature Article entitled Close ties with Society such as MHI's involvement with the community in Thailand, the volunteer work done by its locally hired employees there and donations for the construction of a new elementary school.

3. I would like your report to show us what kind of attitude your employees have toward their own job at MHI and whether they feel any social significance in what they do.

The Feature Article and Employees Introduce Our CSR Activities in the 2011 report include stories about the achievements of employees who take every opportunity to engage in CSR activities to lift morale at work and details about those CSR activities themselves.

Main opinions on the 2009 report and our responses

1. Please make it easier to understand for lay people, more interesting and improve readability.

The 2010 report includes a section entitled Dialogue by renowned journalist Akira Ikegami, who is committed to describing difficult subjects simply, written in a way so that management's concepts and stance towards CSR are conveyed clearly. We also made efforts to improve general readability such as increasing the size of the print and photos.

2. You should have more reactions from people where CSR activities were conducted.

The 2010 report includes a new page entitled, "Employees Introduce Our CSR Activities" featuring contributions from employees involved in CSR activities on-site.

3. I would like the report to include independent mid- to long-term CO₂ reduction targets as well as the formulation and announcement of a road map for the attainment of targets based on MHI technology.

In the 2010 report, the section entitled Dialogue describes in detail our CO₂ reduction targets and the annual amount of CO₂ eliminated through the use of our products.

Main opinions on the 2008 report and our responses

1. I would like to see your report include MHI's vision for a long-term energy mix.
In the 2009 report's feature article entitled Close ties with the Earth lays out MHI's vision regarding a long-term energy mix through the realization of the 3E's, namely energy security, environmental protection and economic sustainable growth.
2. The report should include MHI's efforts to support labor, human rights and coexistence with the community on-site.
The 2009 report's feature article, Close ties with Society, describes on-site occupational accident prevention measures and safety training as well as efforts to maintain good relations with locally hired staff.
3. Please include information on the defense industry.
The 2009 report's article Commitment to our Customers provides insight on MHI's concept and stance regarding the defense industry as well as some of the equipment we provide the military.

Third-Party Opinions

Masayasu Kitagawa
Professor, The Okuma School of Public
Management, Waseda University



The past year saw huge changes in the way we think of CSR. First ISO 26000 was issued, then the creation of the International Integrated Reporting Committee was announced, and then companies began building a framework to integrate non-financial information into their financial reports. This movement's aim is to make the entire planet sustainable by elevating CSR to become a means of demonstrating the common values we all share in this global era and striving to enhance not only the economic value of corporations but also their social value. The Great East Japan Earthquake was the grave combination of a powerful tremor, tidal waves and a nuclear accident that together spawned a disaster that made us fundamentally rethink the sustainability of local communities and energy policies, and deeply tarnished the trustworthiness of Japan as a great manufacturing nation. Now is the time for CSR to not only be a part of corporate managerial practices but also to increase the realization of vital national activities with the aim of making the country and its communities sustainable. Japan's reliability must be restored. The MHI Group's humble report of its support of the recovery effort was well-received, however, I feel that in the wake of this great disaster of national proportions, a more aggressive public announcement could have been made. Such an announcement could have demonstrated the steely resolve of MHI to proactively contribute to the sustainability of Japan and the world. As one of the nation's leading corporations, I expect MHI to issue CSR reports that will propel the sustainability of the whole of Japan. With every year that passes, the significance of the sociability reports increases at MHI. They include descriptions of CSR activities involving not only company-wide efforts but also collaborations with stakeholders leading to concrete results from the interplay of three main themes in their corporate action plan. These reports demonstrate the full-scale penetration and broadening of CSR activities. his year's report also includes the efforts of the Accident Exhibit and Materials Room. Displaying accidents involving one's own products for all the world to see and using this information in employee training takes a lot of courage. The Room has become a place to bare the company's soul to employees and I was moved by the sincerity of this particular CSR activity, whose aim is to provide a feeling of unity with employees.

Kumi Fujisawa
Vice President, Think Tank SophiaBank



What is the meaning of the rarely spoken phrase "contributions to society by companies," which is now expressed in the modern term "CSR?" I believe this term is a call to companies to reveal the very essence of their existence. Although CSR is defined in many ways, its concept has been renewed in the wake of the recent disaster here in Japan to mean "companies as creators of society." That disaster reaffirmed the value of earthquake-resistant construction and the strength of our infrastructure on the one hand, and the established presence of those companies who lent their support for a rapid recovery on the other. MHI was one of the companies that sent relief workers to hard-hit areas immediately after the quake and tsunami and worked to recover infrastructure. This disaster taught us all once again the role of companies in society. Companies exist to make society safer and more secure continually by gaining strength in their respective core competency, enhancing their technological prowess and realizing new creations. The backbone of these activities is the employee, who individually serves as a source of corporate contributions to his or her society

regardless of whether he or she thinks of themselves as a creator of that society.

This year's MHI report includes a wealth of information from employees who work on-site and know first-hand the day-to-day operations of their organization. They convey persuasively the responsibility their company has toward society.

In this respect, I would like to see MHI present its significance in society that includes its core competencies, much as they are demonstrating with the development of MHI's Eco-ship, which is a challenge to build a ship that can coexist with all living things on earth in addition to being economically efficient and high in safety. Eco-ships are entirely about social contribution and nothing else. I would like MHI to provide on paper a fresh perspective of the social significance of their varied core competencies as standard procedure.

In addition, I would like to see the NPOs and NGOs, whose activities garnered attention in the aftermath of the recent disaster, continue their collaboration with the citizenry. I want the economic value created by companies as well as their technologies and other knowledge and networks to contribute to the safety and security of communities, including those unprofitable areas where businesses cannot be transplanted, working hand in hand across the globe with citizen-activists who reveal to us every nook and cranny of their society much like the body's capillary vessels.

Acting on Valuable Opinions

Shunichi Miyanaga
Senior Executive Vice President
Executive Officer in Charge of CSR



At MHI, based on a creed citing our corporate obligation "to be an innovative partner to society," we contribute to the future of the Earth and all its inhabitants through the provision of products and technologies that support social infrastructure.

Every year our CSR report has presented an introduction to our mission as a manufacturer, but this year, in response to the opinions voiced last year, we have sought to make the report more people-focused and easier to understand. We have done so by incorporating views and expectations toward MHI held by our external stakeholders and more anecdotes about the commitments of our employees who support on-site operations and to whom the responsibility of effecting CSR activities befalls.

This year, Mr. Kitagawa and Ms. Fujisawa honored us with their praise regarding our contributions toward recovery efforts in the wake of the Great East Japan Earthquake through the core competencies of the MHI Group.

While we feel that the CSR activities of the MHI Group have achieved steady progress to date, more remains to be done in our quest to become a leading company that is trusted by society. Going forward, in line with Mr. Kitagawa's advice we will strive to proactively contribute not only to Japan's swift recovery but also to the sustainability of global society. And as suggested by Ms. Fujisawa, we will mull initiatives for collaborating with a more diversified range of stakeholders as a way of contributing toward the resolution of social issues.

Encouraged by the valuable advice we receive, we will continue to fulfill our mission of contributing as a manufacturer to global society long into the future.

GRI Guideline Comparison List

| Comparison Chart of "GRI Sustainability Reporting Guidelines (G3)" and "United Nations Global Compact Principles" | | Corresponding Global Compact Principle | Relevant page(s) in CSR Report 2011 |
|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------|
| 1. Strategy and Analysis | | | |
| 1.1 | Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy. | - | Dialogue |
| 1.2 | Description of key impacts, risks, and opportunities. | - | Dialogue CSR concepts and actions CSR Action Plans Our Response to the Great East Japan Earthquake |
| 2. Organizational Profile | | | |
| 2.1 | Name of the organization. | - | Overview of the MHI Group |
| 2.2 | Primary brands, products, and/or services. | - | Overview of the MHI Group |
| 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | - | Overview of the MHI Group |
| 2.4 | Location of organization's headquarters. | - | Overview of the MHI Group |
| 2.5 | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | - | Overview of the MHI Group |
| 2.6 | Nature of ownership and legal form. | - | Overview of the MHI Group |
| 2.7 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | - | Overview of the MHI Group |
| 2.8 | Scale of the reporting organization. | - | Overview of the MHI Group |
| 2.9 | Significant changes during the reporting period regarding size, structure, or ownership. | - | New Organizations and Measures Concerning Business and Management |
| 2.10 | Awards received in the reporting period. | - | Recognition from Society |
| 3. Report Parameters | | | |
| Report Profile | | | |
| 3.1 | Reporting period (e.g., fiscal/calendar year) for information provided. | - | Editorial Policy |
| 3.2 | Date of most recent previous report (if any). | - | Editorial Policy |

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| 3.3 | Reporting cycle (annual, biennial, etc.) | - | Editorial Policy |
| 3.4 | Contact point for questions regarding the report or its contents. | - | Questionnaire |
| Report Scope and Boundary | | | |
| 3.5 | Process for defining report content | - | Editorial Policy |
| 3.6 | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance. | - | Editorial Policy |
| 3.7 | State any specific limitations on the scope or boundary of the report. | - | Editorial Policy |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations. | - | - |
| 3.9 | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. | - | Environmental Accounting |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods). | - | - |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | - | - |
| GRI Content Index | | | |
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | - | GRI Guideline Comparison List |
| Assurance | | | |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s). | - | Third-Party Opinions |
| 4. Governance, Commitments, and Engagement | | | |
| Governance | | | |
| 4.1 | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | - | Current Status of Corporate Governance and Internal Controls |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement). | - | Current Status of Corporate Governance and Internal Controls |
| 4.3 | For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. | - | Current Status of Corporate Governance and Internal Controls |

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| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | - | Current Status of Corporate Governance and Internal Controls Promoting communication between management and employees |
| 4.5 | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance). | - | - |
| 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | - | Current Status of Corporate Governance and Internal Controls |
| 4.7 | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics. | - | Current Status of Corporate Governance and Internal Controls CSR Action Plans Major Fiscal 2010 Committee Actions |
| 4.8 | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | - | CSR concepts and actions CSR Action Plans |
| 4.9 | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. Include frequency with which the highest governance body assesses sustainability performance. | - | Current Status of Corporate Governance and Internal Controls |
| 4.10 | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. | - | - |
| Commitments to External Initiatives | | | |
| 4.11 | Explanation of whether and how the precautionary approach or principle is addressed by the organization. | - | Promoting Comprehensive and Strategic CSR Activities Major Fiscal 2010 Committee Actions |
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | - | Dialogue |
| 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organizations. | - | - |

| Stakeholder Engagement | | | |
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| 4.14 | List of stakeholder groups engaged by the organization. | - | CSR concepts and actions |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | - | CSR concepts and actions |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | - | A bridge to the next Generation |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. | - | Close ties with the Earth Close ties with Society A bridge to the next Generation |
| 5. Management Approach and Performance Indicators | | | |
| Economic | | | |
| Economic Performance | | | |
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | - | CSR concepts and actions Achievements Made through Socially Beneficial Activities |
| EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change. | - | Close ties with the Earth Environmental Accounting |
| EC3 | Coverage of the organization's defined benefit plan obligations. | - | - |
| EC4 | Significant financial assistance received from government. | - | - |
| Market Presence | | | |
| EC5 | Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. | - | - |
| EC6 | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. | - | Promoting CSR Procurement |
| EC7 | Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation. | - | - |
| Indirect Economic Impacts | | | |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement. | - | Achievements Made through Socially Beneficial Activities |
| EC9 | Understanding and describing significant indirect economic impacts, including the extent of impacts. | - | Environmental Accounting |
| Environmental | | | |
| Materials | | | |
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| EN1 | Materials used by weight or volume. | Principle 8 | Material Balance |
| EN2 | Percentage of materials used that are recycled input materials. | Principle 8, Principle 9 | - |
| Energy | | | |
| EN3 | Direct energy consumption by primary energy source. | Principle 8 | Material Balance Promotion of Energy-saving and CO ₂ Emission Control Measures |
| EN4 | Indirect energy consumption by primary source. | Principle 8 | Material Balance Promotion of Energy-saving and CO ₂ Emission Control Measures Measures to Curb Energy Use in Transport |
| EN5 | Energy saved due to conservation and efficiency improvements. | Principle 8, Principle 9 | Promotion of Energy-saving and CO ₂ Emission Control Measures Measures to Curb Energy Use in Transport CO ₂ reductions with MHI product usage (FY2010) |
| EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | Principle 8, Principle 9 | Promotion of Energy-saving and CO ₂ Emission Control Measures CO ₂ reductions with MHI product usage (FY2010) |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. | - | Promotion of Energy-saving and CO ₂ Emission Control Measures Measures to Curb Energy Use in Transport |
| Water | | | |
| EN8 | Total water withdrawal by source. | Principle 8 | Resource Conservation and Waste Management |
| EN9 | Water sources significantly affected by withdrawal of water. | - | - |
| EN10 | Percentage and total volume of water recycled and reused. | Principle 8, Principle 9 | - |
| Biodiversity | | | |
| EN11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | Principle 8 | - |
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| EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | Principle 8 | - |
| EN13 | Habitats protected or restored. | Principle 8 | Preserving Biodiversity |
| EN14 | Strategies, current actions, and future plans for managing impacts on biodiversity. | Principle 8 | - |
| EN15 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. | Principle 8 | - |
| Emissions, Effluents, and Waste | | | |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | Principle 8 | Promotion of Energy-saving and CO ₂ Emission Control Measures |
| EN17 | Other relevant indirect greenhouse gas emissions by weight. | Principle 8 | Promotion of Energy-saving and CO ₂ Emission Control Measures |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved. | Principle 7, Principle 8, Principle 9 | Close ties with the Earth Promotion of Energy-saving and CO ₂ Emission Control Measures Measures to Curb Energy Use in Transport CO ₂ reductions with MHI product usage (FY2010) |
| EN19 | Emissions of ozone-depleting substances by weight. | Principle 8 | Management of Chemical Substances |
| EN20 | NO, SO, and other significant air emissions by type and weight. | Principle 8 | Material Balance |
| EN21 | Total water discharge by quality and destination. | Principle 8 | Resource Conservation and Waste Management |
| EN22 | Total weight of waste by type and disposal method. | Principle 8 | Resource Conservation and Waste Management |
| EN23 | Total number and volume of significant spills. | Principle 8 | Controlling and Improving Response to Potential Environmental Impact Risks |
| EN24 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped | Principle 8 | - |

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| | internationally. | | |
| EN25 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. | Principle 8 | - |
| Products and Services | | | |
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | Principle 7, Principle 8, Principle 9 | Close ties with the Earth Environmental Accounting CO ₂ reductions with MHI product usage (FY2010) Main product and technology in 2010 |
| EN27 | Percentage of products sold and their packaging materials that are reclaimed by category. | Principle 8, Principle 9 | - |
| Compliance | | | |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | Principle 8 | Status of Incidents and Legal Violations Relating to the Environment |
| Transport | | | |
| EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. | Principle 8 | Measures to Curb Energy Use in Transport |
| Overall | | | |
| EN30 | Total environmental protection expenditures and investments by type. | Principle 7, Principle 8, Principle 9 | Environmental Accounting |
| Social | | | |
| Product Responsibility | | | |
| Customer Health and Safety | | | |
| PR1 | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. | Principle 1 | Enhancing Product Safety |
| PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. | Principle 1 | - |
| Product and Service Labeling | | | |
| PR3 | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. | Principle 8 | - |
| PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. | Principle 8 | - |
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| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | - | Enhancing Customer Satisfaction (CS) |
| Marketing Communications | | | |
| PR6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | - | Enhancing Customer Satisfaction (CS) |
| PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. | - | - |
| Customer Privacy | | | |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | Principle 1 | Secure Safeguarding of Proprietary Information |
| Compliance | | | |
| PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | - | - |
| Labor Practices and Decent Work | | | |
| Employment | | | |
| LA1 | Total workforce by employment type, employment contract, and region. | - | Overview of the MHI Group Utilizing and Cultivating Diverse Human Resources |
| LA2 | Total number and rate of employee turnover by age group, gender, and region. | Principle 6 | Utilizing and Cultivating Diverse Human Resources |
| LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. | - | Building a Better Working Environment |
| Labor/Management Relations | | | |
| LA4 | Percentage of employees covered by collective bargaining agreements. | Principle 1, Principle 3 | Utilizing and Cultivating Diverse Human Resources |
| LA5 | Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements. | Principle 3 | - |
| Occupational Health and Safety | | | |
| LA6 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. | Principle 1 | - |
| LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. | Principle 1 | Building a Better Working Environment |
| LA8 | Education, training, counseling, prevention, and risk-control programs in place to assist workforce | Principle 1 | Building a Better Working |

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| | members, their families, or community members regarding serious diseases. | | Environment |
| LA9 | Health and safety topics covered in formal agreements with trade unions. | Principle 1 | Building a Better Working Environment |
| Training and Education | | | |
| LA10 | Average hours of training per year per employee by employee category. | - | - |
| LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | - | Utilizing and Cultivating Diverse Human Resources |
| LA12 | Percentage of employees receiving regular performance and career development reviews. | - | - |
| Diversity and Equal Opportunity | | | |
| LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. | Principle 1, Principle 6 | Utilizing and Cultivating Diverse Human Resources |
| LA14 | Ratio of basic salary of men to women by employee category. | Principle 1, Principle 6 | - |
| Human Rights | | | |
| Investment and Procurement Practices | | | |
| HR1 | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. | Principle 1, Principle 2, Principle 3, Principle 4, Principle 5, Principle 6 | - |
| HR2 | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. | Principle 1, Principle 2, Principle 3, Principle 4, Principle 5, Principle 6 | - |
| HR3 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. | Principle 1, Principle 2, Principle 3, Principle 4, Principle 5, Principle 6 | CSR Action Plans Major Fiscal 2010 Committee Actions Building a Better Working Environment |
| Non-discrimination | | | |
| HR4 | Total number of incidents of discrimination and actions taken. | Principle 1, Principle 2, Principle 6 | - |
| Freedom of Association and Collective Bargaining | | | |
| HR5 | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. | Principle 1, Principle 2, Principle 3 | - |
| Child Labor | | | |
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| HR6 | Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. | Principle 1, Principle 2, Principle 5 | - |
| Forced and Compulsory Labor | | | |
| HR7 | Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor. | Principle 1, Principle 2, Principle 4 | - |
| Security Practices | | | |
| HR8 | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. | Principle 1, Principle 2 | - |
| Indigenous Rights | | | |
| HR9 | Total number of incidents of violations involving rights of indigenous people and actions taken. | Principle 1, Principle 2 | - |
| Society | | | |
| Community | | | |
| SO1 | Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. | - | - |
| Corruption | | | |
| SO2 | Percentage and total number of business units analyzed for risks related to corruption. | Principle 10 | Risk Management and Crisis Management |
| SO3 | Percentage of employees trained in organization's anti-corruption policies and procedures. | Principle 10 | Compliance Education and Increasing Awareness |
| SO4 | Actions taken in response to incidents of corruption. | Principle 10 | Preventing a Recurrence of Legal Violations (if any) |
| Public Policy | | | |
| SO5 | Public policy positions and participation in public policy development and lobbying. | Principle 1, Principle 2, Principle 3, Principle 4, Principle 5, Principle 6, Principle 7, Principle 8, Principle 9, Principle 10 | Promotion of Energy-saving and CO ₂ Emission Control Measures |
| SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. | Principle 10 | - |
| Anti-Competitive Behavior | | | |
| SO7 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. | - | Preventing a Recurrence of Legal Violations (if any) |

| Compliance | | | |
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| SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | - | Preventing a Recurrence of Legal Violations (if any) |