

PDF version



# MHI CSR DATABOOK 2014

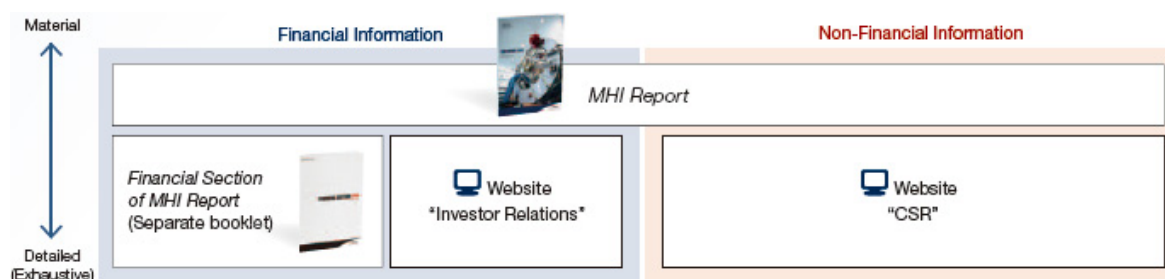
MITSUBISHI HEAVY INDUSTRIES GROUP CSR Initiatives  
(PDF version)

For the Year Ended March 31, 2014

## Disclosure

### Structure of Information Disclosure

MHI Report contains information that is material to understanding MHI. More detailed information is available on our website.



Please see the Financial Section of MHI Report, provided as a separate booklet, for more detailed financial information.  
[http://www.mhi-global.com/finance/library/annual/pdf/report\\_2014\\_financial.pdf](http://www.mhi-global.com/finance/library/annual/pdf/report_2014_financial.pdf)

For detailed CSR information, please see the "CSR" section of our website.  
<http://www.mhi-global.com/company/csr/index.html>

### Reference Guidelines

- International Integrated Reporting Council (IIRC)  
International Integrated Reporting Framework
- Global Reporting Initiative  
Sustainability Reporting Guidelines (Fourth Edition, or G4)
- Ministry of the Environment of Japan  
Environmental Reporting Guidelines (2012 version)
- ISO26000

### Forward-Looking Statements

Forecasts regarding future performance in these materials are based on judgments made in accordance with information available at the time this presentation was prepared. As such, these projections involve risks and insecurity. For this reason, investors are recommended not to depend solely on these projections for making investment decisions. It is possible that actual results may change significantly from these projections for a number of factors. Such factors include, but are not limited to, economic trends affecting the Company's operating environment, currency movement of the yen value to the U.S. dollar and other foreign currencies, and trends of stock markets in Japan. Also, the results projected here should not be construed in any way as being guaranteed by the Company.

### MHI Group's CSR

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# MHI Group's CSR

In accordance with the three principles that define the spirit of our creed, the MHI Group serves as a manufacturing corporation that contributes to societal progress through its business endeavors of delivering products and technologies in support of social and industrial infrastructure worldwide. In this way MHI is contributing to the resolution of global issues.

Furthermore, MHI believes the basis of corporate social responsibility (CSR) is to engage in business activities that take its diverse range of stakeholders into consideration and return profits to all stakeholders in optimum fashion, while at the same time providing excellent products and technologies to realize a sustainable society and a secure future for people and the planet.

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## Strategy

- 4 CSR Concepts and Actions
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## Policy

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- 19 Basic Policy on Human Rights

## 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;

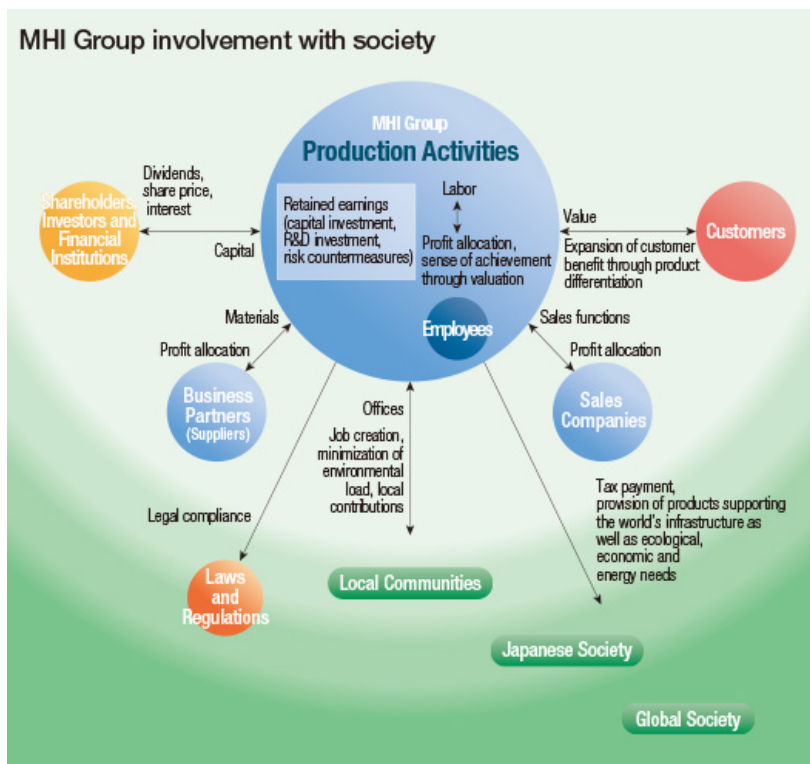
#### A bridge to the next Generation

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 contributor to society

In accordance with the three principles that define the spirit of our creed, the MHI Group serves as a manufacturing corporation that contributes to societal progress through its business endeavors of delivering products and technologies in support of social and industrial infrastructure worldwide. In this way MHI is contributing to the resolution of global issues. Furthermore, MHI believes the basis of corporate social responsibility (CSR) is to engage in business activities that take its diverse range of stakeholders into consideration and return profits to all stakeholders in optimum fashion, while at the same time providing excellent products and technologies to realize a sustainable society and a secure future for people and the planet.

Based on our creed and CI statement, "Our Technologies, Your Tomorrow," the MHI Group has also instituted CSR Action Guidelines to serve as collective standards for all Group employees when conducting business activities centered on the principles of CSR.



## Participation in the UN Global Compact

The "United Nations Global Compact" is a voluntary initiative initially proposed by Kofi Annan, the UN Secretary General, at the World Economic Forum at Davos in 1999. On that occasion, Mr. Annan called for business corporations and organizations worldwide to embrace and promote a set of principles, now ten in number, within their respective capacities. The Global Compact principles address four issues: human rights, labor, the environment and anti-corruption.

Today (as of December 2007), more than 4,800 companies and organizations are party to the compact. MHI became an active participant in 2004. In keeping with the compact's principles, the company is contributing in myriad ways that include the development and dissemination of technologies to protect the environment, support to areas that suffer natural disasters, and promoting the awareness of human rights.

### The Ten Principles of the Global Compact

#### Human Rights

##### Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

##### Principle 2

make sure they are not complicit in human rights abuses.

#### Labour Standards

##### Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

##### Principle 4

the elimination of all forms of forced and compulsory labour;

##### Principle 5

the effective abolition of child labour; and

##### Principle 6

the elimination of discrimination in respect of employment and occupation.

#### Environment

##### Principle 7

Businesses should support a precautionary approach to environmental challenges;

##### Principle 8

undertake initiatives to promote greater environmental responsibility; and

##### Principle 9

encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

##### Principle 10

Businesses should work against all forms of corruption, including extortion and bribery.

## Undertaking ISO 26000-Focused Initiatives

The MHI Group has broadened its CSR program from the domestic front to the global stage. From fiscal 2011, we began according priority to ISO 26000, which provides international guidelines on the social responsibilities of organizations. In fiscal 2011, we engaged in dialogue with experts who could be helpful with certain important initiatives while contributing to communities, providing ongoing assistance to disaster-hit areas, and otherwise involving ourselves with communities. We will continue to draw on ISO 26000 in soliciting stakeholder participation as we identify important initiatives for the entire value chain and pursue CSR management based on global standards.

### The seven core subjects of ISO 26000, and MHI's main efforts

#### 1. Organizational governance

Organizational governance

- Current Status of Corporate Governance and Internal Controls

#### 2. Human rights

Due diligence / Human rights risk situations / Avoidance of complicity / Resolving grievances / Discrimination and vulnerable groups / Civil and political rights / Economic, social and cultural rights / Fundamental principles and rights at work

- Commitment to Our Employees
- Promoting CSR Procurement

#### 3. Labour practices

Employment and employment relationships / Conditions of work and social protection / Social dialogue / Health and safety at work / Human development and training in the workplace

- Commitment to Our Employees

#### 4. The environment

Prevention of pollution / Sustainable resource use / Climate change mitigation and adaptation / Protection of the environment, biodiversity and restoration of natural habitats

- MHI Environmental Vision 2030
- Environmental Report
- Products and Technologies that Reduce Environmental Impact

#### 5. Fair operating practices

Anti-corruption / Responsible political involvement / Fair competition / Promoting social responsibility in the value chain / Respect for property rights

- Compliance
- Fair Dealing

#### 6. Consumer issues (responsibility towards customers)

Fair marketing, factual and unbiased information and fair contractual practices / Protecting consumers' health and safety / Sustainable consumption / Consumer service, support, and complaint and dispute resolution / Consumer data protection and privacy / Access to essential services / Education and awareness

- Commitment to Our Customers

#### 7. Community involvement and development

Community involvement / Education and culture / Employment creation and skills development / Technology development and access / Wealth and income creation / Health / Social investment

- Response of MHI and its Group Companies to the Great East Japan Earthquake
- Social Contribution Activities

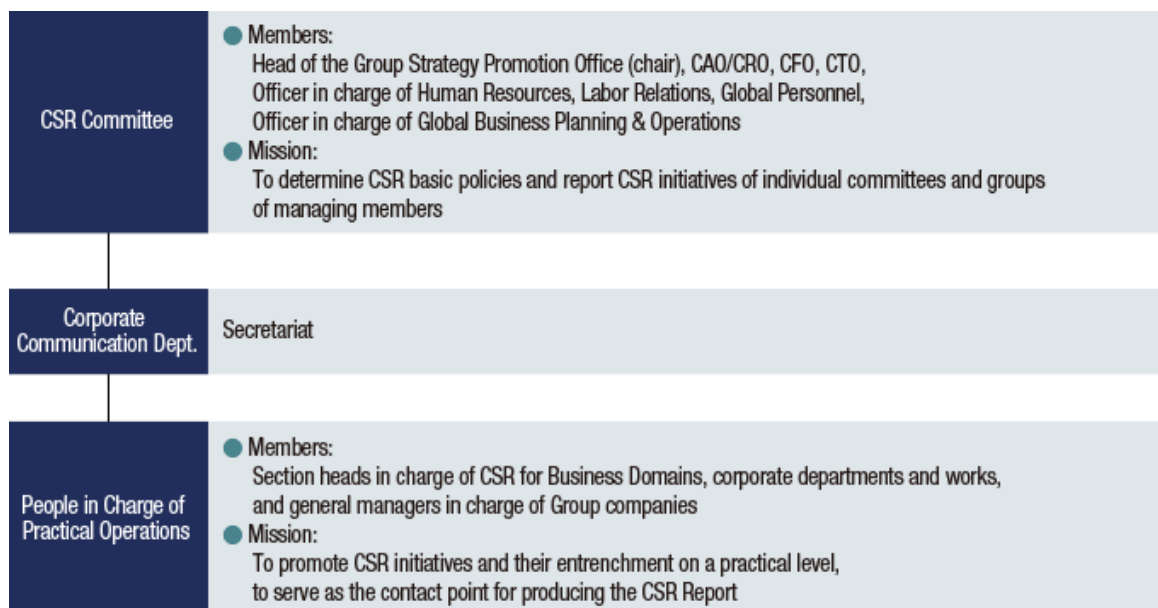
## Promoting Comprehensive and Strategic CSR Activities

### Promoting more business-integrated CSR

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 CSR-oriented management. In October 2012, these functions were moved to the Corporate Communication Department of the Presidential Administration Office (Corporate Communication Department in Business Strategy Office) in order to consolidate CSR, public relations, advertising, and other stakeholder communication functions and thus promote more business-integrated CSR activities. Business-integrated CSR activities are those that not only use products and technologies to contribute to the resolution of environmental and other social issues but also prevent or reduce negative impact and increase positive impact on society via efforts to address social issues in all business processes.

Going forward, we will work to build a more effective organizational framework and further promote CSR activities through their integration with business management.

#### CSR Promotion System (as of April 1, 2014)



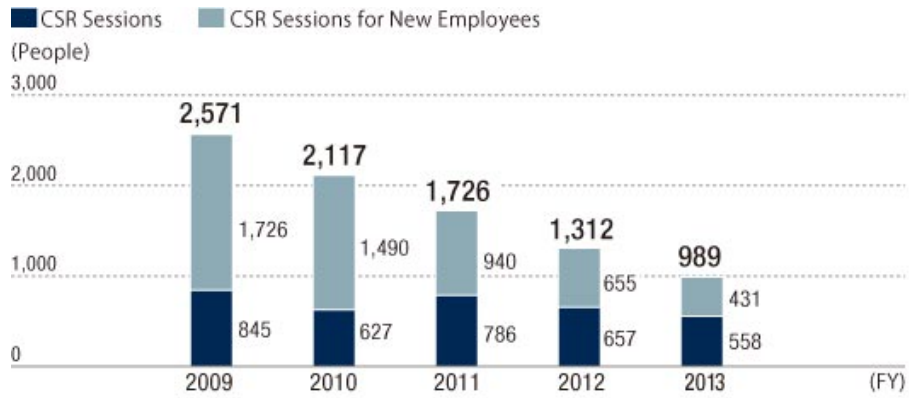
### Cultivating CSR awareness through CSR Sessions

CSR sessions aimed at deepening employees' awareness of CSR were held successfully at each site and at a number of Group companies in fiscal 2013 and 558 people participated. CSR sessions for new employees were held at all works, including the Head Office, and 431 people participated in fiscal 2013. CSR sessions and CSR sessions for new employees have been taking place for six years since fiscal 2007 and a total of 11,801 people have now received the sessions.

CSR sessions consist primarily of lectures and group discussions. Lectures are designed to provide a basic introduction to CSR, present the latest trends in CSR on a global level, and explain initiatives taking place in the MHI Group. Group discussions encourage employees to approach their day-to-day work from a social responsibility perspective.

To clarify the issues of CSR activities and ascertain employees' understanding of CSR, a survey was conducted based on the CSR Action Guidelines of employees who have participated in CSR sessions since they were commenced. Each year, employees' understanding of CSR is improving as a result of improvements in areas of poor performance and efforts made in the continuation and development of activities.

### Number of current and new employees who attended CSR sessions(note)



Note: Includes employees from certain Group companies



CSR sessions at Kobe Shipyard & Machinery Works

## Operation of Funds for Community Engagement, a new in-house system

MHI has operated the in-house system Funds for Community Engagement (former Social Contribution Fund) since fiscal 2012 to promote active involvement in social contribution activities designed to address needs and issues of the local communities around company facilities and contribute to the solution of global societal issues. Under this system, time donated by company employees to volunteer work is converted to a monetary value, which is then converted to an equivalent budget allocation. Money in the budget is used along with the dispatch of employee volunteers to build collaborative relationships with NPOs and other local groups and address social issues together.

In fiscal 2013, MHI also cooperated with Plan Japan, and international NGO, to provide science laboratories and profit teacher and student training at eight junior and senior high schools in the northern Indian district of Uttarkashi. In India, where corporate social responsibility has become obligatory, MHI plans to continue activities aimed at encouraging children's desire to learn about scientific topics and cultivating the next generation of engineers.

In fiscal 2013, the year the system was launched, MHI developed and implemented social contribution activities designed to encourage employees from all works and facilities to get involved in volunteer programs. For example, the Air-Conditioning & Refrigeration Systems' Biwajima Plant received support from the Toki-Shonai River Support Center — an NPO that works in community development and river maintenance throughout the watershed of the Shonai River, which flows near the plant, and the Toki River, the name of the upstream portion of the same river — to run a booth for making reusable chopsticks at the plant's community event (Family Festival). Wood obtained by thinning cedar, cypress, and other tree species from forests at the source waters of the Toki-Shonai River was used to make the chopsticks. Since participants could make their own one-of-a-kind chopsticks, the booth was a big success and allowed time for employees to enjoy interacting with members of the local community. This event included, in fiscal 2013 MHI supported the activities of 15 organizations working in such varied fields as education, social welfare, environmental conservation, culture, the arts, and sports.

Because this new system also creates great opportunities for MHI employees to communicate with people from local communities, MHI will look to expand the scope of activities, for example by supporting activities in fields that have a close connection to MHI's businesses.



Festival visitors make their own reusable chopsticks from thinned wood (Air-Conditioning & Refrigeration Division)

### ■ List of support recipients in fiscal 2013

- Global Fund for Education Assistance (general incorporated foundation)
- Plan Japan (international NPO)
- LINC (NPO)
- Community Support Center Kobe (NPO)
- Shimonoseki Social Welfare Council (social welfare corporation)
- Sherlock Holmes (NPO)
- Shinwa Gakuen (Social welfare corporation)
- Science Café Harima
- MACH B&F (NPO)
- Komaki (NPO)
- Hitachi Science Club (NPO)
- Mihara City Environmental Committee
- Sagamihara City Rugby Ball Association (NPO)
- Toki-Shonai River Support Center (NPO)
- Ritto Forest Club projects, Ritto-city Society of Commerce and Industry

## Policies That Identify Material Social Issues

### Enhancing Corporate Value by Resolving Social Issues

In line with ongoing globalization, in recent years the economic, environmental, and social impacts that companies have on the countries and regions they enter into have become more pronounced. Accordingly, the importance is growing for companies, as well as governments, to identify and resolve diverse social issues facing us on a global scale, starting with environmental problems.

The MHI Group, which is accelerating its global business development, recognizes the accurate response to such social issues as a condition for its ongoing corporate existence. We consider the ability to continue with sustainable value generation to be the source of our competitiveness.

Accordingly, the MHI Group identifies issues the Group should prioritize and proactively works towards the resolution of social issues through its products, technologies, and activities within all business processes to prevent or reduce the Group's negative impact and increase its positive impact, and thereby contributes to the realization of a sustainable society and enhances corporate value.



**Creating Social Value through Our Business Activities  
and Contributing to a Sustainable Society**

## Approaches and Processes Defining Material Issues

The MHI Group considers material issues to be those that significantly affect both society and corporate value—primarily, issues related to ESG. We define these material issues through social issues by employing analysis that takes into account the social perspective, including various international standards and stakeholder opinions, and our corporate perspective.

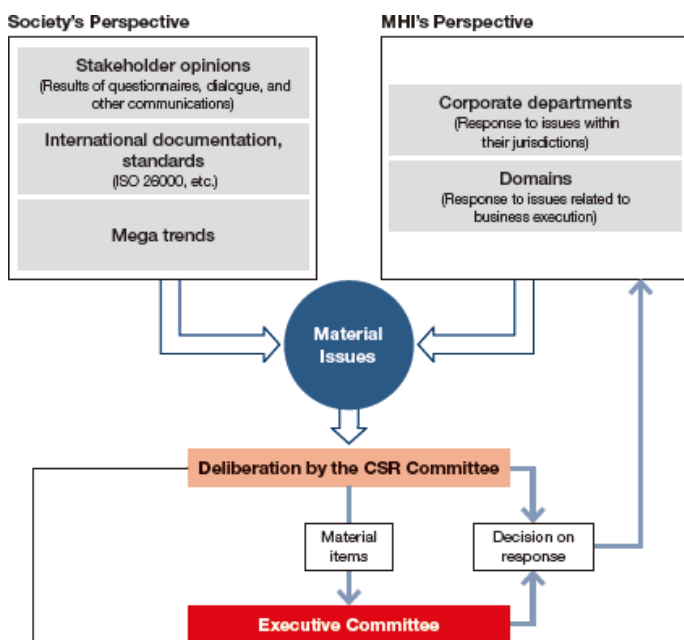
The main international standards that we refer to are the seven core subjects of ISO 26000—organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development—as well as the Global Reporting Initiative (GRI) "Sustainability Reporting Guidelines (Fourth Edition, or G4)."

We obtain stakeholder opinions by engaging in dialogue with institutional investors in Japan and overseas and through customer supplier questionnaires. We also incorporate social feedback from influential questionnaires related to environmental, social, and governance issues.

We have set as a task for completion by the end of fiscal 2014 the identification of material issues in accordance with the steps outlined below. We are currently at the stage of eliciting and analyzing issue candidates.

We will identify material issues and formulate response strategies through deliberations of the CSR Committee, which is chaired by the executive officer in charge of CSR (head of the Business Strategy Office) and includes the CFO, CAO/CRO, CTO, and officer in charge of Human Resources, Labor Relations, and Global Personnel as well as officer in charge of Global Business Planning & Operations. Issues considered to be of particular importance will be determined through deliberations of the Executive Committee. Following the decisions of these committees, corporate departments and individual domains will plan and promote various measures as we endeavor to resolve social issues.

In the following pages, we will introduce activities related to the business overview in our four domains, case studies, research and development, and corporate governance reforms from both the financial and non-financial perspectives.



### Organizational Structure of the CSR Committee

- Chair: Head of the Business Strategy Office
- Members: CFO, CAO/CRO, CTO, officer in charge of Human Resources, Labor Relations, and Global Personnel, and officer in charge of Global Business Planning & Operations
- Secretariat: CSR Group, Corporate Communications Department

## STEP 1 Understand the issues

Analyze issues that are potentially material from the environmental, social, and governance (ESG) perspectives.

## STEP 2 Prioritize the issues (analyze materiality from the standpoint of society and the Company) and identify material issues

After issues have been identified, prioritize them from the perspectives of both a social perspective and the perspective of their relationship to business, defining them as material issues.

## STEP 3 Gain authorization from stakeholders and management

After having obtained stakeholder understanding of processes for defining material issues and their boundaries, define after receiving approval from the CSR Committee or the Executive Committee.

## STEP 4 Report

Report on the material issues and defining processes that have been determined through such media as the integrated report and the website.

## Activities of Major Related Committees in Fiscal 2013

### CSR Committee: Promotion of Measures Aimed at Integrating CSR Management

At the 14th Session of the CSR Committee, which took place in June 2013, as measures toward the integration of CSR management, the decision was made to appoint the head of the Presidential Administration Office as chair of the CSR Committee and to appoint directors in charge of internal corporate functions as committee members. In the interest of addressing societal issues pragmatically and expeditiously, we aim to integrate CSR management by adopting a system in which important items are discussed by the Executive Committee.

The 15th Session of the CSR Committee, held in December 2013, responded to global social trends by setting basic policy for the MHI Group in the human rights field. This policy was announced both internally and externally in February 2014.



The 15th Session of the CSR Committee, December 2013

### Risk Management & 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 Group. 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.

### 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, plants and districts.

The 2013 Environmental Management Promotion Plan outlined the strengthening of measures to eliminate accidents which pollute the environment, power usage reduction activities and promotion of the Second Environmental Targets, and each works, plants and districts implemented measures to meet these targets. 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 deliberated on implementing plans for environmental audits of works, plants and districts 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, plants and districts by following up on the outcomes of those actions.

## Committee for Raising Awareness of Human Rights: Promoting a workplace where human rights are respected and differently-abled people are actively employed

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 endeavors to raise awareness of human rights, share information and promote human rights training. In fiscal 2013, the committee continued to implement a training program for raising awareness among new recruits, newly appointed managers and supervisors. In an effort to strengthen the company's response as a whole to sexual harassment and "power harassment" (workplace bullying & harassment), continuing on from fiscal 2012 the committee conducted awareness training for multiple works senior managers on "power harassment." In addition to continuing with training programs targeting Group company executives that commenced in fiscal 2011, the committee reinforced initiatives aimed at addressing sexual harassment and "power harassment" by taking the lead in setting up a new external consultation desk for Group companies in Japan.

In fiscal 2013, the committee continued their efforts to expand employment through proactively advancing 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 job-placement offices and skill-building schools for differently-abled people, holding meetings with employment officers, setting employment rate targets within the company. As a result, as of April 1, 2014, MHI's figure was 2.16 percent, which exceeds the statutory employment rate of 2.0 percent.



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

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

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. Since its inception, the International Trade Control Committee has been convened regularly on a monthly basis, and has reached 316 times (as of March 2014). Through the Committee's activities, MHI carries out stringent screening for the transfers of controlled technologies as well as exports of controlled commodities, or transactions designated to nations and regions which have concerns or are subject to international sanctions, in order to prevent our technologies and commodities from being used for nefarious purposes, such as for weapons of mass destruction. The Committee also draws up and revises effective rules, promotes internal audits and conducts consultations and education activities.

In fiscal 2013, MHI continuously promoted e-learning programs for all employees in our export business and saw around 1,500 staff participating. Further training sessions were regularly held for employees responsible for each division and, in addition to conducting training on topics such as highlights of export controls, recent legal changes, and U.S. re-export legislation, employees shared information about past examples of both successful and mistakable export control management, and discussed examples of mistakes that can easily be made in order to deepen their understanding of the issues. English versions of the e-learning materials have also been created to provide support for export control management at overseas subsidiaries.

## Business Compliance Committee: Integration of "Order Compliance Committee" and "Construction Business Act Compliance Committee" for activating and upgrading the committee management

The "Order Compliance Committee" was launched in August 2005 to promote appropriate order-receiving activities after reflecting upon violations of the Anti-Monopoly Act in the past. In fiscal 2013, committee activities also expanded to the prevention of bribery, which has a level of risk on a par with activities related to the Anti-Monopoly Act, and rolled out various initiatives to ensure the same level of compliance as with the Anti-Monopoly Act.

Meanwhile, in fiscal 2003, MHI established "the Construction Business Act Compliance Committee," realizing that compliance with the Construction Business Act was extremely important in light of its involvement in new construction and renovation work on facilities such as electric power generation plants. Partly because they commenced activities at different times, the two committees have worked as separate organizations in their development of various compliance activities related to the Anti-Monopoly Act compliance, prevention of bribery and the Construction Business Act. However, because the two committees' activities relate similarly to business processes, the majority of their members serve on both committees. Given this fact, the commonality of their discussion content, as well as the reality that the Construction Business Act also requires Anti-Monopoly Law compliance and prevention of bribery, we took the October 2013 transition to a domain-based business structure as an opportunity to integrate the two committees and enhance their activities as the "Business Compliance Committee."

## Nuclear Safety Steering Committee continues to establish nuclear safety

In December 2004, we established the Managing Board for Innovation in the Nuclear Business in light of a secondary piping damage accident in August 2004 at the Mihama Nuclear Power Plant Unit 3, which was built by MHI and operated by Kansai Electric Power. In January 2013, the name of the board was changed to the Nuclear Safety Steering Committee to share and decide the issues and courses of action related to MHI's nuclear business, as well as to internally reform and expand the nuclear quality assurance management system. The committee has been conducting these activities under the guidance of a steering committee whose mission is to manage activities that help ensure nuclear safety.

### Activities in Fiscal 2013

In fiscal 2013, the Nuclear Safety Steering Committee discussed and debated the status of efforts to foster a nuclear safety culture and the activities of the "Working Group on Voluntary Efforts to Improve Nuclear Safety" in the context of demands from regulators around the world and nuclear safety at MHI. The committee concluded that the requests of the regulators to ensure the safety of the nuclear power plants were strict, but MHI would continue working to enhance nuclear safety.

## CSR Medium-Term Action Plan

### CSR Medium-Term Action Plan and Results of Promotion

The MHI Group has formulated and is operating in accordance with a CSR Medium-Term Action Plan, which covers individual departmental initiatives and ongoing CSR activities.

These activities are being undertaken by individual departments. However, after considering their operational and evaluation methods, in fiscal 2013 we discontinued our previous approach of conducting a comprehensive review of the results of these activities.

Going forward, the CSR Committee will deliberate their action policies and respond, in the same manner as for other efforts.

### CSR Medium-Term Action Plan (FY2011-2013)

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	Medium-term targets (FY2011-2013)
Organizational governance	Broadened CSR awareness	<ul style="list-style-type: none"> <li>• Penetration of global awareness towards CSR including overseas locations and Group companies</li> <li>• Global information dissemination of status of CSR activities</li> </ul>
	Risk management	<ul style="list-style-type: none"> <li>• Commonizing a consciousness for important risks among all departments and sections and establishing a risk management PDCA cycle through efficient and effective audits</li> </ul>
	Promotion of IR activities	<ul style="list-style-type: none"> <li>• Improve timely and accurate information dissemination capabilities as per the needs of investors and strengthening in-house feedback on information to be used as reference material by management</li> </ul>
Human rights	Raising awareness of human rights	<ul style="list-style-type: none"> <li>• Embedding understanding and consciousness about human rights issues company-wide</li> <li>• Development of sexual harassment and "power harassment" (workplace bullying &amp; harassment) prevention efforts</li> <li>• Establish a workplace and corporate culture where human rights issues do not arise</li> <li>• Company-wide penetration of understanding and consciousness regarding the expansion of employment of the differently-abled people               <ol style="list-style-type: none"> <li>1. Achieve company-wide employment rate of 2.2% by the end of FY2013</li> <li>2. Plan to increase employment in all divisions</li> </ol> </li> </ul>
Labor practices	Creating a better workplace <ol style="list-style-type: none"> <li>1. Enriched education</li> <li>2. Strengthening mental health</li> <li>3. Nurturing the next generation</li> </ol>	<ul style="list-style-type: none"> <li>• Strengthening global human resource development based on the road map for cultivation of global human resources (G-MAP)</li> <li>• Conduct effective measures to combat mental health problems from prevention to return to work</li> <li>• Continue to maintain the next-generation accreditation mark</li> </ul>
Environment	Reduced CO <sub>2</sub> emissions	<ul style="list-style-type: none"> <li>• Average CO<sub>2</sub> emission between FY2008 and FY2012 to be reduced by 6% compared to 1990 level</li> <li>• Establish CO<sub>2</sub> emission reduction target until FY2020 (including Group companies) and promote reduction activities</li> </ul>
	Group environmental management	<ul style="list-style-type: none"> <li>• Increase the Group's environmental performance data collection rate both in Japan and overseas</li> <li>• Encourage the acquisition of certifications of environmental ISO standards and others to Group companies in Japan and overseas that are consolidated</li> </ul>

Area	Priority item	Medium-term targets (FY2011-2013)
Fair operating practices	Thorough compliance	<ul style="list-style-type: none"> <li>• Decrease matters in need of improvement even at Group companies</li> <li>• Early comprehension and improvement of matters in need of improvement</li> </ul>
	Order compliance	<ul style="list-style-type: none"> <li>• Continuation of zero policy for violations to the Anti-Monopoly Act</li> <li>• Penetration of order compliance activities</li> <li>• Establishment of order compliance consciousness through awareness and educational activities</li> </ul>
	Compliance with the Construction Business Act	<ul style="list-style-type: none"> <li>• Establishment of a self-compliance system (compliance activities incorporated in daily tasks)</li> <li>• Enhancing compliance at Group companies</li> <li>• Enhancing contract compliance with business partners</li> </ul>
	Compliance with export-related laws and regulations	<ul style="list-style-type: none"> <li>• Strengthening the export control management systems and fostering experts in export control management</li> <li>• Further continuous supports for Group companies to strengthen their export control management systems</li> </ul>
	CSR procurement	<ul style="list-style-type: none"> <li>• Sharing values regarding the promotion of CSR activities with business partners and avoiding procurement risks with key partners</li> <li>• Effect extensive compliance and adherence to laws and regulations with regard to procurement tasks</li> <li>• Continuous compliance to environmental regulations</li> </ul>
Consumer issues	Product safety	<ul style="list-style-type: none"> <li>• Developing product safety activities within quality management</li> <li>• Steady development of product safety activities</li> <li>• Maintaining the infrastructure for product safety activities</li> </ul>
	Ensuring quality and safety of nuclear business	<ul style="list-style-type: none"> <li>• Refine and continually improve QMS (Quality Management System) with an eye on global business development</li> <li>• Exhibit our comprehensive technological strengths and enhance customer satisfaction</li> <li>• Enhance the attitude of compliance with laws and rules and cultivate a strong nuclear safety culture</li> </ul>
	Enhancement of brand value	<ul style="list-style-type: none"> <li>• Acquiring broad recognition as a global company and increasing the number of MHI fans</li> </ul>
Community involvement and development	Socially beneficial activities	<ul style="list-style-type: none"> <li>• Proactive development of social contribution activities with the cooperation of various stakeholders</li> <li>• Examining possibilities for the globalization of social contribution activities and development of social business</li> </ul>
	Improvement of the Mitsubishi Minatomirai Industrial Museum	<ul style="list-style-type: none"> <li>• Establish its role as a facility that provides opportunities for children to develop an interest in science by showing them the pleasure of manufacturing</li> </ul>

## CSR Action Guidelines

### CSR Action Guidelines

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.

### Specific Guidelines

Close ties with the Earth

- Contribute to the resolution of global environmental and energy issues through superlative technologies.
- Reduce environmental burdens in all areas of business through a high level of environmental awareness by all individuals.

Close ties with society

- Provide safe products of high quality matching the needs of customers and society.
- Through continuous sincere actions, respect social norms and achieve transparency of information.
- Maintain self-awareness as a member of society and contribute proactively to development of regions and societies.

Bridge to the next generation

- Foster comfortable working environments and a working culture where creativity blossoms.
- Through business operations and technologies that make dreams come true, cultivate children who are filled with hope.

## MHI Compliance Principles

We have promoted the business activities MHI fairly and faithfully in order to "base our activities on honesty, harmony, and a clear distinction between public and private life." As a more specific activity guideline, we established the MHI Compliance Principles in 2001.

### Business activities

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

1. We will endeavor to provide safe, high-quality products and services.
2. In conducting business activities, we will pursue fair and free intercorporate competition in compliance with the Antimonopoly Act, the Act against Delays in the Payment of Subcontract Proceeds, etc. to Subcontractors, the Construction Business Act, and other relevant regulations.
3. Regarding gift-giving and entertainment with civil officers and suppliers, we will not violate laws or deviate from socially accepted practices.
4. We will implement appropriate accounting and tax accounting in accordance with relevant laws, accounting standards, and internal regulations.
5. In relation to overseas business, we will follow laws related to import and export and local laws.

### Relationship between the company and society

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

1. We will follow environment-related laws and try to preserve the environment.
2. We will disclose information related to management in an appropriate and timely manner.
3. We will not make political donations exceeding the amounts stipulated in our internal regulations.
4. We will respond firmly to antisocial forces.

### Relationship between the company and employees

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

1. The company will follow labor-related laws and try to secure a safe, healthy work environment.
2. Company members will follow internal regulations such as labor regulations.
3. Company members will not engage in discriminative behavior or sexual harassment.
4. Company members will handle company secrets appropriately, and will not disclose them without prior consent.
5. Company members will not conduct unfair transactions in stock (insider trading).

## Basic Policy on Human Rights

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We formulated “MHI Basic Policy on Human Rights” to protect the human rights of every stakeholders involving with our business activities, and for the further progress of sustainable society.

### MHI Basic Policy on Human Rights

The Mitsubishi Heavy Industries group endeavors to fulfill its responsibilities for the protection of human rights in order to continue truly contributing to social progress in accordance with the MHI creed. We act in line with the “Guiding Principles on Business and Human Rights” adopted by the U.N. Human Rights Council and endeavor never to act in ways that elicit or facilitate human rights violations by others or other negative actions or effects.

## Other Policy

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### Privacy Policy

<http://www.mhi-global.com/privacy.html>

### Policy of Safety and Health

[http://www.mhi-global.com/company/policy/safety\\_health.html](http://www.mhi-global.com/company/policy/safety_health.html)

### Environmental Management Promotion System

<http://www.mhi-global.com/company/csr/esg/environment/management/management02.html>

### Procurement Policy

<http://www.mhi-global.com/company/procurement/policy/index.html>

### MHI Group Supply Chain CSR Promotion Guidelines

<http://www.mhi-global.com/company/procurement/csr/index.html>

### Basic Policy Concerning Conflict Minerals

<http://www.mhi-global.com/company/procurement/csr/index.html>

### Fulfilling our Policy on Social Contribution Activities

<http://www.mhi-global.com/company/csr/esg/social/socialcontribution/society02.html>

# Governance, the Environment, and Society

In line with ongoing globalization, in recent years the economic, environmental, and social impacts that companies have on the countries and regions they enter into have become more pronounced. Accordingly, the importance is growing for companies, as well as governments, to identify and resolve diverse social issues facing us on a global scale, starting with environmental problems.

Accordingly, the MHI Group identifies issues the Group should prioritize and proactively works towards the resolution of social issues through its products, technologies, and activities within all business processes to prevent or reduce the Group's negative impact and increase its positive impact, and thereby contributes to the realization of a sustainable society and enhances corporate value.

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## 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 12 directors and 3 of its 5 statutory auditors are from outside MHI. These outside directors and statutory auditors provide advice and oversight to the management of MHI based on their broad range of experience and considerable insight as managers, administrators and specialists. They operate from an unbiased position which is independent from the company's executive management. 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 tandem with its transition to the Business Domain Structure from the Business Headquarter Structure in April 2014 the company introduced the Chief Officer System. This system is designed to elicit comprehensive strengths and synergies of the MHI Group and foster the creation of structures that will enable the Group to respond quickly and flexibly to market and customer needs. As a result, we expect to expand our businesses and boost our earnings capacity in global markets. In the Chief Officer System, under the CEO (president) are chief officers to whom the president delegates certain rights and responsibilities. These chief officers include Domain CEOs, as well as the CFO, CAO/CRO, and CTO. The CEO oversees initiatives to address companywide business strategy and issues, while the Domain CEOs manage and execute business in individual Business Domains encompassed by the group-wide strategy. The CFO is tasked with all activities, including management planning, related to finance, accounting, and funding. The CAO/CRO handles administrative tasks including management audits, general administration, personal and labor relations, as well as all of risk management. The CTO manages and executes all activities related to technology management and ICT.

Furthermore, the CFO, CAO/CRO, and CTO retain supervisory and command rights companywide pertaining to their spheres of activity, and they provide the structure that underpins the Business Domains.

Simultaneous with these initiatives, we have revised the number of directors. We further reduced the number of directors at the general meeting of shareholders in June 2014, increasing the percentage of outside directors. Through this measure, we have reinforced the Board of Directors' decision-making and supervisory functions.

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.

(Note) CFO: Chief Financial Officer

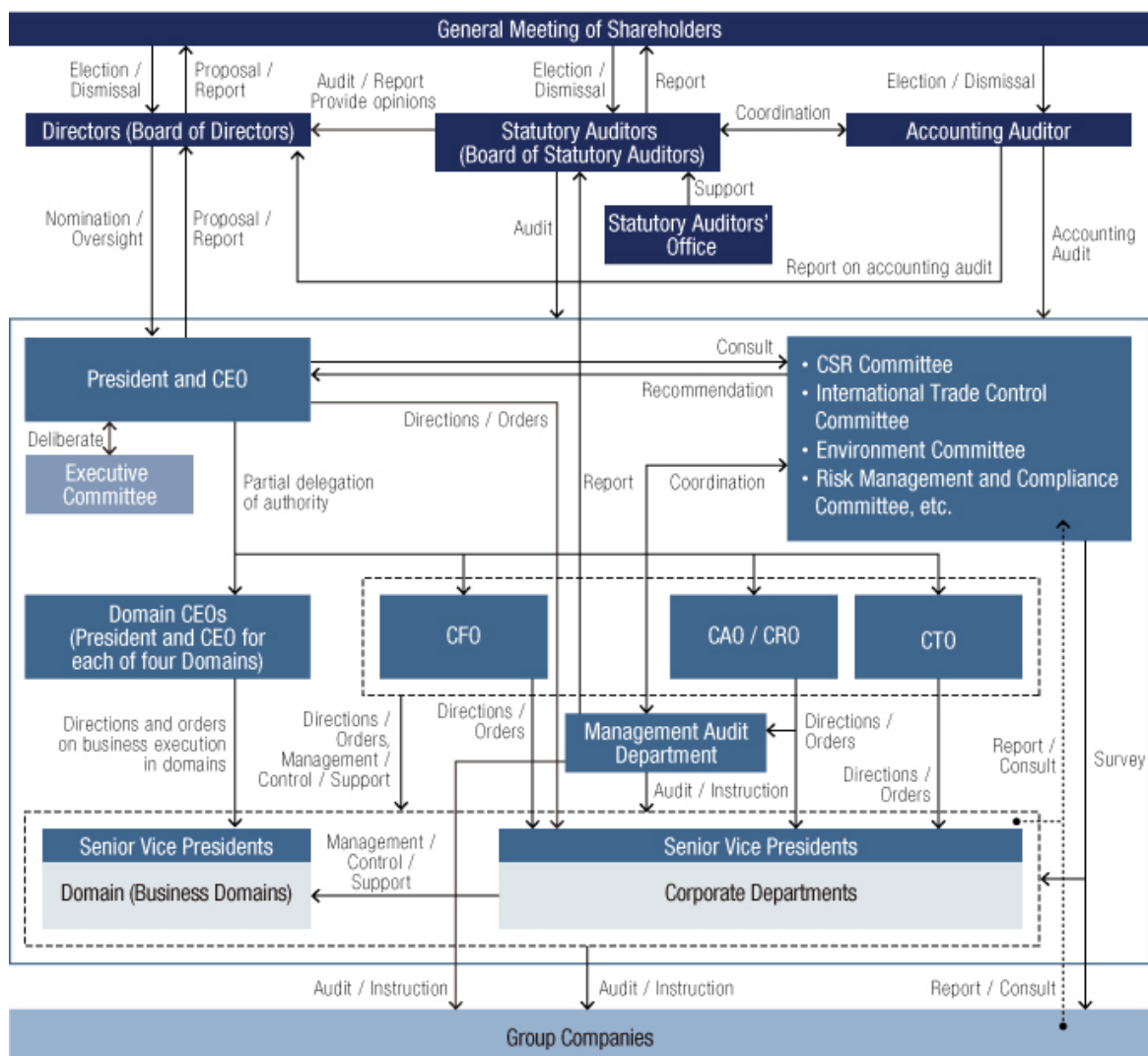
CAO/CRO: Chief Administrative Officer/Chief Risk Officer

CTO: Chief Technology Officer

### ■ Outside Directors and Outside Statutory Auditors and Reasons for their Appointment

Officers	Name	Field / Affiliation	Reason for appointment
Outside Director	Yorihiko Kojima	Chairman of the Board of Mitsubishi Corporation	Mr. Yorihiko Kojima was appointed to the position of Outside Director since he has provided beneficial views and candid assessments on the management of MHI as an Outside Director based on his considerable experience as a business manager, and it is desired that he continues his contribution to improving the soundness and transparency of the decision-making process.
	Christina Ahmadjian	Professor of Hitotsubashi University Graduate School of Commerce and Management	Ms. Christina Ahmadjian was appointed to the position of Outside Director since she has provided beneficial views and candid assessments on the management of MHI as an Outside Director from her global perspective based on her extensive knowledge regarding such fields as corporate governance and management, acquired through her experience as a researcher, even though she has not been directly involved in corporate management except for acting as an Outside Director. Based on this, it is desired that she continues her contribution to improving the soundness and transparency of the decision-making process.
	Hiroki Tsuda	Former Administrative Vice Minister of Finance	Mr. Hiroki Tsuda was appointed to the position of Outside Director since he has extensive views regarding fiscal and monetary policies acquired through his experience as a government administrative officer and a researcher, even though he has not been directly involved in corporate management other than as an Outside Director, and it is desired that he continues making a contribution as an Outside Director to improving the soundness and transparency of the decision-making process by providing his beneficial views and candid assessment on the management of MHI, based on his experience.
Outside Statutory Auditor	Nobuo Kuroyanagi	Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mr. Nobuo Kuroyanagi was appointed to the position of Outside Statutory Auditor since he has provided beneficial views and candid assessments on the management of MHI as an Outside Statutory Auditor based on his considerable experience as a business manager, and it is desired that he continues his contribution to ensuring sound and appropriate management.
	Haruya Uehara	Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation	Mr. Haruya Uehara was appointed to the position of Outside Statutory Auditor since it is desired that he makes a contribution to ensuring sound and appropriate management by providing his beneficial views and candid assessments on the management of MHI, based on his considerable experience as a business manager.
	Shinichiro Ito	President & Chief Executive Officer, ANA Holdings Inc. Chairman of the Board, All Nippon Airways Co.,Ltd.	Mr. Shinichiro Ito was appointed to the position of Outside Statutory Auditor since it is desired that he makes a contribution to ensuring sound and appropriate management by providing his beneficial views and candid assessments on the management of MHI, based on his considerable experience as a business manager.

## Corporate Governance Structure (including internal control systems) (as of April 1, 2014)



## Strengthening the internal control systems

In compliance with legal requirements, the MHI Board of Directors has determined a basic policy for internal control systems. The company is promoting the strengthening of areas including the oversight function of the Board of Directors, management systems in response to risk types, increasing the effectiveness of compliance including a whistleblower system, management systems between MHI and Group companies and a system which permits effective auditing by statutory auditors. MHI is striving to strengthen these initiatives through internal audits and the PDCA management cycle. The designs and operations of internal controls are monitored annually through internal audits, in line with the internal audit policy which was formulated by the Management Audit Department.

Under the internal control reporting system regarding financial reporting, which is stipulated by the Japanese Financial Instruments and Exchange Law (also known as J-SOX), the Management Audit Department and the internal audit divisions of our manufacturing works carried out assessments of the design and operation of the internal controls and concluded that as of the end of March 2014, the MHI Group's internal controls over financial reporting were functioning effectively. The accounting auditors concurred with this assessment.

Every year at the Board of Directors meeting, the current status of initiatives concerning the establishment of internal control systems is reported in order to confirm the effectiveness of our internal control systems.

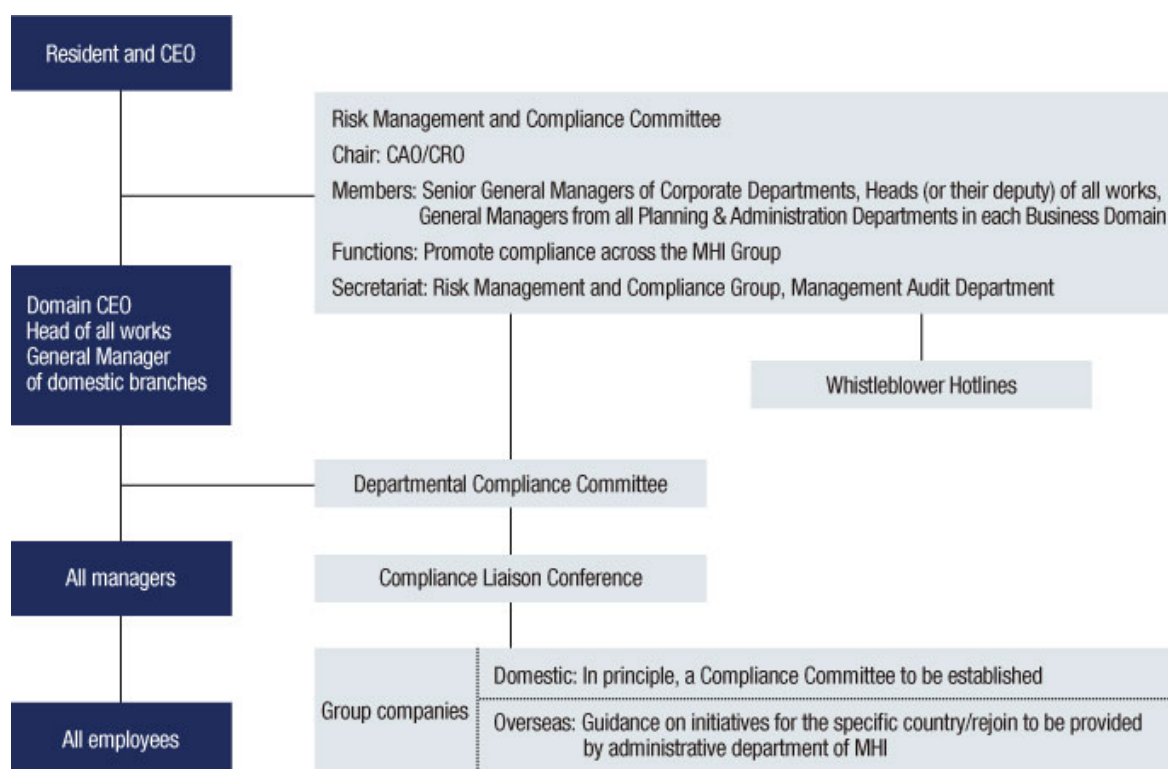
## Creating a Structure to Promote Compliance that Encompasses the Entire Group

### Placing persons responsible for compliance in all departments and Group companies

MHI's Compliance Committee was established in May 2001 to strictly observe applicable laws and social norms and to promote fair and honest business practices (altered to the Risk Management & Compliance Committee in December 2012). This committee is chaired by the CAO/CRO, and its members consist of senior general managers from relevant departments at the Head Office, heads of all works, and general managers from the Planning & Administration Departments of all Business Domains. The committee meets twice annually to draw up company-wide compliance promotion plans, confirm progress, and engage in other activities.

In April 2006, Departmental Compliance Committees were established in all departments of the company in order to strengthen compliance measures for each respective department. These committees are chaired by the member of the Risk Management & Compliance Committee in each department. At the same time, Compliance Liaison Conferences were set up for regularly exchanging compliance information with Group companies. Through these two types of organizations, each department works to consistently implement its own compliance and to act independently and responsibly in carrying out compliance activities.

### Compliance Promotion System (as of April 1, 2014)



## Implementing internal and external whistleblower hotlines 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, who wish to report or discuss potential unlawful or dishonest acts they have come upon. Contact can be made through email, phone and so on. The Risk Management & Compliance Committee will promptly investigate the reported information including report to the CAO/CRO if necessary. Information on what should be reported is contained in the Compliance Guidelines distributed to all employees and in bulletins published in-house. Furthermore, in order to increase choices for informants on compliance, the External Hotline was established in December 2011 in addition to the internal hotline. This was followed by the sequential establishment of Harassment Contact Hotlines inside and outside of the company starting in January 2012 as a measure to respond to "power harassment" (workplace bullying & harassment), which is becoming an increasingly serious social issue.

### Setting clear protection of the rights afforded to in-house informants

With the operation of the hotline, protection of the rights afforded to informants were set out in the 2007 company regulations, entitled "Compliance Promotion Regulations." These regulations state that the informant's name will not be released without his/her consent, and that the informant will not be placed at any disadvantage because of the information s/he has reported.

Employees have been advised of protection of the rights given to in-house informants and have been told of the existence of the hotline. An investigation is conducted to determine whether such individuals' rights have been violated.

### Establishing an external whistleblower hotline

MHI has created the MHI External Whistleblower Hotline since December 2011. Contact can be made through email, fax, or telephone. If the informant wishes, their name and other information will not be disclosed to the company. The Risk Management & Compliance Committee will promptly investigate the reported information. Answers based on the investigation results can be also received via the lawyers that have been entrusted with the operation of the External Whistleblower Hotline.

The establishment of this External Whistleblower Hotline is based on a proposal from the Public Works Business Process Validation and Advisory Committee, which was created in July 2010. It is an effort to receive a broader range of information and strengthen internal checks and balances functions by increasing choices for in-house reports.

## Ensuring transparency and legality in order-receiving activities

MHI took the October 2013 transition to a domain-based business structure as an opportunity to integrate the "Order Compliance Committee" and the "Construction Business Act Compliance Committee" and enhance their activities into the "Business Compliance Committee." With respect to correcting order-receiving activities, in fiscal 2013 MHI entered into a plea agreement with the U.S. Department of Justice concerning the U.S. Antitrust Laws in connection with the sales of compressors and condensers for automotive air conditioning systems. To date, MHI has made every effort to provide instruction and education about legal compliance. MHI takes seriously the fact that this incident occurred. Specifically, to ensure thorough legal compliance—including at Group companies in Japan and overseas—we are reinforcing compliance training and have introduced a host of measures to prevent recurrence. We have prepared educational videos and are working with lawyers to conduct presentations about compliance with antimonopoly legislation in Japan and overseas, and preparing e-learning programs.

Among its principal activities in fiscal 2013, the committee sought to foster a thorough understanding of compliance by conducting training sessions about compliance with antitrust law and anti-bribery law at MHI and Group companies in Japan and overseas. Attendees from Japan and abroad numbered 5,000, including people who participated in the previous year's training sessions. The committee also monitored and audited the status of compliance and industry body activities at MHI and Group companies in Japan. In this manner, MHI is putting all its energies into initiatives aimed at restoring trust in the company as quickly as possible.

Regarding the Construction Business Act, we have revised our system of operational bases in line with our transition to a domain-based business structure. Also, we conducted on-site monitoring at 3 MHI construction sites. To maintain and further augment the level of compliance at Group companies, we performed system monitoring at 12 of the 57 companies that have maintained construction business permissions consistently since fiscal 2011. We also conducted onsite monitoring of construction at 18 companies. Furthermore, we held Construction Business Act training sessions a total of 10 times at MHI works that were attended by 878 people, including employees of Group companies.

Through these activities, we are working to enhance the compliance level at MHI and its Group companies, and to ensure thorough transparency and legality in order-receiving activities.

## Improving Compliance Principles/Guidelines

### The Compliance Principles Clarify Behavior Standards

The MHI Compliance Principles 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 easily carried and has been distributed to all employees, including contract workers. In addition, all employees have been provided with MHI's Compliance Guidelines in the form of a booklet, which contains straightforward explanations on specific areas requiring caution during the execution of daily duties.

Moreover, articles on compliance have regularly been included in company bulletins. From fiscal 2010, illustrated articles have been included to further deepen employee understanding.



*Compliance Guidelines*

### MHI Compliance Principles

#### 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 official and private activities and obligations, comply with applicable laws and internal rules, and execute their duties faithfully.

### Establishing regulations and standards for the more thorough prevention of bribery

MHI strives for fairness in its global commercial transactions by strictly observing the anti-bribery laws of all countries, including Japan's Unfair Competition Prevention Act, which prohibits the giving of illicit benefits by Japanese citizens to overseas government officials.

MHI established the Guidelines for the Prevention of Bribery Involving Foreign Civil Servants in 2005 to define rules of conduct based on the Unfair Competition Prevention Act. In addition, the Anti-Bribery Rules and Anti-Bribery Procedural Guidelines based on these guidelines were created in February 2012 in order to respond to the enactment of British Bribery Act 2010 (Note) of July 2011 and strengthened regulations in various countries.

In fiscal 2013, MHI conducted the monitoring for each division of MHI and the group companies of domestic and overseas to confirm whether they had built their compliance rules and mechanisms based on MHI rules and standards, in consideration of the form of business operated by each Group company and the local laws and regulations and business practices for overseas Group companies. If necessary, we provided guidance for improvement.

(Note) Generally said to be the most stringent anti-bribery law in the world, having provisions that make it illegal even to neglect to take actions to prevent bribery. The law applies also to foreign companies operating in the U.K.

## Firm responses to antisocial forces

MHI's Compliance Principles clearly set forth firm measures to deal with antisocial forces.

All MHI facilities have established departments to take measures if unjust demands are made by antisocial forces. The departments will work together to comprehensively deal with the incident as an organization. In addition, MHI has taken actions, including compliance promotion 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.

Furthermore, while ordinances for the elimination of organized crime groups have been enacted since 2011 by all prefectures in Japan, the MHI Group has added clauses to its contracts with clients and business partners based on these ordinances in order to exclude antisocial forces

## 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 the 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 working towards making suitable applications such as by creating an independent inspection chart and using it in workplaces.

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.

## Compliance Training and Increasing Awareness

### Implementing discussion-based training adapted to daily duties

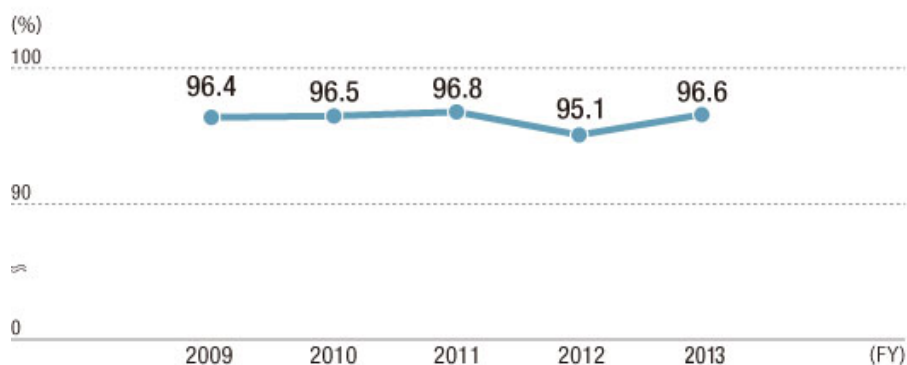
Discussion-based compliance promotion training sessions for all employees have been carried out in all MHI worksites since fiscal 2003.

The training is held with the goal of increasing awareness so that employees can properly judge and act in accordance with compliance, no matter what 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 strict cost- or delivery-related demands, or if they are pressured by a supervisor.

In fiscal 2013, the compliance training program included awareness education through e-learning sessions in the first half. In the second half, the program included training via a discussion-type format. Around 75,000 people participated, amounting to more than 95 percent of MHI Group employees. Of particular note in the second half were discussions themed on "fostering a positive and friendly working environment through communication" and confirming the importance of workplace communication to compliance.

In addition to the above, new recruits, newly appointed general managers, section managers and deputy managers, and technical employees in leadership positions receive education according to their respective ranks.

### Rate of attendance & Number of participants at compliance promotion training



FY	2009	2010	2011	2012	2013
Rate of attendance	96.4%	96.5%	96.8%	95.1%	96.6%
Number of participants	33,309	32,211	32,333	34,972	75,871*

\*all employees of MHI Group companies in 2013

### Yearly compliance awareness survey

Since fiscal 2004, every year the Risk Management & Compliance Committee conducts a compliance awareness survey.

MHI considered expanding the survey scope to all MHI employees from the current 30% of employees (based on random sampling), and decided to conduct an expanded survey of all employees in fiscal 2013 as part of e-learning compliance sessions. The results showed that 98 percent of employees are aware of compliance, while the indicators "heightened awareness due to participation in training," "recognition of the MHI Compliance Principles," and "workplace environment regarding compliance" set new highs, suggesting that compliance actions are yielding positive results and that compliance awareness among employees is steadily growing.

## Risk Management

### Precisely comprehend risks throughout the Group and steadily implement risk reduction measures

MHI precisely comprehends risks throughout the Group and is carrying out measures to steadily reduce these risks. In fiscal 2013, based on discussions between the General Manager of the Management Audit Department and the heads of business segments and administration departments, MHI identified the important risks to each segment and department, and worked to enhance its risk management system throughout the Group by strengthening overall risk management activities for important risks mentioned above and by operating a risk management system that combines controls centered on voluntary management and assessments by process owners (Note) and monitoring by the Management Audit Department. Among the important risks, they identified "serious management risks" that have the potential to significantly affect operations of the company or require an emergency response for management at a senior-management level and assigned a corporate director to oversee their control. As the result, MHI has kept overall risk an acceptable controlled level, without its level increasing.

In fiscal 2014, we will continue to develop our activities in line with the same risk management cycle used in the previous fiscal year. However, in keeping with the introduction of two new structures, the Business Domain structure and the system of chief officers, we will review the important risks identified for each business segment, clarifying responsibilities in line with the new structure.

Going forward, we aim to become a highly profitable company with annual earnings on a scale of ¥5 trillion. Toward this goal, specific initiatives in fiscal 2014 include groupwide risk control activities with a focus on reinforcing business administration, responding to organizational restructuring on the management and control fronts, and compliance-related risk management.

(Note) Organizations and/or persons responsible for establishing and executing risk management mechanisms for individual business functions.

## Secure Safeguarding of Proprietary Information

The Legal & General Affairs Department together with the ICT Planning Department head the protection of confidential information

MHI has built a corporate-wide system for confidential information management through the Legal & General Affairs Department together with the ICT Planning Department in order to thoroughly safeguard confidential information, such as company management information, technological information and information related to customers and business partners. MHI is working to carry out appropriate 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.

Formulating and thoroughly enforcing rules related to information management

In an effort to more appropriately manage confidential information, in October 2013 MHI formulated Information Management Rules. In addition to making consistent companywide rules more transparent and stricter, rules related to the Information Security Management Standards have been successively revised to respond to new information technologies, threats and legal reforms. MHI created the Confidential Information Management Manual and the Manual on the Rules for Protection of Confidential Information from Leakage and distributed them 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. In addition, MHI enters into nondisclosure agreements with subcontractors to ensure comprehensive management of confidential information.

Preventing computer virus infection

MHI has always taken various measures to maintain a high level of information security, however, we became aware of a case of computer virus infection in August 2011. Because of this incident, MHI is taking efforts to reinforce the checks for viruses attempting to enter the system including strengthening the observation system for unauthorized access and enhancing education on information security. Currently, the various countermeasures implemented in-house in response to the incident are being rolled-out to group companies.

Implementing employee training to enhance awareness of confidential information management

On the overall topic of confidentiality management, MHI provides e-learning for all employees to ensure a thorough understanding of specific handling measures and rules. Topics related to personal information protection have also been incorporated into the compliance promotion training given to all employees, as well as training by employee level. In addition, since fiscal 2011, simulation tests have been conducted by sending targeted spoofed e-mails.

### Continuously assessing the status of information security measures through internal audits

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

MHI has prepared a checklist to be used in all departments and holds an annual internal audit to determine the status of measures being implemented. As a result, when issues are discovered they are revised and the following year during the audit, those revisions are assessed, leading to steady improvements.

### Operating PDCA cycles for information security management throughout the Group

MHI has always been aware of the importance of its own products and technologies, and has worked to maintain a high level of information security. Because MHI views the August 2011 virus infection as a serious issue, it is working to further reinforce security by taking measures such as running PDCA cycles for information security management throughout the Group, and by improving information management regulations and conducting internal audits of information management throughout MHI and domestic and overseas Group companies.

## Environmental Management Promotion System

Promotion of environmental management by a company-wide committee and promotion entities for each works, plants and districts

The Environmental Committee, chaired by the director in charge of the environment, sets out the company-wide annual environmental program. Decisions are conveyed to the entire company and all Group companies. Environmental Committees established at each works, plants and districts promote policies and conduct environmental management corresponding to the specific features of each works, plants and districts. In addition, Environmental Liaison Conferences for individuals in charge of the environment at the Head Office, each works, plants and districts along with Energy Conservation Liaison Conferences, where energy and CO<sub>2</sub> reduction measures are discussed, are held. Furthermore, an Energy Conservation Sectional Meeting and Waste Management Information Exchange Meeting, comprising section heads and subordinates from each works, plants and districts, are convened.

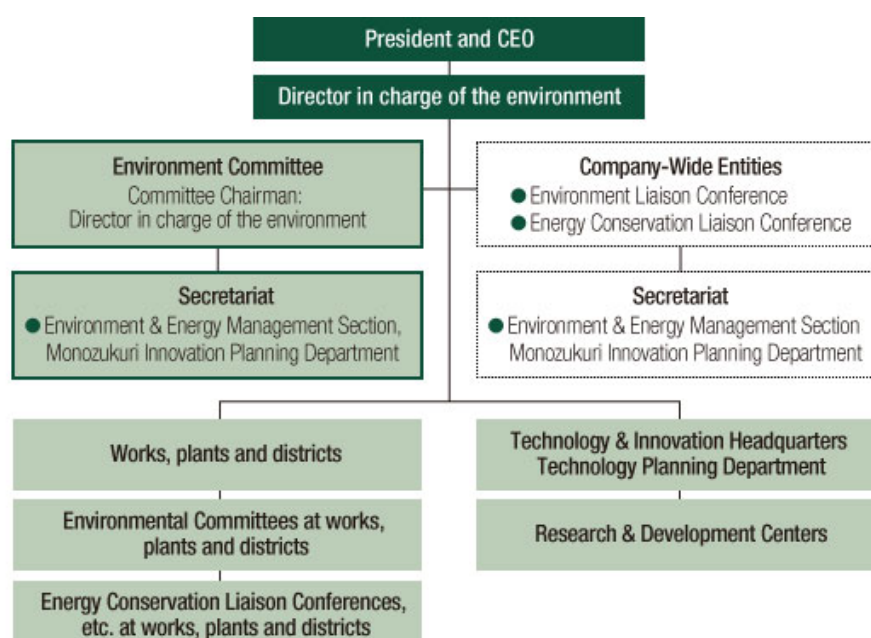
### Basic Policy on Environmental Matters (Established 1996)

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 (as of April 1, 2014)



## Adopting Second Environmental Targets for the entire Group and promoting various activities to reduce environmental burden

Following on from initiatives based on the MHI Group mid- and long-term environmental targets formulated in 2008, in April 2013 we formulated the Second MHI Group Environmental Targets, setting reduction targets on items such as CO<sub>2</sub> emissions, landfill waste and water usage. These initiatives encompass Group companies.

The Environmental Meetings with group companies held in fiscal 2013 reaffirmed the commitment of the companies to incorporating and promoting the Second MHI Group Environmental Targets. The Group will continue to work together towards attaining the targets.

## Environmental audits at all works, plants and districts in Japan

MHI conducts environmental audits at works, plants and districts in Japan to ensure compliance with environmental laws and regulations and to conduct physical, on-site verification of operational conditions. Audits are performed by teams of auditors from works, plants and districts other than the works, plants and districts being audited. Results on environmental performance and improvements are reported to the Environmental Committee, through which they are shared with the rest of the company.

In fiscal 2013, audits were conducted at Kobe Shipyard & Machinery Works, Meirei District, and Ritto District. The audits confirmed that issues identified by previous audits were being addressed and steps were being taken to improve the level of management.

## Initiating Environmental Meetings with Group companies

Environmental Meetings have been held 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 2013, Environmental Meetings were held for 9 companies that have adopted the Kobe Environmental Management System (KEMS). At the meetings, the companies reviewed concrete actions that were being taken to reduce electricity use, reduce CO<sub>2</sub> emissions, reduce paper use, and reduce industrial waste.

The MHI Group will continue to hold Environmental Meetings to promote environmental activities across the Group and meet Group environmental targets.

## Collection of periodic environmental data from group companies conducted in pursuit of the Second Environmental Targets

Faced with global warming and other global environmental problems, it is becoming increasingly important that companies expand the scope of environmental data collection from their own operations to include the operations of companies with which they are affiliated.

In the second MHI Group Environmental Targets issued in April 2013, the MHI Group set reduction targets on items such as CO<sub>2</sub> emissions, landfill waste and water usage for Group companies in Japan and overseas. The MHI Group as a whole will continue efforts to achieve the new group environmental targets

## Establishing and Operating an Environmental Management System

### Promoting the establishment of an Environmental Management System at Group

Since fiscal 2013, MHI has been progressing from the certification of each works under ISO 14001 to integrated companywide certification. We have been working on establishment of an environmental management system (EMS) that is consistent throughout the company, and we are promoting environmental preservation activities and initiatives that contribute to the realization of a sustainable society.

We are also encouraging the introduction of EMSs at Group companies. In addition to ISO 14001, Eco Action 21, and the EMSs of municipal bodies, we have formulated and are promoting the introduction of our own EMS standard, "M-EMS."

In fiscal 2013 (as of April 2014), 84 of our 126 domestic Group companies and 26 of our 164 overseas Group companies had received ISO 14001 and other EMS certifications.

### Fostering environmental awareness for every employee through stratified environmental training

At MHI, each works and plants 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, 2014; Note)

FY	2009	2010	2011	2012	2013	2014
Number	815	847	980	995	989	988

(Note) In principle, all the data represents data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

## Initiatives to Preserve Biodiversity

### Promoting the preservation of biodiversity in accordance with the Environmental Policy and CSR Action Guidelines

The Basic Policy on Environmental Matters and Action Guidelines, the MHI Group CSR Action Guidelines and MHI Environmental Vision 2030 includes the concepts of the Guidelines for Private Sector Engagement in Biodiversity released by the Ministry of the Environment and the Biodiversity Declaration from the Japan Federation of Economic Organizations.

Each works pursues various biological diversity activities in accordance with these principles and guidelines.

#### Breeding program for Japanese honeybees in danger of extinction

An endangered Japanese honeybee breeding program was launched in fiscal 2010 at the Nagoya Aerospace Systems Works. Inspired by the honeycomb structure of airplanes, the breeding program provides beehives for honeybees at the Works.



Breeding Japanese honeybees

#### Promoting forest conservation and non-native species removal activities

In recent years, MHI has been an active supporter of corporate forestry programs together with local governments and other organizations.

Head Office and five works are involved in ongoing local government forest care programs. Led by employees and their families, there is a continuous effort involving planting, tree thinning and other forest care activities designed to preserve important forest habitats for many different creatures.

Working with NPOs and other organizations, MHI also actively participates in programs to remove non-native species that are impacting Japan's ecosystem.



Forest cultivation volunteers (Machine Tool) at Megumi no Mori forest

■ Main programs undertaken in fiscal 2013

Work/business site	Date(s) conducted	Description
Kobe Shipyard & Machinery Works	May 18, November 9, 2013	Onaza forest (Kobe Shipyard & Machinery Works) Employees and others planted saplings and tended the forest, numbering 62 on May 18 and 47 on November 9.
Shimonoseki Shipyard & Machinery Works	November 15, 2013	Creating a Forest to Protect Water from the Koya River Three employees participated in forestation activities sponsored by the Nagato Agriculture and Forestry Office, Shimonoseki, Yamaguchi Prefecture
Takasago Machinery Works	June 25, 2013	MHI Takamikura Forest On March 9, 2013, approximately 50 employees planted 200 trees (first time), and 23 employees conducted maintenance by clearing away underbrush in planting areas.
	November 16, 2013	Twenty-seven employees cleared away underbrush in this planting area.
Mihara Machinery Works	December 7, 2013	Hiroshima Forest Development Forum Nineteen employees, including those from Group companies, participated in a forest conservation activity
General Machinery & Special Vehicles	September 7, 20 October 21, 2013	Corporate Forestation Activities in the Yadorigi Forest A total of 74 people, including MHI and Group company employees and their families, experienced forest thinning and other forest preservation activities.
Air-Conditioning & Refrigeration Systems	-	Participated in "Beaver Forest, Kihoku"
Machine Tool	April 26, September 27, 2013	Forest management volunteering at Megumi no Mori forest Held jointly with the Konze Production Forest Union and Ritto-city Society of Commerce and Industry. fifty employees and others participated. Held with support from MHI's Funds for Community Engagement.
Machine Tool	May 26, 2013	Participation in Lake Biwa non-native fish removal event Around 140 people, including MHI employees, participated in event to remove black bass, bluegill, and other non-native fishes.
Nagasaki Shipyard & Machinery Works	March 8, 2014	Agurinooka Environmental Preservation Activity A total of eight people, including employees, cooperated with activities conducted by Farm Circle, an NPO.

## Results of evaluation of corporate biodiversity activities

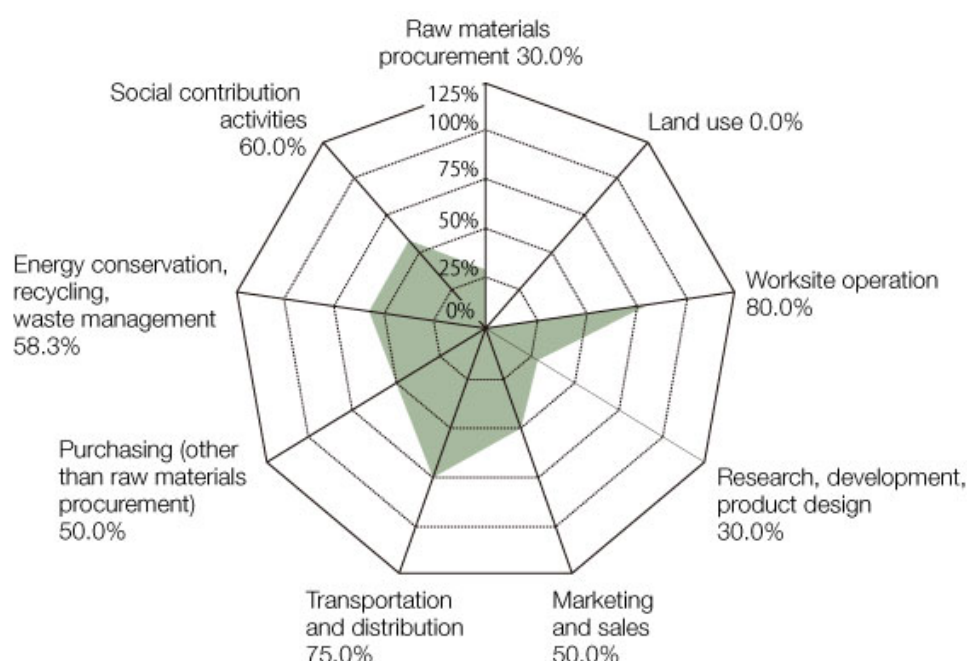
MHI supports forest conservation programs and carries out a wide range of other activities to promote biodiversity and nature protection. To obtain a measure of the impact our business activities have had on biodiversity preservation, we asked BirdLife International Tokyo (Note) to conduct an evaluation of our corporate biodiversity activities so we can determine the current state of these activities in fiscal 2012. The results are shown below.

In FY2013, MHI provided education to the environmental affairs manager of each works, plants and districts by the BirdLife with the educational contents including the aforementioned evaluation results and the latest trends and basic knowledge of biodiversity.

We will conduct the education in each works, plants and districts on the basis of the contents, and spread awareness of biodiversity, and will lead to future business activities.

(Note) BirdLife International Tokyo: a secretariat in Asia of BirdLife International (headquartered in Cambridge, UK), an international environmental group working in habitat protection using bird species as an indicator of ecosystem health. Established in England in 1922, BirdLife International is the world's oldest international environmental NGO.

### Results of evaluation



### ■ Description of evaluation categories

Category	Description
Raw materials procurement	Evaluates efforts made through raw materials procurement. In all manufacturing sectors, this category is considered to have the largest impact on biodiversity.
Land use	Evaluates whether efforts have been made to limit impacts on the environmental and biodiversity in worksite land use management.
Worksite operation	Evaluates whether efforts have been made to limit impacts on the environment and biodiversity at a plant or other worksite.
Research, development, product design	Evaluates whether efforts have been made to limit impacts on and contribute to biodiversity and environmental conservation through products.
Marketing and sales	Evaluates whether efforts have been made to limit impacts on and contribute to biodiversity and environmental conservation through sales, customer management, and other activities.
Transportation and distribution	Evaluates the state of efforts to reduce environmental impact in the transportation and distribution of goods and people.
Purchasing (other than raw materials procurement)	Evaluates whether special considerations for the environment and biodiversity are made in purchasing and procurement.
Energy conservation, recycling, waste management	Evaluates the state of efforts to conserve energy, recycle, and manage waste in the administrative departments.
Social contribution activities	Evaluates whether efforts have been made to limit impacts on and contribute to biodiversity conservation in social contribution activities.

## Executive Summary

MHI's environmental conservation activities thus far have consisted of efforts made on the basis of the company's Basic Policy on Environmental Matters, Action Guidelines, medium- to long-term environmental targets, and, more recently, the MHI Environmental Vision 2030 formulated in June 2012. We commend these efforts as they have made steady progress and are rooted in MHI's core businesses, advanced by ISO 14001-certified environmental management systems and embodied in environmentally friendly products in a wide range of fields.

However, viewing these efforts from a biodiversity conservation perspective, MHI has not fully understood the connection between its businesses and biodiversity and the importance of conservation. Since the company has already undertaken a large number of concrete initiatives in global warming mitigation, resource recycling, and social contribution that may contribute to biodiversity conservation, we strongly urge MHI to take this opportunity to expand environmental efforts in all business activities to include such. That MHI attempted to gauge its biodiversity efforts in light of the 20 Aichi Biodiversity Targets adopted at COP10 for this evaluation is a major break from the norm in that regard. It is crucial that MHI fully recognizes that all of its business activities are linked to biodiversity and dependent on the services that biodiversity provides.

What to do going forward? The first step, and an urgent one, should be the formulation of group-wide policies, guidelines, procedures, and other guiding documents on biodiversity conservation, and to create an action plan or system for implementing these documents in the various domains of business activities. It is also important to introduce basic biodiversity concepts into environmental education programs for employees, particularly for those who have environment-related duties. MHI has experience developing and manufacturing a host of products that are environmentally friendly because they save energy or reduce CO<sub>2</sub> emissions. These products, which span from renewable energy and other energy generation technologies, to energy storage, waste and water treatment, industrial and machine tools, and transportation equipment, can have an extremely broad and powerful positive impact on biodiversity conservation. Going forward, MHI should raise these products to a standard that is more conscious of biodiversity, and by doing so, strive to establish its brand and exert its leadership as a company known as a biodiversity steward in the heavy industries field.

Lastly, overseas operations can be a major risk factor for global companies. We strongly urge MHI to incorporate biodiversity conservation concepts into all business activities—from research and development through worksite operations and supply chain management—not just in Japan but across the group worldwide. With great anticipation, we look forward to seeing MHI make a greater effort and take on new challenges for biodiversity conservation.

Keiko Suzue

Doctor of environmental symbiotic studies  
Representative Director, BirdLife International Asia Division



Makoto Kawanabe

Doctor of agricultural sciences  
Executive Research Officer, BirdLife International Asia Division



## Controlling and Improving Response to Potential Environmental Impact Risks

### Clarifying the risks at each works, plants and districts, and addressing them through daily management

MHI has prepared and uses an ISO-based manual for each works, plants and districts, encompassing such issues as risk identification methods, daily management procedures and contingency plans. At each works, plants and districts, emergency response drills are carried out to confirm the effectiveness of response procedures for emergencies such as oil spills and earthquakes.

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

## Status of Incidents and Legal Violations Relating to the Environment

### Promoting activities to strengthen measures designed to eliminate environmental incidents

As part of ongoing efforts to strengthen measures designed to eliminate environmental incidents, MHI established in fiscal 2013 "Guidelines for Controlling Environmental Non-Conformities," which includes rules for setting up an Incident Investigation Committee to thoroughly investigate the causes of environmental incidents when they occur. Since fiscal 2013, we have formulated an action plan to eliminate accidents that pollute the environment for each work and plant and have been implementing these plans as part of our company-wide Environmental Management Promotion Plan. Primary content of this plan includes analyzing past environmental instances and processes and proposing measures to address them, as well as reviewing environmental risk and planning and conducting facility maintenance and upgrades. As a result of these initiatives, in fiscal 2013 MHI succeeded in preventing any major environmental incident from occurring.

## Environmental Management Systems Adopted at MHI and Its Subsidiaries

As of April 1, 2014

### ■ ISO 14001 certification at MHI works, plants and research & development centers, etc.

	Location or company name	Date of issue (or registration)
MHI sites and plants, etc.	Yokohama Dockyard & Machinery Works	Oct. 31, 1997
	Nagasaki Shipyard & Machinery Works	May 22, 1998
	Takasago Machinery Works	Jun. 26, 1998
	Meirei District	Nov. 20, 1998
	Sagamihara District	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 District	Dec. 28, 2000
	Chemical Plant & Infrastructure Division	Jun. 29, 2001
	Nagoya Aerospace Systems Works (unification of certification acquired independently by plants)	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 (Mihara)	Dec. 5, 2006
	Nagoya Research & Development Center	Dec. 26, 2006
	Takasago Research & Development Center	Mar. 9, 2007
	Hiroshima Research & Development Center (Hiroshima)	Aug. 2, 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
	Nishinohon Ryoju Estate Co., Ltd.	Jul. 12, 2002
	Chubu Jukan Operation Co., Ltd., Head Office	Jan. 13, 2004
	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
	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
	Ryoju Cold Chain Co., Ltd.	Apr. 22, 2005
	Mitsubishi Hitachi Power Systems 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
	Mitsubishi Heavy Industries Air-Conditioning & Refrigeration Corporation, System Production Department	Sep. 14, 2007
	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd., Chiba Plant	Mar. 25, 2010
	Kaminoshima Factory and Branch Offices, MHI Oceanics Co., Ltd.	Oct. 28, 2011
	Mitsubishi Nichiyu Forklift Co., Ltd.	Jul. 19, 2013
	Nichiyu Machinery Co., Ltd.	Jul. 19, 2013
	Toyo Engineering Works Ltd.	Mar. 13, 2009
	Babcock-Hitachi K.K.	Jan. 1, 2014
	Bab-Hitachi Industrial Co., Ltd	Jan. 1, 2014
	Bab-Hitachi Business Corporation	Jan. 1, 2014

### ■ Group companies that acquired ISO 14001 certifications independently

	Location or company name	Date of issue (or registration)
Overseas	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 Hitachi 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
	MHI 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 (H.K.) Ltd.	Mar. 30, 2006
	Mitsubishi Heavy Industries (Hong Kong) Ltd.	Apr. 5, 2006
	Mitsubishi Heavy Industries, (Shanghai) Co., Ltd.	Jul. 5, 2006
	Mitsubishi Heavy Industries India Private Ltd.	Dec. 7, 2006
	Mitsubishi Heavy Industries America, Inc. (Headquarters, Tire Machinery Division)	Oct. 15, 2007
	Tire Machinery Division, Headquarters, Mitsubishi Heavy Industries America, Inc.	
	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 Hitachi Power Systems Europe Ltd.	Oct. 1, 2010
	Mitsubishi Turbocharger Asia Co., Ltd.	Dec. 22, 2010
	Mitsubishi Heavy Industries India Precision Tools, Ltd.	Mar. 27, 2012

### ■ 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
	Mitsubishi Hitachi Power Systems Engineering Co., Ltd. Yokohama Division.	Oct. 31, 2005
	Kyushu Jukan Operation Co., Ltd. Head office	Jun. 11, 2008
	Hiroji Center Co., Ltd.	Jan. 29, 2010

### ■ K-EMS certification at MHI Group companies

	Location or company name	Date of issue (or registration)
Domestic	Seiryō 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
	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	Mitsubishi Hitachi Power Systems Inspection Technologies, Ltd., Yokohama Division	Apr. 25, 2005
	Mitsubishi Heavy Industries Engine Systems Co., Ltd.	Jul. 12, 2005
Overseas	Mitsubishi Engine North America, 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. Tokyo Office and Nishinohon Branch Office	Apr. 20, 2005
	Shunjusha Ltd.	Apr. 26, 2005
	MHI Sagami High-tech Ltd.	May 9, 2005
	MHI Information Systems Co., Ltd. Chugoku Branch	May 11, 2005
	MHI Marine Engineering, Ltd.	May 16, 2005
	Churyo Engineering Co., Ltd.	May 16, 2005
	MHI Aerospace Systems Corp.	Jul. 12, 2005
	MHPS Control Systems Co., Ltd. Head Office(Yokohama District), Yokohama Division	Jul. 22, 2005
	Ryosei Service Co., Ltd.	Jun. 10, 2009

■ 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
	MHI Aerospace Production Technologies, Ltd.	Oct. 22, 2004	Nagoya Aerospace Systems Work
	Diamond Air Service Inc.	Oct. 22, 2004	Nagoya Aerospace Systems Work
	MHI Information Systems Co., Ltd Nishinohon Branch (Shimonoseki District)	Nov. 22, 2004	Shimonoseki Shipyard & Machinery Works
	MHI Shimonoseki Engineering Co., Ltd.	Nov. 22, 2004	Shimonoseki Shipyard & Machinery Works
	MHI Machine Tool Engineering Co., Ltd.	Feb. 25, 2005	Ritto District
	MHI Aero Engine Service Co., Ltd.	Apr. 11, 2005	Nagoya Guidance & Propulsion Systems Works
	MHI Logitec Co., Ltd.	Apr. 11, 2005	Nagoya Guidance & Propulsion Systems Works
	Mitsubishi Heavy Industries Marine Machinery & Engine Co., Ltd.	May 12, 2005	Kobe Shipyard & Machinery Works
	Nuclear Plant Service Engineering Co., Ltd.	May 12, 2005	Kobe Shipyard & Machinery Works
	Mitsubishi Heavy Industries Parking Co., Ltd.	May 14, 2005	Yokohama Dockyard & Machinery Works
	Ryoju Estate Co., Ltd., Yokohama Branch	May 14, 2005	Yokohama Dockyard & Machinery Works
	MHI Energy & Service Co., Ltd.	May 14, 2005	Yokohama Dockyard & Machinery Works
	Mitsubishi Hitachi Power Systems Inspection Technologies, Ltd., Takasago Division	May 14, 2005	Takasago Machinery Works
	Mitsubishi Hitachi Power Systems Engineering Co., Ltd. Takasago Division	May 14, 2005	Takasago Machinery Works
	MHPS Control Systems Co., Ltd. Takasago Division	May 14, 2005	Takasago Machinery Works
	MHI Information Systems Co., Ltd , Kansai Branch(Takasago District)	May 14, 2005	Takasago Machinery Works
	Nuclear Plant Service Engineering Co., Ltd., Takasago Division	May 14, 2005	Takasago Machinery Works
	Mitsubishi Heavy Industries Machinery Technology Corp.	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
	Sagami Logistics & Service Co., Ltd.	Sep. 13, 2005	Sagamihara District
	MHI Ship & Ocean Engineering Co., Ltd.	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	Mitsubishi Hitachi Power Systems Inspection Technologies, Ltd., Nagasaki Division	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	Kowa Kogyo Co., Ltd.	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	MHPS Control Systems Co., Ltd. Nagasaki Division	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	Mitsubishi Hitachi Power Systems Engineering Co., Ltd., Nagasaki Division	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	MHI Maritech, Ltd.	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	MHI Information Systems Co., Ltd Nishinohon Branch (Nagasaki District)	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	Mitsubishi Heavy Industries Machine Tool Sales Co., Ltd.	Jan. 13, 2006	Ritto District
	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 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 Inc., 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
	MHI Information Systems Co., Ltd Kansai Branch (Kobe District)	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 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
	Mitsubishi Aircraft Corporation	Oct. 14, 2011	Nagoya Aerospace Systems Work
	Tokyo Office, Mitsubishi Aircraft Corporation	Oct. 14, 2011	Head Office
	Mitsubishi Heavy Industries Automotive Thermal Systems Co., Ltd.	Nov. 20, 1998	Meirei District
	Mitsubishi Nichiyu Forklift Co., Ltd. Sagamihara Headquarters	May. 21, 1999	Sagamihara District
	Mitsubishi Hitachi Power Systems,LTD. Head Office	Feb. 1, 2013	Head Office
	Mitsubishi Hitachi Power Systems, LTD. Yokohama Works	Feb. 1, 2013	Yokohama Dockyard & Machinery Works
	Mitsubishi Hitachi Power Systems, LTD., Takasago Works	Feb. 1, 2013	Takasago Machinery Works
Overseas	MHI Industrial Engineering & Services Private Ltd.	Dec. 29, 2011	Chemical Plant & Infrastructure Division

## Targets and Progress

### Promotion of the Second MHI Group Environmental Targets

In line with the MHI Environmental Vision 2030, which was established in June 2012, the Environment Committee established the Second MHI Group Environmental Targets to be achieved by the end of fiscal 2014. The Environmental Vision lists four categories of environmentally conscious production activities to be addressed: (1) Reduction in greenhouse gas emissions, (2) Reduction in waste generation, (3) Reduction in emissions of chemical substances, and (4) More efficient water usage. For the purpose of promoting these activities throughout the MHI Group, the committee has set separate detailed targets for MHI and the MHI Group, individually attuned to the actual circumstances of each activity. The entire MHI Group will make efforts to achieve these targets. Social awareness is growing toward CO<sub>2</sub> reductions and biodiversity considerations in the supply chain. In response to this, MHI decided to launch the MHI Supplementary Action Plan for the Second Environmental Targets (to be promoted in conjunction with the Second Environmental Targets).

#### ■ Second MHI Group Environmental Targets (FY2013-FY2014)

Category	Item	Scope of target	Target (FY2013-FY2014)	Progress (as of the end of FY2013)	Evaluation
Reduction in greenhouse gas emissions (Item contained in Environmental Vision)	Reduction in CO <sub>2</sub> emissions	Production bases in Japan	[Production bases in Japan] Reduce unit energy consumption by 3.5% every year.	Unit energy consumption at production bases in Japan down by 4.1% from FY2012 level; target met.	○
		Offices in Japan (Head Office, branch offices, etc.)	[Offices in Japan] Reduce unit energy consumption by 1% every year.	Unit energy consumption at offices in Japan down by 1.6% from FY2012 level; target met.	○
		Group companies in Japan	[Group companies in Japan] Reduce the unit energy consumption of main manufacturing companies to below FY2013 levels. (Note 1) 13 companies targeted. Energy consumption per unit was evaluated by CO <sub>2</sub> emissions per unit.	Unit energy consumption at Group companies in Japan down from 0.10 tons CO <sub>2</sub> /million yen in FY2012 to; 0.12 tons CO <sub>2</sub> /million yen in FY2013, target not met.	×
		Group companies in countries other than Japan	[Group companies in countries other than Japan] Reduce unit energy consumption of main manufacturing companies to below FY2013 levels. (Note 2) 18 companies targeted. Energy consumption per unit was evaluated by CO <sub>2</sub> emissions per unit.	Unit energy consumption at Group companies in countries other than Japan down from 0.29 tons CO <sub>2</sub> / million yen in FY2012 to 0.27 tons CO <sub>2</sub> / million yen in FY2013; target met.	○
	Reduction in greenhouse gases (Note 3)	Production bases in Japan	[Production bases in Japan] Reduce unit greenhouse gas (Note 3) Excluding CO <sub>2</sub> emissions from energy use.	Unit greenhouse gas emissions at production bases in Japan down from 0.038t/kh in FY2012 to 0.034t/kh in FY2013; target met.	○
	CO <sub>2</sub> Reductions with MHI Product Usage	All companies (promoted by Head Office)	Promote the manufacture of environmentally friendly products, and report every year on the contribution to CO <sub>2</sub> reductions through the use of products sold.	Contributions to CO <sub>2</sub> reductions for FY2013 are indicated.	○
Reduction in waste generation (Item contained in Environmental Vision)	Reduction in total waste generation	Production bases in Japan	[Production bases in Japan] Reduce total waste generated in FY2014 by 40% compared to FY1992.	Total waste generated at production bases in Japan at 123,000 tons in FY2013, down 43% against FY1992 levels; target met.	(Evaluation in FY2015)
	Reduction in volume of landfill waste	Production bases in Japan	[Production bases in Japan] Reduce volume of landfill waste in FY2014 by 98% compared to FY2000.	Volume of landfill waste at production bases in Japan at 470 tons in FY2013, meeting target of 98% reduction from FY2000 levels.	(Evaluation in FY2015)
		Group companies in Japan	[Group companies in Japan] Reduce volume of landfill waste by main manufacturing companies in FY2014 to below FY2013 levels. (Note 4) 13 companies targeted	Landfill waste by Group companies in Japan up from 330 tons in FY2012 to 405 tons in FY2013; target not met.	(Evaluation in FY2015)
	Reduction in landfill disposal ratio	Production bases in Japan	[Production bases in Japan] Ensure that landfill disposal ratio in FY2014 at all works plants and districts is less than 0.5%.	Landfill disposal ratio above 0.5% at four production bases in Japan; target not met.	(Evaluation in FY2015)

Category	Item	Scope of target	Target (FY2013-FY2014)	Progress (as of the end of FY2013)	Evaluation
Reduction in emissions of chemical substances (Item contained in Environmental Vision)	Reduction in VOC emissions	Production bases in Japan	[Production bases in Japan] Reduce the atmospheric emissions of VOC (xylene, toluene and ethylbenzene) in FY2014 by more than 30% compared to FY2000.	Atmospheric emissions of VOCs (xylene, toluene and ethylbenzene) at production bases in Japan at 1,094 tons in FY2013, down 51% compared with FY2000 levels and meeting the 30% reduction target.	(Evaluation in FY2015)
	Zero atmospheric emissions of organochlorinated hazardous air pollutants	Production bases in Japan	[Production bases in Japan] Eliminate all atmospheric emissions (Note 5) of dichloromethane, trichloroethylene and tetrachloroethylene by FY2014. (Note 5) Except for use in research and testing purposes.	Atmospheric emissions of dichloromethane, trichloroethylene and tetrachloroethylene at production bases in Japan at 3.5 tons in FY2013, falling short of target of zero atmospheric emissions.	(Evaluation in FY2015)
		Group companies in Japan	[Group companies in Japan] Reduce atmospheric emissions (Note 7) of dichloromethane, trichloroethylene and tetrachloroethylene by main manufacturing companies in FY2014 to below FY2012 levels. (Note 6) 13 companies targeted (Note 7) Except for use in research and testing purposes.	Atmospheric emissions of dichloromethane, trichloroethylene and tetrachloroethylene at Group companies at zero. Aiming to maintain zero emissions target.	(Evaluation in FY2015)
More efficient water usage (Item contained in Environmental Vision)	Reduction in water usage	Production bases in Japan	[Production bases in Japan] Reduce unit water consumption by 1% every year. (water: industrial water, tap water, groundwater, rivers, lakes; excluding seawater).	Unit water consumption at production bases in Japan at 196 tons/kh in FY2013, down by 3% year on year; target met.	○
		Group companies in Japan	[Group companies in Japan] Reduce unit water consumption of main manufacturing companies in FY2014 to below FY2012 levels. (water: industrial water, tap water, groundwater, rivers, lakes; excluding seawater). (Note 8) 13 companies targeted	Unit water consumption at Group companies in Japan at 2.6 tons/ million yen in FY2013, over FY2012 level of 2.0 tons/ million yen, target not met.	(Evaluation in FY2015)
		Group companies in countries other than Japan	[Group companies in countries other than Japan] Reduce unit water consumption of main manufacturing companies in FY2014 to below FY2012 levels. (water: industrial water, tap water, groundwater, rivers, lakes; excluding seawater). (Note 9) 18 companies targeted	Unit water consumption at Group companies in countries other than Japan at 1.8 tons/million yen in FY2013, meeting target of at or below FY2012 level of 2.1 tons/million yen.	(Evaluation in FY2015)

#### ■ MHI Supplementary Action Plan for the Second Environmental Targets

(to be promoted in conjunction with the Second Environmental Targets)

Category	Item	Scope of target	Action plan (FY2013-FY2014)	Progress (as of the end of FY2013)	Evaluation
Reduction in greenhouse gas emissions	Reduction in CO2 emissions in the supply chain	Head Office (performed by Head Office)	Commence study on the amount of CO2 emitted along the supply chain.	Commenced hearing of principal business partners. Continuing in FY2014.	○
Biodiversity considerations (Item not contained in Environmental Vision)	Biodiversity education	Entire company (excluding Group companies)	Incorporate biodiversity principles into environmental education.	Invited BirdLife International, an NPO, to conduct biodiversity education to environmental managers at manufacturing bases in Japan.	○
	Biodiversity considerations in the supply chain	Head Office (performed by Head Office)	Commence study on initiatives for biodiversity in the supply chain.	Commenced hearing of principal business partners. Continuing in FY2014.	○

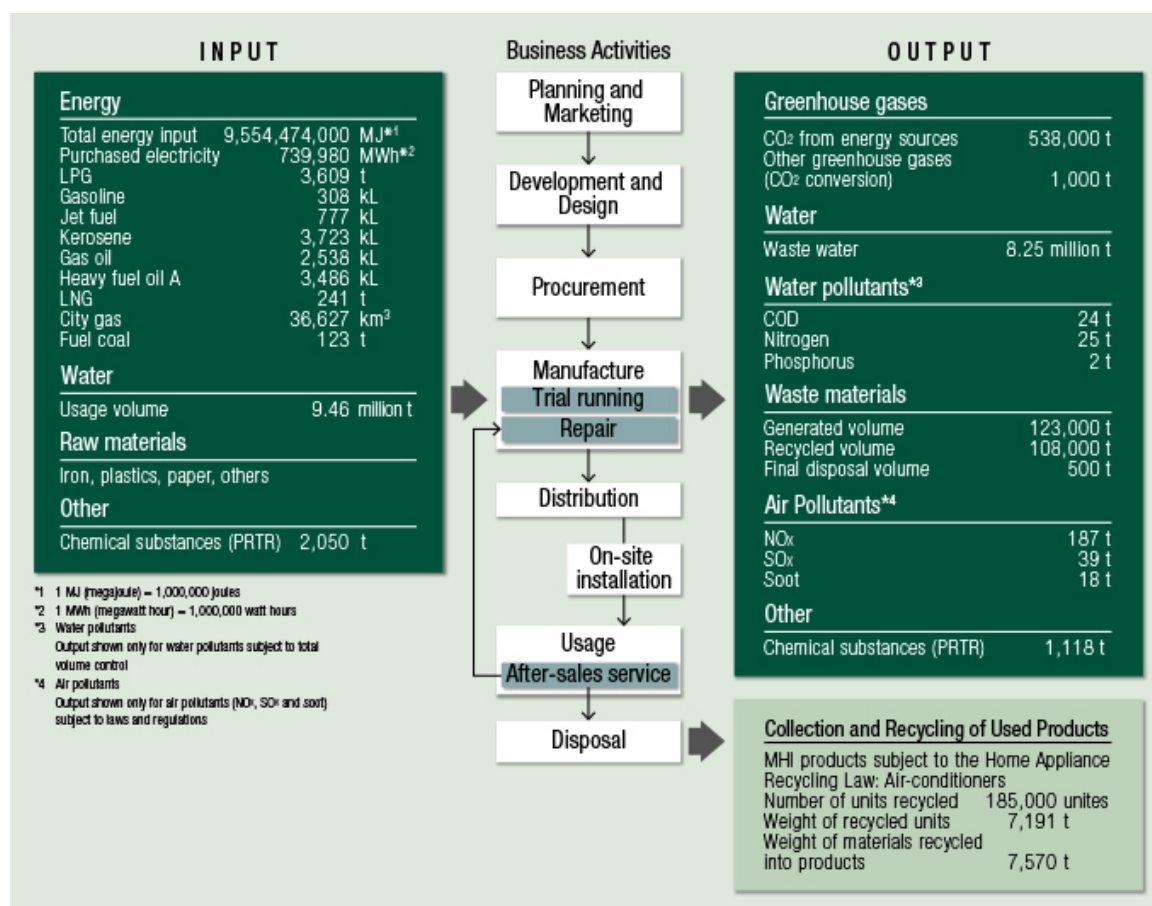
## Material Balance

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.

### Input/Output Status (FY2013)

(In principle, data is for manufacturing sites of Mitsubishi Heavy Industries, Ltd., on a non-consolidated basis. Data on the collection and recycling of used products is for Mitsubishi Heavy Industries Air-Conditioning and Refrigeration Corporation.)



## Environmental Accounting

### Adoption of Environmental Accounting Guidelines

MHI quantitatively monitors investments and costs for environment preservation 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.

### 9.1 billion yen in investments and 12.5 billion yen in costs

Total investments amounted to 9.1 billion yen while total costs were 12.5 billion yen for fiscal 2013. The investment decreased in comparison with fiscal 2012. The main cause was the reduced investment in environmental protection equipment.

Economic advantages valued at 1.3 billion yen were gained during the fiscal year, consisting mainly of revenues from recycling and reduced costs for purchasing electricity due to energy savings.

#### ■ Environmental preservation: costs and economic benefit (In principle, all the data represents data of Mitsubishi Heavy Industries, Ltd. non-consolidated.)

(million yen)

Cost Category	Activities in FY2013	Investment		Cost		Economic benefit			Environmental preservation: benefit
		2012	2013	2012	2013	2012	2013	Description	
1. Production activities		4,217	4,330	6,079	4,626	1,744	1,312		
(1) Pollution control	Maintenance and operation of wastewater and flue gas treatment facility	1,936	2,973	3,304	2,110	4	0		Reduced emissions of air and water pollutants
(2) Global environmental preservation	Energy savings	2,051	1,171	291	206	165	149	Cost reduction from energy savings	Reduced energy input
(3) Recycling	Reduced waste generation, recycling	140	186	2,484	2,310	1,574	1,162	Income derived from recycling, cost reduction from reduced waste generation	
2. Upstream and downstream costs	Recycling of household electrical appliances and container packaging	-	-	8	4	-	-		
3. Management activities	Development of environmental management systems, ISO Office, publication of MHI Social & Environmental Report	67	0	1,008	889	-	-		
4. R & D	Development of environmentally friendly products	5,842	4,646	5,423	6,550	-	-		Development of Diverse environmentally friendly products
5. Public and social activities	Support of environmental preservation: initiatives, greening activities	1	2	272	287	-	-		
6. Environmental remediation	Soil remediation measures	416	131	89	96	-	-		Prevention of oil and chemicals spills
Total		10,452	9,108	12,879	12,451	1,744	1,312		

1 Total capital investments in fiscal 2013: 82.9 billion yen. Portion related to the environment: 9.1 billion yen (11.0 percent).

2 Total R&D outlays in fiscal 2013: 104.9 billion yen. Portion related to the environment: 11.2 billion yen (10.7 percent).

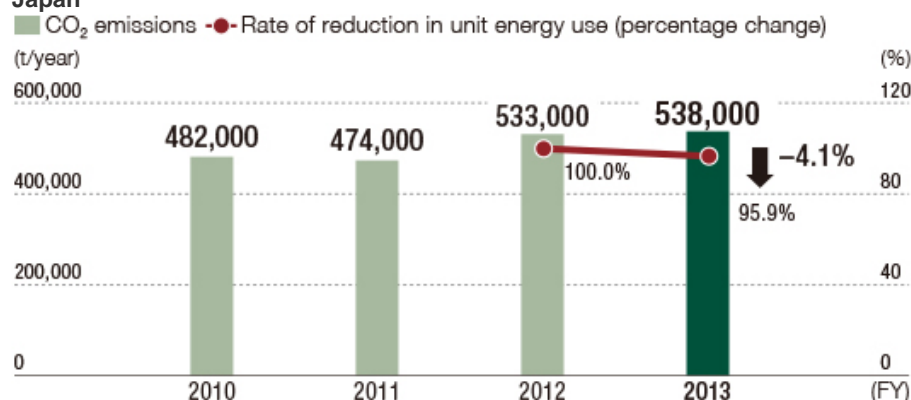
## Promotion of Measures to Curtail Greenhouse Gas Emissions

### Promoting Greenhouse Gas Emissions Reduction at Bases in Japan

MHI's 2nd Environmental Targets set reduction targets for CO<sub>2</sub> emissions and emissions of greenhouse gases other than CO<sub>2</sub>, and we are working to achieve these goals. With regard to reducing CO<sub>2</sub> emissions at production bases in Japan, the target is for a 3.5% annual reduction in unit energy use. In fiscal 2013, this figure amounted to 4.1%, achieving the target. Also, the reduction target for unit emissions of greenhouse gases other than CO<sub>2</sub> at production bases in Japan is to remain below levels for fiscal 2012. We achieved a 9.7% year on year reduction, thereby meeting this target. The target for reducing CO<sub>2</sub> emissions at offices in Japan is a 1% year on year reduction in unit energy use. We met this target, reducing unit energy use 1.6% year on year.

MHI will continue to strive for further reductions, as outlined in its plan for updating in-house air-conditioners formulated in November 2010 and through efforts to reduce greenhouse gas emissions generated through manufacturing processes.

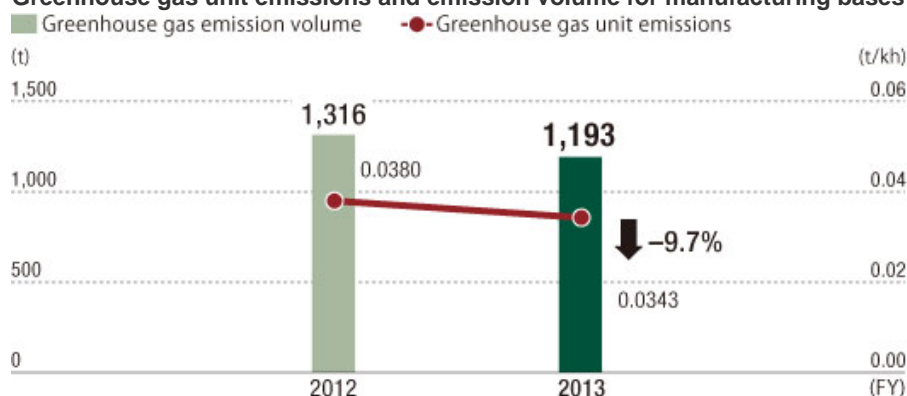
#### Rate of reduction in unit energy use (percentage change) and CO<sub>2</sub> emissions volume at manufacturing bases in Japan



(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

FY	2010	2011	2012	2013
CO <sub>2</sub> emissions	482,000 t/year	474,000 t/year	533,000 t/year	538,000 t/year
Rate of reduction in unit energy use (percentage change)	-	-	100.0%	95.9%

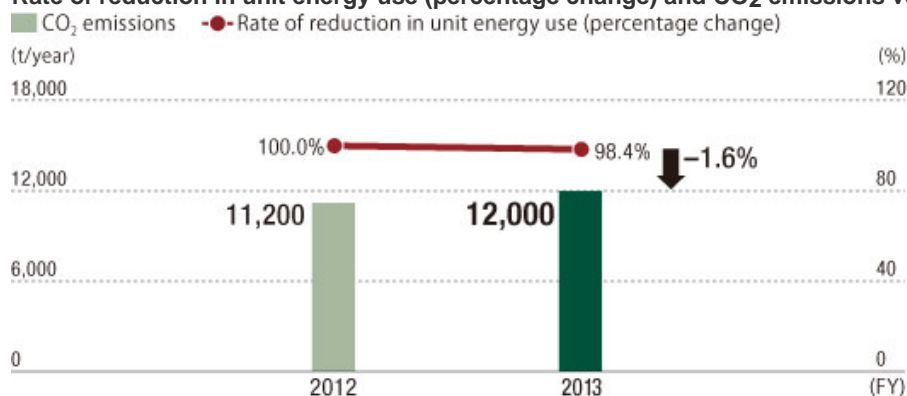
#### Greenhouse gas unit emissions and emission volume for manufacturing bases in Japan



(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

FY	2012	2013
Greenhouse gas emission volume	1,316t	1,193t
Greenhouse gas unit emissions	0.0380t/kh	0.0343t/kh

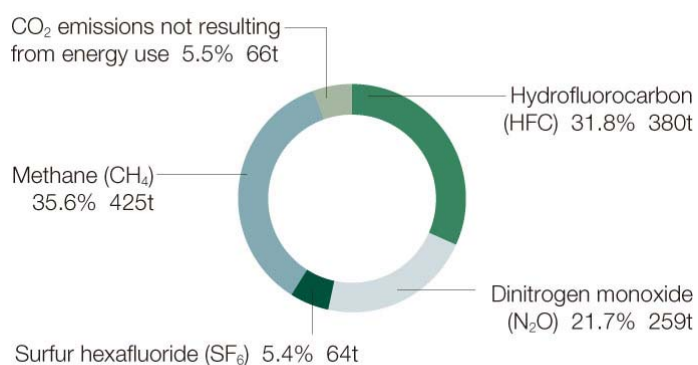
### Rate of reduction in unit energy use (percentage change) and CO<sub>2</sub> emissions volume at offices in Japan



(Note) In principle, these data represent office sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

FY	2012	2013
CO <sub>2</sub> emissions	11,200 t/year	12,000 t/year
Rate of reduction in unit energy use (percentage change)	100.0%	98.4%

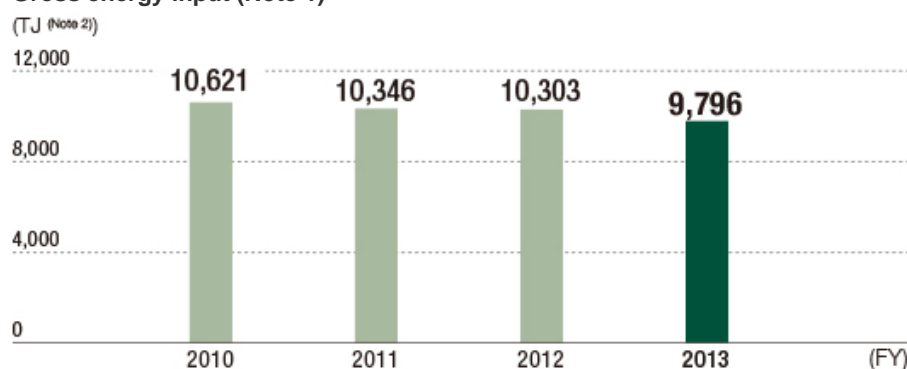
### Greenhouse gas emissions (excluding CO<sub>2</sub> emissions from energy use) (Note)



Hydrofluorocarbon (HFC)	31.8%	380t
Dinitrogen monoxide (N <sub>2</sub> O)	21.7%	259t
Sulfur hexafluoride (SF <sub>6</sub> )	5.4%	64t
Methane (CH <sub>4</sub> )	35.6%	425t
CO <sub>2</sub> emissions not resulting from energy use	5.5%	66t

(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

### Gross energy input (Note 1)

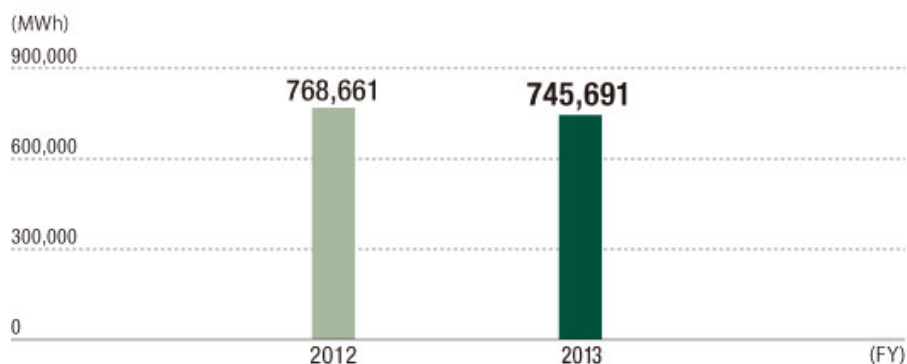


(Note 1) In principle, these data represent both production sites and office sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

FY	2010	2011	2012	2013
	10,621TJ	10,346TJ	10,303TJ	9,796TJ

(Note 2) 1 TJ (terajoule) = 1 trillion joules (1,000,000,000,000 J)

## Electricity purchases (Note)



(Note) In principle, these data represent both production sites and office sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

FY	2012	2013
	768,661MWh	745,691MWh

## Switching to alternative types of fuel at works and Group companies

MHI is making efforts to switch to LNG or city gas, which when burned produce small amounts of CO<sub>2</sub> emissions compared to heavy oil or kerosene, as fuel for its boilers and other equipment.

For example, at the Nagasaki Shipyard & Machinery Works the switch to alternative types of fuel was carried out systematically from fiscal 2007 to 2010. At the Nagoya Aerospace Systems Works and Hiroshima Machinery Works, fuel switching was implemented in order to reduce CO<sub>2</sub> emissions.

FY	Works	Achievements
2005	Takasago Machinery Works	The fuel for the forging heating furnace was switched from propane to city gas. CO <sub>2</sub> emissions were reduced by 55 percent, including waste heat recovery.
2007	Nagasaki Shipyard & Machinery Works	The boiler plant's three heat treatment furnaces were switched from Heavy Fuel Oil A to city gas. CO <sub>2</sub> emissions were reduced by 40 percent.
2009	Nagasaki Shipyard & Machinery Works	The boiler plant's annealing furnace was switched from kerosene to LPG. CO <sub>2</sub> emissions were reduced by nine percent.
2010	Nagasaki Shipyard & Machinery Works	<ul style="list-style-type: none"> <li>Together with facility renewal for the foundry plant's air compressor, a switch was made from the engine-driven type that used Heavy Fuel Oil A to the electric motor type. CO<sub>2</sub> emissions were reduced by 54 percent.</li> <li>The private generation facilities were switched from Heavy Fuel Oil A to city gas. CO<sub>2</sub> emissions were reduced by 31 percent.</li> </ul>
2011	Nagoya Aerospace Systems Works (Tobishima Plant)	Together with the renewal of the boiler for air conditioning, the fuel was switched from kerosene to city gas. CO <sub>2</sub> emissions were reduced by approximately 45 percent.
	Hiroshima Machinery Works (Foundry & Forging Shop)	<ul style="list-style-type: none"> <li>The tempering furnace was switched from Heavy Fuel Oil A to city gas. CO<sub>2</sub> emissions were reduced by 26 percent.</li> <li>The heating furnace was switched from Heavy Fuel Oil A to city gas. CO<sub>2</sub> emissions were reduced by 30 percent.</li> <li>The gas tempering furnace was switched from butane to city gas. CO<sub>2</sub> emissions were reduced by 17 percent.</li> </ul>
2012	Hiroshima Machinery Works (Foundry & Forging Shop)	The ladle preheater was switched from Heavy Fuel Oil A to city gas. CO <sub>2</sub> emissions were reduced by 10 percent.
2013	Nagoya Aerospace Systems Works (Komaki Minami Plant)	The steam boiler for heating was switched from Heavy Fuel Oil A to city gas. CO <sub>2</sub> emissions were reduced by 29.7 percent.

## One million kWh of green power 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. Of the power purchased in fiscal 2013, 491,000 kWh were used at the Mitsubishi Heavy Industries Head Office Building, and 494,000 kWh were used at the Mitsubishi Minatomirai Industrial Museum.



The Certificate of Green Power

Approx. 45,000 tons in emissions credits from CDM projects were transferred from an MHI account to a government account without compensation.

MHI plans to utilize emission rights to ensure that its CO<sub>2</sub> emission reduction targets are reliably met. MHI has concluded emission rights purchasing agreements with four projects undertaken by Kyoto Mechanisms JI (Joint Implementation) (Note 1) and Clean Development Mechanism (CDM) (Note 2).

MHI's mid- and long-term environmental targets called for a "reduction in average CO<sub>2</sub> emissions for the five years from fiscal 2008 through fiscal 2012 by 6% compared with fiscal 1990 levels." As the company's CO<sub>2</sub> reduction over this period was 1.9%, falling short of the target, 45,000 tons in emissions credits—the shortage as of May 2014—were transferred from an MHI account to a government account without compensation. The transferred emission credits will be added to Japan's greenhouse gas reduction volume.

(Note 1) JI: System in which a company invests in greenhouse gas reduction projects in advanced countries and applies the reduced emissions to achieve its own goals.

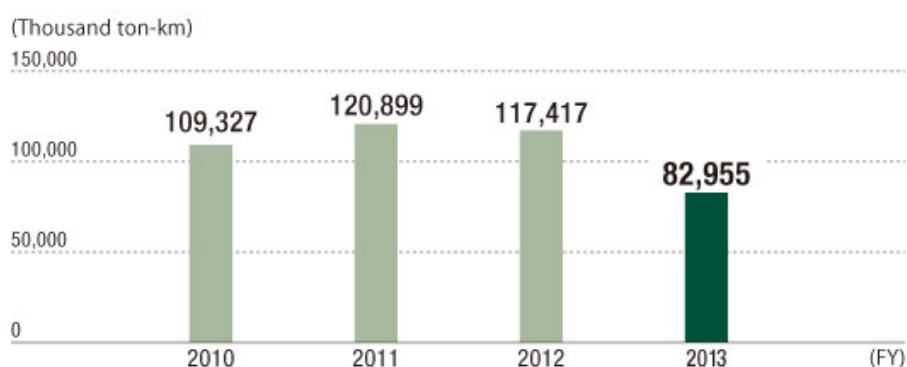
(Note 2) CDM: System in which a company invests in greenhouse gas reduction projects in developing countries and applies the reduced emissions to achieve its own goals.

## Measures to Curb CO<sub>2</sub> Emissions in Transportation

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

MHI, which handles cargo transportation of over 30 million ton-km per year, is a "specified consigner" according to the revised Act Concerning the Rational Use of Energy. For that reason, MHI is implementing an action plan towards energy conservation during transportation, such as by promoting modal shifts at works and improving load ratios. MHI is also working to streamline this plan, energy consumption, and consumption measured in basic units for energy. Energy consumption (measured in basic units for energy) in fiscal 2013 was 51 units, a 13.3 percent increase from the amount of 45 units in the benchmark year of fiscal 2009.

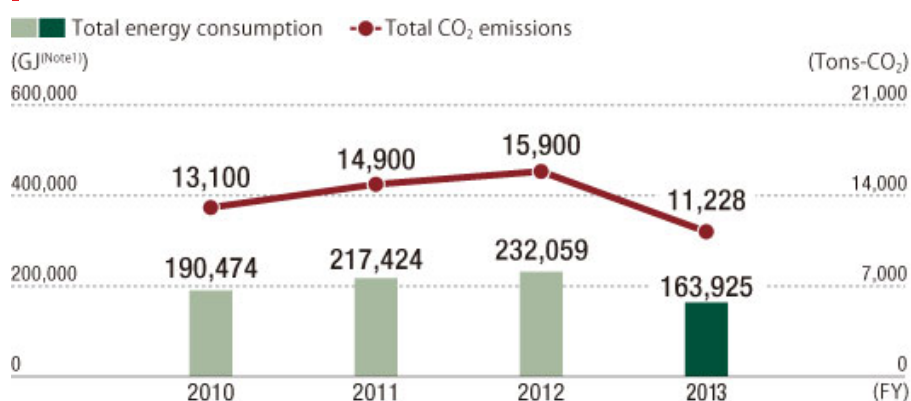
### Total Volume of Transportation



### ■ Total Volume of Transportation

FY	2010	2011	2012	2013
	109,327 thousand ton-km	120,899 thousand ton-km	117,417 thousand ton-km	82,955 thousand ton-km

## Energy consumption and CO<sub>2</sub> emissions



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

## ■ Energy consumption and CO2 emissions

FY	2010	2011	2012	2013
Total energy consumption	190,474 GJ	217,424 GJ	232,059 GJ	163,925 GJ
Total CO2 emissions	13,100 t-CO2	14,900t-CO2	15,900 t-CO2	11,228 t-CO2

## Energy-saving Activities in Offices

### Promoting "Cool Biz" and "Warm Biz"

MHI promotes an energy-saving dress code known as "Cool Biz" during the summer (office air-conditioning systems are set to 28°C and employees do not need to wear neckties) and "Warm Biz" during the winter (office air-conditioning systems are set to 20°C and employees are encouraged to bring an extra layer of clothing).

### Implementing summer and winter power-saving measures

In response to electricity shortages following the Great East Japan Earthquake, since fiscal 2011 MHI has maintained in place policies designed to reduce peak power consumption and conserve energy at its 14 works in the regions serviced by the Kyushu, Chugoku, Kansai, Chubu, and Tokyo electric power utilities. To lower peak power consumption, we operate our own independent power generation facilities and time-shift operations at facilities that consume large amounts of electricity. To conserve energy, we have installed LED lighting and upgraded turbo refrigeration units. Such measures have enabled us to reduce electricity consumption by 9.3 percent compared with fiscal 2010-before the Great East Japan Earthquake struck.

MHI will continue to cooperate with efforts to alleviate electricity shortages by striving to save power and conserve energy.

## CO<sub>2</sub> Reductions with MHI Product Usage (FY2013)

### ■ CO<sub>2</sub> Reductions with MHI Product Usage (FY2013)

Sector	CO <sub>2</sub> reduction (thousand tons)	Basis of calculation	Remarks
Power plant	26,679	Estimates based on MHI's actual delivery record in FY2013, compared with FY1990. The estimate for nuclear power is based on actual output generated in FY2013 by plants provided by MHI.	Thermal plants (combined, conventional), nuclear plants, wind turbine and geothermal power generation, etc.
Transportation	2,672	Estimates based on MHI's actual delivery record in FY2013, compared with FY1990.	Ships, transportation systems, etc.
Mass and medium-lot manufactured products	1,478	Estimates based on MHI's actual delivery record in FY2013, compared with FY1990.	Air-conditioners, centrifugal chillers, gas engines, etc.

Data for fiscal 1990 is calculated based on the IEA's (International Energy Agency's) "World Energy Outlook 2011"

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

CO<sub>2</sub> reductions from the fiscal 1990 level through the use of MHI's products in fiscal 2013 came to about 30 million tons.

## Curbing Waste Generation, Release and Disposal

### Promoting the reduction of overall waste generation and landfill disposal volumes

In the current fiscal year, MHI has embarked on initiatives to achieve the overall waste generation and landfill disposal amounts established in the 2nd Environmental Targets, which were formulated in fiscal 2013.

First, against a target of “reducing total waste generated in fiscal 2014 by 40% compared with fiscal 1992 levels,” we achieved a 43% reduction.

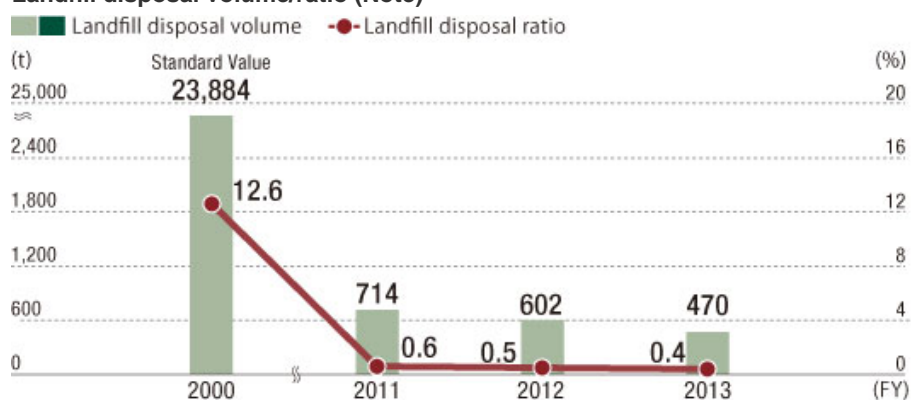
In addition, the company met its target of “reducing landfill disposal volumes in fiscal 2014 by 98% compared with fiscal 2000 levels,” decreasing this amount by 98%. Similarly, against the target of “reducing landfill disposal ratio for all works, plants and districts to below 0.5%,” the Group recorded a figure of 0.4% as a whole.

#### ■ Achievement of landfill disposal ratios of 0.5 percent or less

Works	Landfill disposal ratio (percent)
Nagasaki Shipyard & Machinery Works	0.6
Kobe Shipyard & Machinery Works	0.5
Shimonoseki Shipyard & Machinery Works	0.02
Yokohama Dockyard & Machinery Works	0.1
Takasago Machinery Works	0.1
Nagoya Aerospace Systems Works	0.4
Nagoya Guidance & Propulsion Systems Works	0.8
Hiroshima Machinery Works	0.01
Mihara Machinery Works	0.04
Sagamihara District	0.1
Meirei District	0*
Ritto District	0.5
Iwatsuka Plant	0.002

\* Because it is a very small amount, we have displayed as zero.

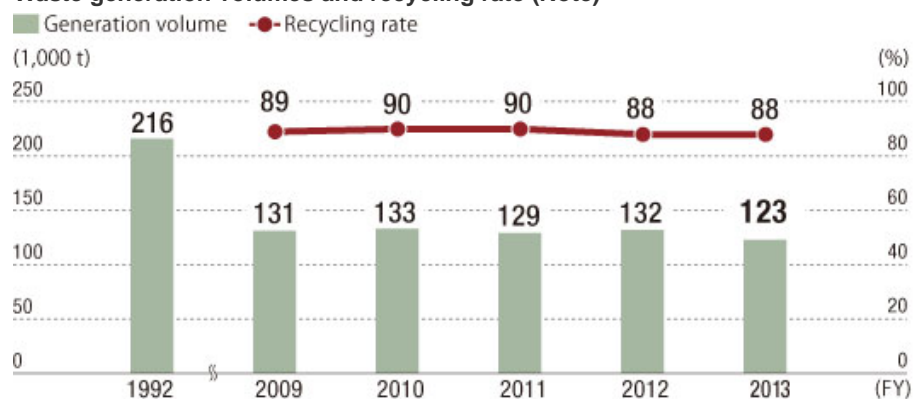
#### Landfill disposal volume/ratio (Note)



(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

FY	2000	2011	2012	2013
Landfill disposal volume	23,884 tons	714 tons	602 tons	470 tons
Landfill disposal ratio	12.6%	0.6%	0.5%	0.4%

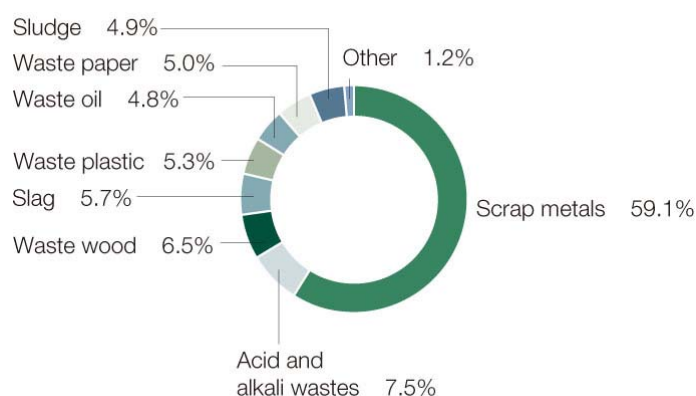
### Waste generation volumes and recycling rate (Note)



(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

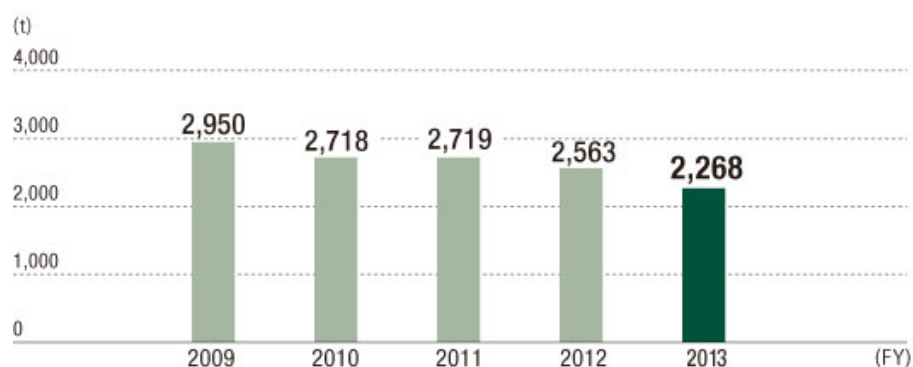
FY	2008	2009	2010	2011	2012	2013
Generation volume	151,000 tons	131,000 tons	133,000 tons	129,000 tons	132,000 tons	123,000 tons
Recycling rate	83%	89%	90%	90%	88%	88%

### Waste generation by material



<b>Scrap metal</b>	59.1%
<b>Acid and alkali wastes</b>	7.5%
<b>Waste wood</b>	6.5%
<b>Slag</b>	5.7%
<b>Waste plastic</b>	5.3%
<b>Waste oil</b>	4.8%
<b>Waste paper</b>	5.0%
<b>Sludge</b>	4.9%
<b>Other</b>	1.2%

**Paper usage (including Head Office usage amount) (Note)**



(Note) In principle, these data represent data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

FY	2009	2010	2011	2012	2013
Paper usage	2,950t	2,718t	2,719t	2,563t	2,268t

## Protecting Water Resources

### Reducing water usage during production

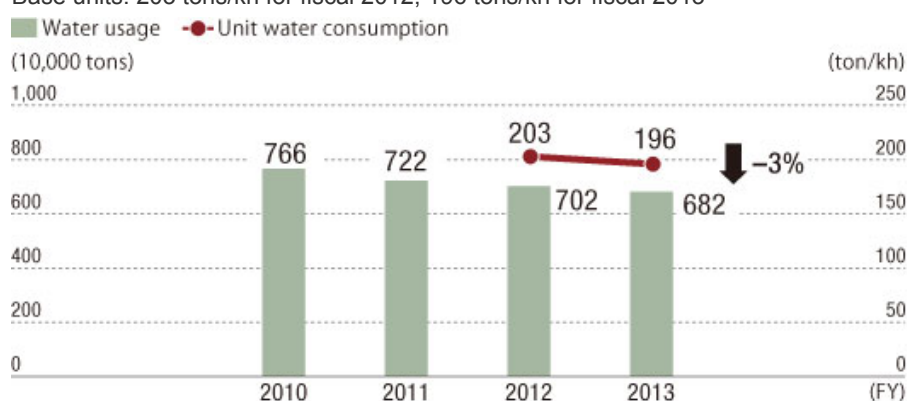
In its 2nd Environmental Targets, the MHI Group set "reduce unit water consumption by 1 percent per year" as a target for manufacturing bases in Japan. In fiscal 2013, at its manufacturing bases in Japan MHI used 6.82 million tons of water (3 percent less than in the preceding fiscal year), which amounted to unit water consumption of 196 tons/kh. MHI met its target with this figure, which was also 3 percent less than in the previous year.

As an example of measures to reduce water usage, water usage was reduced at the Nagasaki Shipyard & Machinery Works by employing a coolant purification system when renovating the compressors. At Takasago Machinery Works, old pipes are regularly replaced, leading to large reductions in water usage.

(Note) Water usage: Total volume of water supply, industrial water, and groundwater

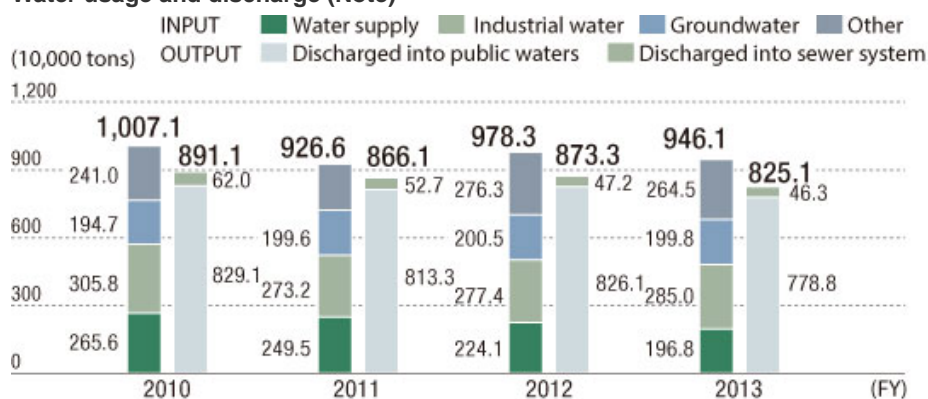
#### Water usage and Unit water consumption(Note)

Base units: 203 tons/kh for fiscal 2012, 196 tons/kh for fiscal 2013



(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

FY	2005-2007 average	2010	2011	2012	2013
Usage amount	9,520,000t	7,660,000t	7,220,000t	7,020,000t	6,820,000t
Unit water consumption	—	—	—	203 ton/kh	196 ton/kh

**Water usage and discharge (Note)**

(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

FY	2010	2011	2012	2013
Water supply	2,656,000t	2,495,000t	2,241,000t	1,968,000t
Industrial water	3,058,000t	2,732,000t	2,774,000t	2,850,000t
Groundwater	1,947,000t	1,996,000t	2,005,000t	1,998,000t
Other	2,410,000t	2,043,000t	2,763,000t	2,645,000t
Total usage amount	10,071,000t	9,266,000t	9,783,000t	9,461,000t
Discharged into public waters	8,291,000t	8,133,000t	8,261,000t	7,788,000t
Discharged into sewer system	620,000t	527,000t	472,000t	463,000t
Total discharge amount	8,911,000t	8,661,000t	8,733,000t	8,251,000t

## Recycled water usage

Recycled water usage by all of MHI in fiscal 2013 was 426,000 tons, a 141,000 ton decrease from 567,000 tons in fiscal 2012. Recycled water is used to cool down products and equipment in manufacturing processes, to clean office floors and restrooms, and for landscaping use at works. We will investigate more methods for utilizing recycled water—including at works where recycled water use is under employed—and make efforts to reduce our water usage.

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

### Promoting the reduction of substances subject to the PRTR system

In fiscal 2013, MHI released a total of 1,118 tons of substances subject to the Pollutant Release and Transfer Register (PRTR) (Note 1) system (Note 2).

Roughly 98 percent of these emissions consisted of xylene, toluene, and ethylbenzene, which are primarily used in painting and cleaning applications. Xylene is used for painting ships, and its usage is typically specified by ship owners. It is therefore difficult to use an alternative substance, making reducing the amount of xylene a challenge. In the future MHI will continue promoting the adoption of alternative products (such as water-based paint) and steadily carry out activities to reduce the usage of substances subject to the PRTR system.

(Note 1) 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.

(Note 2) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

### PRTR emission and transfer amount

#### ■ PRTR emission of environmental pollutants (Unit: t) (Note 1)

No.	Name of Substance	FY2012	FY2013
		Emission Amount	
20	2-Aminoethanol	0.1	0.0
53	Ethylbenzene	314.7	224.3
57	Ethylene glycol monoethyl ether	5.1	-
58	Ethylene glycol monomethyl ether	-	-
71	Ferric chloride	0.0	0.0
80	Xylene	904.0	539.4
82	Silver and its water-soluble compounds	-	-
87	Chromium and chromium(III) compounds	0.0	0.0
88 ★ (Note 2)	Chromium(VI) compounds	0.0	0.1
104	Chlorodifluoromethane (HCFC-22)	0.0	0.0
132	Cobalt and its compounds	0.0	0.0
133	2-Ethoxyethyl acetate	4.4	-
181	Dichlorobenzene	0.0	0.0
185	Dichloropentafluoropropane (HCFC-225)	-	-
186	Dichloromethane	0.2	-
188	N,N-Dicyclohexylamine	0.0	0.0
238	Hydrogenated terphenyl	0.0	0.0
240	Styrene	11.5	11.3
243 ★(Note 2)	Dioxins (Note 3)	0.0	0.0
262	Tetrachloroethylene	8.4	3.5
281	Trichloroethylene	-	-
296	1,2,4-Trimethylbenzene	1.7	1.0
297	1,3,5-Trimethylbenzene	2.4	2.3
300	Toluene	552.9	329.8
304	Lead	-	0.0
308	Nickel	0.0	0.0
333	Hydrazine	1.2	0.0
336	Hydroquinone	-	-
349	Phenol	-	-
374	Hydrogen fluoride and its water-soluble salts	0.0	0.0
384	1-Bromopropane	4.4	4.0
391	Hexamethylene diisocyanate	-	0.0
392	n-Hexane	0.2	-
400 ★(Note 2)	Benzene	0.0	0.0
408	Poly(oxyethylene)octylphenyl ether	3.1	2.9
410	Poly(oxyethylene)nonylphenyl ether	1.8	0.0
412	Manganese and its compounds	0.0	0.6
438	Methylnaphthalene	-	-
448	Methylenebis(4,1-phenylene) diisocyanate	0.0	0.0
453	Molybdenum and its compounds	0.0	0.0

(Note 1) In principle, all these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated.

(Note 2): For designated Class 1 specified chemical substances (marked with a star), records are for substances whose annual transaction amount is 0.5 tons or more. For other Class 1 specified chemical substances, records are for substances whose annual transaction amount was 1 ton or more.

(Note 3): The unit of dioxins is mg-TEQd

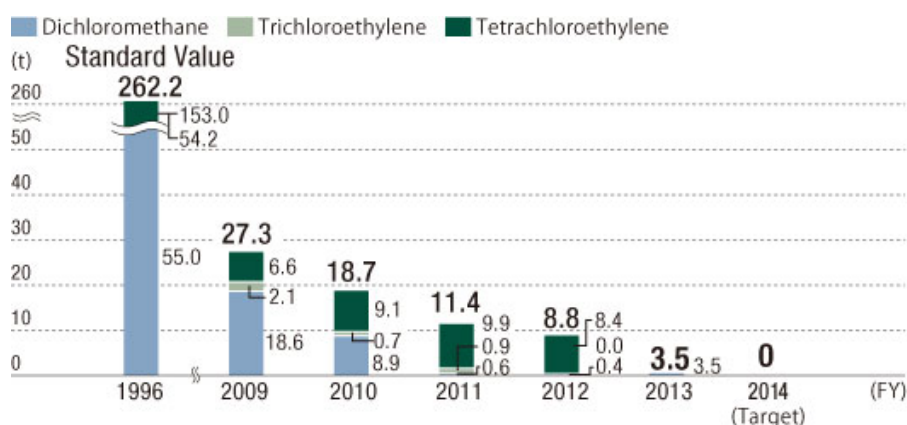
## Promotion of organochlorides reduction and replacement activities

Dichloromethane, trichloroethylene, and tetrachloroethylene are used as paint removal agents and oil cleaning agents. MHI established a goal of achieving zero atmospheric emissions by fiscal 2014, and made efforts to reduce usage of these substances and switch to alternative substances. As a result, replacement equipment for cleaning equipment that used trichloroethylene was introduced, and reducing the entire company's atmospheric emissions of trichloroethylene to zero from fiscal 2012.

Meanwhile, the replacement of dichloromethane has been carried out sequentially from fiscal 2010. However 0.03 tons of atmospheric emissions of dichloromethane remained in fiscal 2013. For tetrachloroethylene, an alternative agent has been selected and facilities for changing over to the alternative agent have been installed, but 3.5 tons of tetrachloroethylene emissions still remained in fiscal 2013.

As a result, atmospheric emissions of dichloromethane, trichloroethylene and tetrachloroethylene totaled 3.5 tons in fiscal 2013, falling short of the goal of zero atmospheric emissions. We will continue working toward the target of achieving zero atmospheric emissions by fiscal 2014.

### Atmospheric emissions of organochlorides



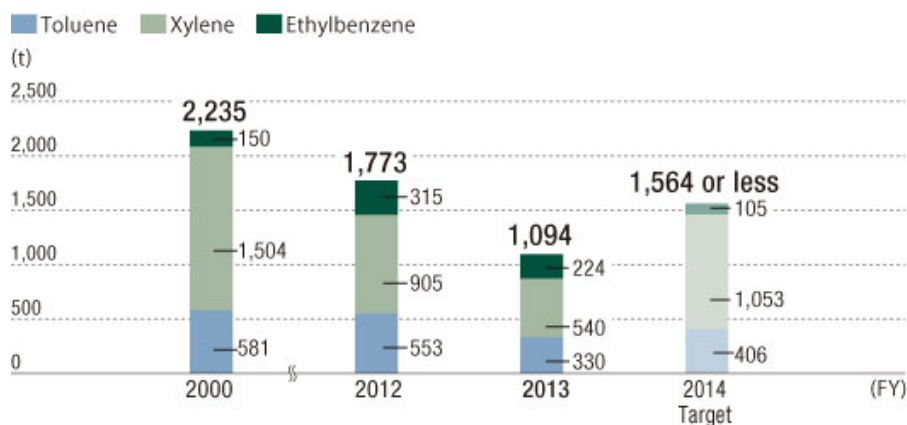
FY	1996	2009	2010	2011	2012	2013	2014 Target
Dichloromethane	55.0t	18.6t	8.9t	0.6t	0.4t	0.0t	0t
Trichloroethylene	54.2t	2.1t	0.7t	0.9t	0.0t	0.0t	0t
Tetrachloroethylene	153.0t	6.6t	9.1t	9.9t	8.4t	3.5t	0t
Total	262.2t	27.3t	18.7t	11.4t	8.8t	3.5t	0t

## Voluntary targets for the reduction of VOCs atmospheric emissions

Emissions of VOCs, 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 addition to legal and regulatory compliance, MHI set a voluntary target for decreasing atmospheric emissions of VOCs at manufacturing locations in Japan in fiscal 2014 by 30 percent from the fiscal 2000 level—targeting xylene, toluene, and ethylbenzene, which are emitted in large volumes—and worked to accomplish reductions.

In fiscal 2013, emissions totaled 1,094 tons, representing a 51 percent decrease from fiscal 2000 levels.

### Atmospheric emissions of VOCs



FY	2000	2012	2013	2014 target
Toluene	581t	553t	330t	406t
Xylene	1,504t	905t	540t	1,053t
Ethylbenzene	150t	315t	224t	105t
Total	2,235t	1,773t	1,094t	1,564t

## 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 2013, consigned disposal was undertaken at 12 sites (Note).

However, according to the Law Concerning Special Measures for Promotion of Proper Treatment of PCB Waste, even equipment which uses trace amounts of PCBs not disposed of by JESCO must be detoxified by March 2027. Therefore, MHI has begun disposal at Nagasaki Shipyard & Machinery Works and six other sites in fiscal 2013.

(Note) MHI Head Office, Nagasaki Shipyard & Machinery Works, Kobe Shipyard & Machinery Works, Shimonoseki Shipyard & Machinery Works, Takasago Machinery Works, Hiroshima Machinery Works, Mihara Machinery Works, Nagoya Aerospace Systems Works, Nagoya Guidance & Propulsion Systems Works, Meirei District, Ritto District, Iwatsuka Plant



PCBs storage facilities at the Nagasaki Shipyard & Machinery Works

## Main Products and Technologies in 2013

### MHI to Develop and Demonstrate Electric Bus and Quick-Charging System in Brazil

MHI has concluded an agreement for the testing of electric bus operation with Empresa Metropolitana de Transportes Urbanos de São Paulo S.A. (EMTU/SP), a public transport operator in the city of São Paulo, and Metra Sistema Metropolitano de Transportes Ltda. (METRA), a local bus company.

Awareness of environmental issues is high especially in São Paulo State, and plans call for the conversion of some 70,000 units to be replaced by vehicles run on renewable energies by around 2020. The operational testing is scheduled to be carried out by August 2014. The project calls for the development of a large articulated electric bus 18 meters in overall length, and also encompasses test operation, carrying passengers, and evaluation on an actual bus route in the São Paulo metropolitan area. Through this verification test, MHI will develop a pantograph-based quick-charging system for electric buses and aims to establish technologies related to electric bus systems that meet market needs.

MHI plans to use this project as a foothold to proactively develop markets for electric buses throughout Latin America.



The electric bus



Test operation commencement ceremony

### MRJ, a Next-Generation Regional Jet, Moves Closer to Its Maiden Flight

Mitsubishi Regional Jet (MRJ) is a family of 70–90-seat next-generation aircraft featuring a revolutionary engine and state-of-the-art aerodynamics to drastically reduce fuel consumption, noise, and emissions, making the MRJ environmentally friendly. MRJ would be the quietest and cleanest in its class. Thanks to its overwhelming operational economy and environmental compliance, the MRJ is expected to contribute to increases in airline competitiveness and profitability.

In June 2016, the first MRJ flight test aircraft moved a step closer to its maiden flight, as installation of its revolutionary engine was completed. In addition to achieving optimal efficiency through the high-speed revolution of its low-pressure spool, the engine uses low-speed fan rotation to curtail sound significantly. Efficiency improvements have allowed reductions in the number of engine stages and fan blades, thereby cutting engine weight and lowering operating costs. MHI remains firmly committed to the success of Japan's aviation industry, and will continue enhancing its environmental technologies through the MRJ business.



MRJ's first flight test aircraft



## MHI "Ene-Conductor" Heat Source Control System Wins 2013 "Minister's Prize, the Ministry of Economy, Trade and Industry" in Energy Conservation Center Contest

The "Ene-Conductor" heat source control system developed by MHI was awarded the "Minister's Prize, the Ministry of Economy, Trade and Industry" for electricity conservation in the product and business model category, in the "Grand Prize for Excellence in Energy Efficiency and Conservation" contest sponsored by the Energy Conservation Center, Japan (ECCJ). The prize was bestowed in recognition of the Ene-Conductor's optimal control technology, which leverages MHI's expertise as a chiller manufacturer to achieve significant energy conservation and CO<sub>2</sub> emission reductions in air-conditioning systems.

The Ene-Conductor enables integrated control of centrifugal chillers and peripheral equipment such as chilled water and cooling water pumps and cooling towers. The system is capable of controlling multiple units, and can regulate chilled water and cooling water variable flow rate, cooling water temperature, and other operating parameters. It can also maximize overall system performance by optimizing individual chiller loads based on monitored data.

The Grand Prize for Excellence in Energy Efficiency and Conservation contest is supported by the Japanese Ministry of Economy, Trade and Industry, and has been held since 1990 to spread energy conservation awareness and to promote increased use of energy-saving products. Contest awards are presented in recognition of activities, products, and business models which have achieved excellent energy conservation.



Heat source control system "Ene-Conductor"

## 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 open to all motivated and competitive suppliers. Suppliers are fairly and equitably selected and evaluated in accordance with the applicable laws and industry practices, in order to build relationships of trust predicated on mutual prosperity.

This approach is stipulated in the MHI Procurement Policy (released in 2002), which can be viewed on the Procurement page of the company website. The Procurement page also includes application guidelines for prospective suppliers and contact information for material procurement for the benefit of companies that are interested in doing business with MHI.

### 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

The Compliance Principles, which set out compliance requirements under applicable laws and regulations, are used by the Procurement Department to ensure compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, which forbids unfair dealings by large companies towards smaller companies, as well as the Construction Industry Law.

MHI is striving to prevent improper practices such as fraudulent ordering through a system of separating the departments responsible for ordering, receiving and utilizing procured goods and having them provide mutual restraints. Compliance is carefully monitored at every stage of ordering and inspection, with the results checked via internal audits in accordance with the PDCA cycle for legal compliance.

## Promoting CSR Procurement

### Guidelines and CSR activities in the entire supply chain

In June 2010, MHI drew up the MHI Group Supply Chain CSR Promotion Guidelines, and provided MHI's business partners with information about CSR activities and programs that are designed to promote a consistent approach to CSR throughout the supply chain. The Guidelines are divided into five points that include comprehensive compliance and promotion of corporate ethics, and assurance of product safety and quality, cost, delivery schedule (QCD), enhanced technological development capabilities, and considerations regarding human rights and workplace safety. Business partners are expected to embrace the MHI Guidelines, which are discussed at dedicated presentations and are also available on the company website.

Some 300 business partners took part in a self-assessment survey of CSR programs conducted in fiscal 2011. MHI has incorporated the CSR efforts of business partners as one item for evaluation and is preparing a method which appropriately evaluates these efforts.

In fiscal 2012, MHI instituted a partner evaluation method with the aim of optimizing its supply chain and strengthening collaboration with business partners. MHI evaluated all five points (quality, cost, delivery, technology, and management) against a group-wide policy at major partners in each business. MHI also included results on assessments of CSR involvement level into some partner evaluations.

### 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.

## Building closer ties with business partners through management reforms and other improvement programs

At the first Business Partners Conference in 2008, MHI pledged to incorporate requests, suggestions and feedback from business partners in Japan into management reforms and other improvement programs at MHI. The company remains committed to this process.

During fiscal 2013, MHI continued to solicit Value Engineering (VE) (Note) proposals from business partners through its VE promotion system (website). Of the 4,616 proposals received, 4,159 have been adopted.

The sixth Business Partners Conference in November attracted approximately 300 companies. The conference included speeches by the MHI president and general manager of the Procurement Planning & Administration Department, a speech by the chairman of the Society of Japanese Value Engineering, and presentations on examples of improvement initiatives carried out with business partners. Certificates of gratitude were presented to 16 partners for stronger product price competitiveness, higher quality, and shorter lead times.

In addition, business partner conferences have been held at individual works and business segments, including at locations overseas, and MHI will continue to foster stronger ties with business partners through such reciprocal communication.

(Note) VE: Value Engineering / A method for both improving product value and reducing costs

### [Overview of Overseas Business Partners Conferences Held]

City and Country of Conference	Date (Companies Attending)
Bangalore, India	February 2013 (13), March 2014 (25)
Shanghai, China	March 2013 (60)
London, United Kingdom	October 2013 (83)
Los Angeles, United States	February 2014 (40)



Business Partners Conference



The business partner conference in India



The business partner conference in Europe



The business partner conference in North America

## Declaring Basic Policy Concerning Conflict Minerals

Armed groups engaged in conflicts in the Democratic Republic of the Congo and neighboring countries have committed serious human rights abuses and acts of environmental destruction. Some of the minerals produced in this region are thought to be a source of funding for these armed groups.

In April 2013, MHI Group published its Basic Policy Concerning Conflict Minerals on its website, declaring that the company has no intention of abetting human rights abuses or environmental destruction by procuring raw materials, parts or products which contain the conflict minerals.

Working with our customers and business partners, the MHI Group will continue efforts to avoid benefiting these armed groups.

## Procurement Education and Training

### Training for employees engaged in procurement activities

Procurement departments at MHI provide a range of training programs designed to ensure compliance with the applicable laws and regulations.

In fiscal 2013, MHI concentrated on providing training to more Group companies. Fifty-three young employees, including 32 from Group companies, attended a training session covering procurement-related laws and regulations and important points to be aware of when carrying out procurement work. A total of 92 new employees and employees just transferred to procurement departments, including 44 Group employees, were given an introductory course on basic information concerning procurement practices. Additionally, 416 MHI employees and a further 509 Group employees took an e-Learning course on the Act Against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

MHI remains committed to providing procurement training programs tailored to the company's operational plans and ongoing amendments to legislation.



Compliance training

## Disclosure Principles and IR Activities

### Promoting IR activities to facilitate a detailed understanding of our business

Through Investor Relations (IR), MHI strives to keep institutional and individual investors in Japan and around the world fully informed of the activities of the company.

The Managerial & Finance Planning Department set up for the sole purpose of managing investor relations, provides useful and up-to-date information as well as briefings and meetings designed to provide opportunities for direct communication. Comments and suggestions from these meetings are incorporated into future IR programs.

### 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. In addition, information is constantly being updated on the Investor Relations section of the website. In an effort to communicate information that is accurate and easy-to-understand, the website also features a range of useful information and data that is not required by laws and regulations, along with charts and explanations of securities terminology. There are also videos of the General Meeting of Shareholders and other meetings such as financial results briefings and meetings on business operations for the benefit of institutional investors and analysts.

In fiscal 2013, we diversified our communication methods to broaden our interface with shareholders and other investors. We developed an app that allows users to read the MHI Annual Report 2013 on a tablet device (iPad) and began providing smartphone (iPhone) access to the most recent information at "MHI IR," allowing access to important company information without constraints of time or space. We also sought to make this information easier to read and search through by providing an online edition of the Annual Report.

### Implementing various briefings on business operation and strategy

In response to demand from investors and analysts for more information on business performance and future planning of individual operations, MHI holds quarterly financial briefings as well as other types of briefings related to business performance and planning.

The fiscal 2013 Financial Results Briefing and 2012 Status of Medium-Term Business Plan Briefing was held in April 2013, with 166 attendees.

MHI maintained its commitment to good communication with individual investors. Briefings were held fifteen times in cities across Japan (mostly in locations close to MHI facilities) and drew a combined attendance of around 1,850. The briefings at Mitsubishi Minatomirai Industrial Museum (in Yokohama, Kanagawa), History Museum (Nagasaki Shipyard & Machinery Works) and M's Square (in Shinagawa, Tokyo) also included facility tours. The online briefing for individual investors was also held, with investors across Japan listening in.

Given the positive feedback we have received on these briefings, such as comments on how useful they are for understanding MHI's various businesses and financial results, we will continue to make efforts to disclose information in a timely and appropriate manner.

## Holding plant tours for shareholders

MHI has been conducting twice-yearly plant tours for shareholders since 2005 to provide opportunities to deepen understanding of its business activities.

Plant tours in fiscal 2013 were held at the General Machinery & Special Vehicles division (now, the Sagami-hara District Main Plant (in September 2013) and the Hiroshima Machinery Works (in March 2014). Visitors commented that they were thrilled with the opportunity to witness experienced Japanese craftsmanship and were impressed by how they maintain the cleanliness inside the factories.

MHI will continue striving to incorporate feedback and suggestions on IR programs.

### Plant Tours (FY2013)

General Machinery & Special Vehicles division (now, the Sagami-hara District Main Plant (in September 2013 with 70 participants)

·Tour of the turbocharger plant, medium- and large-scale engine assembly line, and turbocharger testing and research center



Turbocharger comprehensive assembly line (General Machinery & Special Vehicles division)

Hiroshima Machinery Works (in March 2014 with 78 participants)

·Tour of the radiation therapy equipment production line, the turbine and compressor plant and the aircraft plant



Tour of the turbine compressor plant (Hiroshima Machinery Works)

## Share and Dividend Report

### Fiscal 2013 dividend distributions

For fiscal 2013, a 8 yen per share year-end dividend was distributed.

An interim dividend of 4 yen per share was distributed, which brings the total dividend for the year to 8 yen per share.

#### ■ Dividend disbursements over the past five years

FY	Dividend per share
<b>2013</b>	<b>8 yen</b>
2012	8 yen
2011	6 yen
2010	4 yen
2009	4 yen

## Inclusion of MHI in Eco-funds and SRI Indicators

### Selection by Eco-funds and SRI Indicators

The MHI Group practices management with a focus on CSR and conducts a wide range of activities to enhance its business, environment and society, including corporate governance and risk management. Thanks to efforts like these, MHI was again included in the eco-funds, formed based upon surveys of companies conducted by corporate rating agencies in Japan and overseas, and MS-SRI, a socially responsible investment index coordinated by Morningstar Japan K.K.

## Utilizing and Cultivating Diverse Human Resources

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

In addition to new graduates, MHI also hires many mid-career professionals in order to ensure the diverse range of human resources required to maintain its position as an industry leader. In fiscal 2013, approximately 450 new graduates (who joined the company in April 2013) and approximately 60 mid-career professionals were hired. When hiring both new graduates and mid-career workers, MHI carries out fair screening with an emphasis on human rights and without discrimination due to gender or other reasons. Most mid-career hires fill technical or engineering positions that require a high level of expertise and where they can use the special skills they have developed in their respective fields.

MHI is also working on a broad basis to recruit excellent personnel throughout the world.

MHI is also promoting the employment and utilization of female workers. In fiscal 2013, approximately 25 percent of newly university graduated non-engineer recruits were women. In fiscal 2013, 1.3 percent of managers were female; this number has been increasing each year. In the interest of promoting diversity management further, by 2020 we plan to triple the number of female managers from the present level.

### Helping all seniors use their skills for a longer period after retirement

With the size of Japan's workforce declining as a result of a low birth rate and aging population, MHI introduced on April 1, 2014, an employment extension program to provide veteran employees with opportunities to continue using their extensive knowledge and skills after retirement. The new program is a revised version of a previous program that set standards for eligibility. Now, all retirees are eligible for employment up to the age of 65.

As of April 1, 2013, MHI, on a nonconsolidated basis, has rehired approximately 2,000 employees. These re-employed workers are active as experienced professionals, and serve to transfer their skills and expertise to others.

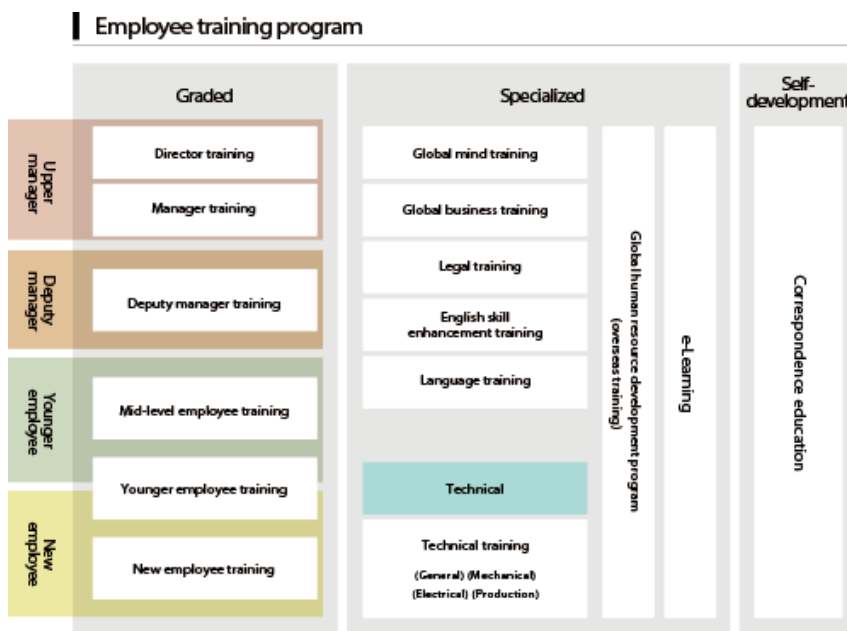
### Expansion of hiring to utilize skills of the differently-abled people

MHI works to expand job opportunities for differently-abled people and to create a suitable working environment for all employees. For example, the Work Supporting Center was established at the Nagasaki Shipyard & Machinery Works in July 2005 to provide a workplace for carrying out the digitization of in-company materials, data entry, shipping work, and other tasks. Other works are also working to create environments that will allow a greater number of differently-abled people to work with peace of mind, for example by educating employees, installing emergency warning lights, and making other efforts, both tangible and intangible, so they can hire people with hearing disabilities.

In fiscal 2013, MHI's efforts to promote the expansion of hiring for differently-abled people included strengthening its hiring activities by further raising in-house target values for the employment of differently-abled people, utilizing an employment website for differently-abled people, collaborating with regional "Hello Work" (Employment Security Bureau) offices, and proactively utilizing various types of recruitment information such as job interview events. As a result, MHI's employment rate for differently-abled people reached 2.16 percent as of April 1, 2014, exceeding the statutory minimum of 2.10 percent. We will further increase such hiring in the future with the help of information and close cooperation with each of our main hubs.

## Improving education to strengthen global responsiveness

MHI is working to improve employee capabilities and enhance education with the aim of being a global corporation that is capable of responding to changes in the rapidly transforming market. Based on on-the-job training (OJT) in workplaces, we are implementing various educational programs starting immediately after hiring according to job level and function. The main themes of education according to job level include leadership and management. With the aim of strengthening our ability to respond to globalization, starting from fiscal 2011 MHI established new systems including MHI Global Training (MGT). In fiscal 2013, 38 employees were dispatched overseas for this training.



## Strengthening development of local employees

Training and promoting staff who are hired locally is crucial to MHI's effort to accelerate business globalization. It is therefore important that local employees understand MHI's management principles, the history of the MHI Group, and the types of businesses it operates. It is for this reason that MHI has created and begun distributing to local employees around the world "Introduction to MHI Group", a succinct educational booklet on the MHI Group. MHI will use this material to better educate a growing number of local employees.



"Introduction to MHI Group"

### Strengthening the development of junior technicians on the forefront of manufacturing

At MHI, the number of junior technicians is increasing as more senior technicians retire. For that reason there is an urgent need to train technicians who can maintain the front line of manufacturing.

To that end, MHI prepared textbooks that are standardized for the entire company to ensure the commonality and uniformity of education. We have also made DVDs to create digital versions of Skills of the Master manuals developed by veteran technicians. These and other efforts are to ensure the steady succession of techniques and the rapid development of junior technicians.

In addition, with the aim of improving levels of expertise and energizing our junior technicians, we hold company-wide skills contests in machine assembly, lathing, welding, and other fields. MHI is also working to improve the leadership skills of employees who serve as instructors.

### Bolstering training activities for Group company employees

To reinforce the management and overall constitution of MHI Group business operations, employee education initiatives throughout the entire Group are being implemented since fiscal 2007.

Since fiscal 2009, MHI has provided Group company employees with group training, where managers take training according to their respective ranks and all employees take courses on English business communication and business skills. In fiscal 2013, a total of 10 such courses were held, attended by 581 people.



Group training for MHI Group companies

We hold various types of group training, soliciting participation from Group companies in Japan

### Encouraging mutual understanding through dialogue and the enhancement of personal capabilities

MHI is taking action to develop the abilities of each person, and to create working environments in which employees can perform invigorating work that is free from anxiety, by encouraging mutual understanding and trust through dialogues between supervisors and subordinates.

A common awareness of issues is created by having supervisors provide regular opportunities for dialogue based on self-reports by subordinates. Supervisors communicate with subordinates about the roles they are expected to fulfill while also paying attention to their requests and business improvement suggestions.

For example, for white-color employees, MHI operates a Management by Objectives (MBO) system in which work targets are set and progress evaluations are made twice a year. In addition, in manufacturing divisions subordinates and their supervisors hold discussions once a year for the purpose of two-way communication.

## Basic Data

## ■ Breakdown of employees by age (FY2013)

	Under 30	30-39	40-49	50-59	60 and over
Male	4,966	6,502	4,999	3,266	280
Female	503	602	646	367	16
Total	5,469	7,104	5,645	3,633	296

## ■ Number of new graduates hired (MHI on a nonconsolidated basis)

	University	Vocational school and junior college, high school, other	Total (females in brackets)
Joined the company in April 2012	348	286	634 (60)
Joined the company in April 2013	285	167	452 (44)

## ■ Number of female managers (section manager and above; excluding medical staff) (MHI on a nonconsolidated basis)

April 2010	April 2011	April 2012	April 2013	April 2014
248	266	288	293	256

## ■ Number of post-retirement employees with extended employment periods (excluding those from Group companies)

October 2011	April 2012	October 2012	April 2013
2,229	2,259	2,368	2,426

## Building a Better Working Environment

### Supporting the balance between childcare, family care and work in various ways

In order to create an environment in which it is easy for employees to work and also have a family, MHI is making efforts to expand its various support systems that give consideration to childcare and family care.

In November of fiscal 2011, MHI newly established the child planning leave system, which can be used for infertility treatment, and the annual holiday by hour system, in which employees can use their leave in increments of one to two hours according to their circumstances for purposes such as childcare and family care, and to make it easier to commute during pregnancy by avoiding rush hour. Furthermore, the periods for family-care leave and family-care work have been expanded; and each can be used for a total of up to one year.

In addition, the systems for childcare leave, childcare and work, family-care leave, and family-care work all now exceed statutory minimums. Information about the systems and procedures regarding childcare and family care are available on our intranet so that employees can access it easily.

We host lectures on career planning and work-life balance for female employees, given by MHI's first non-Japanese female director. Other initiatives include holding regular discussion panels between individuals on childcare leave and those who have taken such leave in the past in hopes of enabling a smooth transition back to work.

### Programs that focus on work-life balance

<b>Childcare and childbirth</b>	Child planning leave
	Childcare leave system
	Using accumulated paid holidays for childcare purposes (Note 1)
	Childcare work shift system (shortened work hour system)
	Work leave to care for a sick child and for other purposes
	Special grants for employees who balance work and childcare (Note 2)
	Next generation nurturing support grants (Note 3)
<b>Family care</b>	Career Return Program (Note 4)
	Family-care leave system
	Using accumulated paid holidays for family-care purposes (Note 1)
	Family-care work shift system (shortened work hours system)
	Work leave to care for a family member
<b>Other</b>	Career Return Program (Note 4)
	Flex-time system
	Paid holiday system by half day
	Annual holiday by the hour system
	Trips and time off for longtime employees

(Note 1) Accumulated paid holidays is a system in which up to 60days paid holidays can be accumulated to use for illness, injury, childcare, family care, and other purposes.

(Note 2) 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 940 grants paid in fiscal 2013).

(Note 3) Next generation nurturing support grants provide ¥100,000 per employee with three or more children (approximately 230 grants paid in fiscal 2013).

(Note 4) The Career Return Plan is a system that opens the door to individuals who want to reenter the company after having left due to marriage, childbirth, childcare, family care and transfer of spouse.

## Nursery operated

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 English, gymnastics, and art classes.

In January 2014, a childcare facility called "Sun Marina Kids" that is operated by the Nichii Gakkan Company opened within our Yokohama Building. MHI has reserved all spaces at the center, so that MHI Group employees can have children up through the age of three cared for there between the hours of 7a.m. and 8p.m. Sun Marina Kids has introduced its own cleaning service, which reduces the number of items parents need to bring with them to the center. The center has also introduced educational courses including English, gymnastics, and eurhythmics.

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.



[Nagasaki] Cooking class as part of kids' food education



[Yokohama] The center's popular slider

## Efforts for raising awareness of human rights in individual workplaces

Since the establishment of the Committee for Raising Awareness of Human Rights in 1992, MHI has been improving awareness of human rights throughout the company. Human rights awareness training is held each year for new employees and newly appointed managerial staff, such as managers and deputy managers. This training handles themes related to human rights issues and harassment, including fundamental knowledge and points to be aware of. In fiscal 2013, approximately 450 new recruits and 1,000 newly appointed managers and supervisors participated in human rights awareness training. In order to prevent "power harassment" (workplace bullying and harassment), we continued to hold an e-Learning course that was introduced in fiscal 2010, and have conducted awareness training for senior managers at multiple works several times since fiscal 2012. Since 2011, we have also been working to educate the rest of the MHI Group. We have also been working to raise awareness among all employees in various ways. For example, we are stepping up our efforts to address sexual harassment and "power harassment" by leading in the introduction of external consultation desks for Group companies in Japan.

MHI will continue working to strengthen its activities to increase awareness of human rights.

## 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 measures that prioritize safety and are 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 comfortable workplaces that enable them to be sound in body. Based on these principles, we operate an occupational health and safety management system throughout the company to create safe, pleasant workplaces.

We will continue to further enhance our efforts aimed at reducing occupational accidents and leave due to injury or sickness.

### Industrial accident frequency rate



FY	2008	2009	2010	2011	2012	2013
MHI	0.31	0.23	0.29	0.27	0.11	0.23
Manufacturing industry	1.12	0.99	0.98	1.05	1.00	0.94

(Note) 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 makes improvements based on the results of risk assessments implemented at each works. These assessments are related to tasks and equipment, and are mainly focused on the safety and manufacturing sectors.

We are also implementing safety education for entry-level employees and other people. This education utilizes visual learning materials and hands-on equipment that makes it possible to actually experience accident simulations. This hands-on equipment has been installed at nine works including the Nagasaki Shipyard & Machinery Works and Kobe Shipyard & Machinery Works.

Furthermore, in the future MHI will continue to make systematic efforts to improve equipment and update outmoded facilities in order to create safe, comfortable workplaces.

## Opening the Safety Transmission Center at Nagasaki Shipyard & Machinery Works

In October 2010, the Nagasaki Shipyard & Machinery Works opened a new educational facility on work safety. Called the Safety Transmission Center, the facility is dedicated to the Nagasaki Shipyard & Machinery Works' resolution not to let any fatal accidents occur in its production operations. The facility consists of two zones: the Accident Case Studies Zone, where videos and displays show employees how accidents happen and what to do to prevent them, and the Human Error Study Zone, where employees can learn, in a hands-on format and using real-life examples, the principles that trigger human error and how to identify risks before accidents occur.

The Nagasaki Shipyard & Machinery Works is working to cultivate in its workforce a sensitivity to hazards and a culture of safety, using the Safety Transmission Center as a place where all employees, from managers to operators, can learn nearly firsthand the horror of accidents and the pain they cause, and decide for themselves what they can and should do to prevent them.



Safety Transmission Center



## Maintaining and improving physical and mental health

At MHI, we create healthcare divisions at each works in order to proactively support employees in maintaining their physical and mental wellbeing. We carry out the maintenance of systems, as well as the drafting and unified development of measures, as part of a project to strengthen health management throughout the entire company. Specifically, MHI is implementing health promotion measures that include health-related guidance and the setting of company-wide targets based on the Body Mass Index (BMI; a body mass index that serves as a standard for obesity, etc.). Various mental health measures are also implemented.

### Health promotion and mental health measures

Health promotion measures (implemented at each office)

- Measures to prevent lifestyle diseases (implementing health-related guidance targeted at reducing the ratio of employees with a BMI  $\geq 25$ )
- Health lectures, health consultations
- Activities to increase health (walking rallies, athletic meets, long-distance relay races, etc.)

Mental health measures

- Primary prevention (employee education)
    - Education, training
    - Anti-stress measures in workplaces (stress checks)
    - Interviews regarding long periods of overtime work (more than 45 hours per month)
  - Secondary prevention (early detection and treatment)
    - Encouraging the usage of consultation hotlines
    - Strengthening cooperation with medical specialists, consultants, industrial physicians, etc.
  - Tertiary prevention (screening when returning to work, the rehabilitation working program)
    - Implementing work screening and the rehabilitation working program (Note) as support for returning to work
- (Note) The system is set according to person's plan for returning to work, within the range of four to eight hours of designated working time, or for half-day work in either the morning or afternoon, for a period of up to three months
- Detailed follow-up after returning to work as a measure to prevent reoccurrence

## 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.

## Enhancing Product Safety

### Strengthening 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, is the Product Safety Project between the Legal Department and the Production System Innovation Planning Department. The Product Safety Project — which was brought to an end in fiscal 2012 — involved risk assessments to ascertain and reduce areas of risk related to product safety in three product groups — mass and medium-lot manufactured products, built-to-order components and built-to-order plants — along with strategies in other areas such as completion of instruction manuals. In fiscal 2013 it was expanded to include product business support and thorough training and human resources development.

The QMS Promotion Group was established in April 2013 as part of the Monozukuri Innovation Planning Department at the Technology & Innovation Headquarters. Inheriting responsibility for the activities originally conducted by the Quality Management & Product Safety Planning Center in the same department, the new Group is working to entrench and enhance management systems in the areas of safety and quality.

### Continuously strengthening product QMS

MHI has created a quality management system (QMS) to offer products that are safe and of assured high quality. As of June 2014, all production facilities in Japan and almost all of facilities worldwide have completed the ISO 9001 certification process. The QMS is optimized to the product categories at each facility and is subject to ongoing improvement. In April 2013, MHI established a QMS Promotion Group in the Monozukuri Innovation Planning Department. The QMS Promotion Group has been working to strengthen quality management, including at Group companies, and improve work processes to meet the needs of globalization by sharing technologies and knowledge horizontally across the Group.

### Conducting training to prevent product accidents with the establishment of an Accident Exhibit and Materials Room and other measures

It goes without saying that, as a global and highly diversified manufacturer, the MHI Group's top priority is to ensure the safety and quality of its products.

To promote product safety, we work to educate employees about safety and quality to prevent product accidents. One example of this is the establishment of the Accident Exhibit and Materials Room based on past accidents. The Accident Exhibit and Materials Room, opened in April 2010 at an MHI training center in Nagoya, introduces examples of serious accidents that have happened involving MHI Group products, such as a large cruise ship that caught fire while under construction. Its mission is to give all employees who handle MHI Group products, whether it be through design, procurement, manufacturing, or after-sale services, to pledge not to allow accidents like these to happen again, to learn from these accidents, and to put the lessons learned from these accidents to use in their respective jobs.

The facility was given an extensive overhaul in April 2012, including the addition of new video presentations and artifacts designed to convey a greater sense of realism in regards to the nature of the accidents and the events experienced at the accident site. Approximately 22,000 visitors have passed through the facility since its opening.

Meanwhile, since 2010 MHI has also held safety and quality training sessions describing past safety incidents, attended by new engineering and administrative recruits, employees in their fourth year at the company, and newly appointed deputy managers. In fiscal 2013 MHI expanded this to include newly appointed managers and newly recruited technicians, increasing the total number of employees who have received this training to around 7,400.

Going forward, MHI will continue to expand its product safety education program to give employees more opportunities to become aware of the importance of safety and quality.



The refurbished Accident Exhibit and Materials Room



## Quality and safety programs for key products

### Nuclear Safety Steering Committee continues to establish nuclear safety

In December 2004, we established the Managing Board for Innovation in the Nuclear Business in light of a secondary piping damage accident in August 2004 at the Mihama Nuclear Power Plant Unit 3, which was built by MHI and operated by Kansai Electric Power. In January 2013, the name of the board was changed to Nuclear Safety Steering Committee to share and decide the issues and courses of action related to MHI's nuclear business, as well as to internally reform and expand the nuclear quality assurance management system. The committee has been conducting these activities under the guidance of a steering committee whose mission is to manage activities that help ensure nuclear safety.

In fiscal 2013, the Nuclear Safety Steering Committee discussed and debated the status of efforts to foster a nuclear safety culture and the activities of the "Working Group on Voluntary Efforts to Improve Nuclear Safety" in the context of demands from regulators around the world and nuclear safety at MHI. The committee concluded that the requests of the regulators to ensure the safety of the nuclear power plants were strict, but MHI would continue working to enhance nuclear safety.

### Measures for enhancing PWR power plant safety

MHI set up an emergency task force immediately after the Great East Japan Earthquake. After the Advanced Plant Safety Department was established in August 2011, the task force was transferred to this department and developed countermeasures against blackout that occurred at the Fukushima Daiichi Nuclear Power Plant. The task force has been reflecting these countermeasures at PWR power plants built by MHI in Japan.

Furthermore, in July 2012, by offering support to Kansai Electric Power Company as it restarted Units 3 and 4 of the Oi Nuclear Power Plant, MHI has contributed to the first operational restart in Japan after the earthquake.

The new safety criteria that was developed by the Nuclear Regulation Authority (NRA: established in September 2012) went into effect in July 2013. Currently, applications have been filed to restart the 12 PWR power plants, and safety inspections are underway. MHI is providing technical support to power companies to early restart the plants.

MHI has been supporting power companies to implement mid- and long-term countermeasures, such as filtered containment vents and secondary back-up generators. MHI continues to contribute to the improvement of the safety and reliability of nuclear power plants and to the establishment of a stable power supply.

### Shipbuilding: enhancing QMS activities to prevent product accidents

In Shipbuilding & Ocean Development, MHI builds and repair a wide range of ships and marine products in the Nagasaki, Kobe, Shimonoseki, and Yokohama regions. Although each region accommodates different types of ships according to its unique capabilities, the company strives to adopt the same quality indicators, non-conformity management systems, safety and quality education programs, and internal audits in all regions, and is working with each region to improve work processes and quality management capacity to realize a more advanced QMS and cultivate an attitude focused on safety and quality.

Shipbuilding & Ocean Development operations work to deliver products and services that meet customers' expectations by ISO 9001 external audit for QMS activities and by obtaining worksite certification from various classification societies (Note).

(Note) Non-profit organizations that establish rules and standards for the construction and outfitting of ships

### 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 these incidents, and to prevent such incidents from occurring again, MHI pilots give presentations to MHI employees and employees from partner companies in order to ensure safety awareness. In fiscal 2013, 21 presentations were given to many employees of the Nagoya Aerospace Systems Works and other divisions, employees of onsite contractors, and employees of partner companies from June 2013 through September. We plan to extend these presentations to employees in our corporate and technical divisions as well.

We are also working on applying the three-pronged strategy we have adopted for preventing future accidents with the F-2 jet fighter—more detailed and precise work instructions (publishing of new work instructions), better self-checking by workers (creation of a self-checking program), and better skills management—to other aircraft models manufactured and serviced by the Nagoya Aerospace Systems Works.

Safety and quality assurance reform meetings attended by the general manager of the manufacturing site have been held since 2007. These are used to pursue education activities and improvement activities for increasing the efficacy of measures to prevent the recurrence of incorrect connection. To integrate these improvement activities with front-line operations, shop floor discussion meetings are held at each plant, where participants share information such as yearly progress and future goals. MHI will continue to carry out these actions as it strives to improve safety of aircraft manufacturing and maintenance.

### Transportation systems: ensuring the safety of transportation systems based on quality management systems

MHI is working on the development of various transportation systems with a high potential for use in public settings, such as an Electronic Toll Collection (ETC) system and Automated People Mover (APM) for use in airports and other facilities in cities. To ensure that such transportation systems function with high degree of safety, MHI operates a quality management system based on ISO 9001 and our own quality policies in all processes from design, procurement, and manufacturing to installation and test operation. Every year, top managers and relevant personnel in Machinery & Steel Infrastructure Systems review these activities, evaluate the effectiveness of the quality management system and propose new actions for improvement. Workshops are also held so that relevant personnel can share information, for example, information on revisions made to laws, regulations and standards pertaining to railways. Mechanisms are also being developed to incorporate safety standards and customer requirements in various countries into the initial design stage of projects developed in and outside Japan.

In addition to these efforts, MHI has introduced the system tool for sharing of lessons learned of past projects.

Employees involved in past projects disclose and record their experiences and lessons learned so that current project members can acquire and share useful skills and knowledge, and find a stronger awareness of product safety.

### 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 due to reasons such as harmful materials or possible fire or explosion at any point from development through to usage and disposal.

In fiscal 2010, the department participated in the company-wide Product Safety Taskforce, and received instruction from key MHI experts on product safety risk assessment procedures for centrifugal chillers and ground transportation refrigeration units. This information was used to create a risk assessment template for complying with the EU machinery directive, which has been used to verify the safety and quality of MHI products sold in the EU since May 2011.

## 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.

In fields of business where companies are our customers, such as power generation and engines, we ask customers directly to complete questionnaires. For example, for areas in which general consumers are our customers, such as air conditioning, we have set up a desk to respond to Internet and telephone inquiries. Each year, we receive around 8,000 responses through this channel.

In our questionnaires, we are setting evaluation criteria for each Business Domain.

In the environmental plant division, after delivery is complete we ask customers to fill out questionnaires that contain a comprehensive range of items spanning sales activities, design drawings, on-site construction, and post-delivery service, soliciting their feedback on criteria at five evaluation levels. In the division that handles the thermal power generation business, we have introduced a VOC (Voice of Customer) feedback system to share information with our sales headquarters and individual works. In the compressor division, after meeting customers face to face we fill out customer satisfaction surveys and review summaries of evaluation results. Each headquarters and division of MHI works to boost customer satisfaction (CS) levels by conducting CS surveys and soliciting feedback and suggestions from the market and from customers. Basic CS Training, introduced in 2002, is used to improve employee awareness and foster the development of a customer-oriented corporate culture at MHI.

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



Basic CS training (Hiroshima)

### Promoting advertising activities

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 confirms facts in close conjunction with the Global Business Planning & Operations Headquarters, the Corporate Department, and each domain and overseas sites and Group companies, to enable them to provide accurate information to customers, and endeavors to abide by all provisions in related laws and industries. After running advertisements, the Department assesses the improvement in recognition level in each form of media and the spreading of the corporate image.

In fiscal 2013, we continued with the previous year's theme of broadcasting a TV commercial series in Japan presenting MHI manufacturing technologies, highlighting the air brakes that help rolling stock stop safely and reliably. We also ran corporate ads online and in radio media in conjunction with the TV commercial. Also, to mark the 130th anniversary of MHI's establishment on July 7, 2014, we launched a new TV commercial set in Nagasaki, the city where the company commenced manufacturing. It interweaves the dreams of children, symbolic of the future, and MHI's deep sentiments toward manufacturing.

Also, overseas we ran a series of ads in the Financial Times (U.K.) promoting our rocket engines, turbochargers, and machine tools.

There were no legal or regulatory violations related to our advertising activities in fiscal 2013.

### Implementing technical support as an aspect of preventative maintenance

Since 1999, MHI has been maintaining high operating rates of thermal power plants (gas turbine) delivered around the world and providing technical support services to prevent problems.

Through these paid services, we observe and support the operations of gas turbine plants 24 hours a day, 7 days a week in real time from remote monitoring centers established in two locations, one in Japan and the other abroad. We have been utilizing more than 10 years of the operational data of the plants to prevent problems. Also, we minimize shutdown of the plants by quickly and automatically detecting plant anomalies, applying quality engineering and immediately implementing troubleshooting procedures.

As of April 2014, the service was used globally on 97 generators at 43 plants whose total output is over 20 million kW, and we have been contributing to stable power generation operations for our customers.



Remote monitoring center

### Promoting nuclear power Public Acceptance (PA) activities

Since 1988, MHI has been hosting tours of nuclear power plant factories at Kobe Shipyard & Machinery Works to promote nuclear PA activities so that the attendees can gain a better understanding of the need for and safety of nuclear power generation. MHI encourages attendance, on these tours every year.

In addition, although our nuclear power plants are PWRs, which are different from BWRs of TEPCO's Fukushima Daiichi Nuclear Power Plant, MHI has been supporting TEPCO for stabilizing the accidents caused by the Great East Japan Earthquake. MHI has also been deploying emergency safety countermeasures at MHI-built nuclear power plants to increase their safety and reliability.

MHI will continue PA activities, such as providing related information and hosting tours, to restore public confidence in nuclear power generation.

(Note) Nuclear Power PA (Public Acceptance) activities: Public outreach programs to provide a better understanding of nuclear energy



Touring the Kobe Shipyard & Machinery Works

## Maintaining and Strengthening Defense Production and Technological Bases

### Contributing to the peace and safety of Japan through technology

MHI is dedicated to the core vision of supplying cutting-edge technology for national safety and security. As a leading supplier in the Japanese defense industry, MHI endeavours to maintain and strengthen defense production and technological bases. MHI develops and manufactures a vast array of defense equipment based on the requirement of government of Japan, including fighter planes, helicopters, missiles, defense vessels and tanks, and also provides operational support.

The environment surrounding the defense of Japan has been changing dramatically over the last few years. In light of the current financial difficulty of Japan and the speed of technological progress, it is increasingly important to maintain and strengthen defense production and technological bases, in order to satisfy the requirements of the government. 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

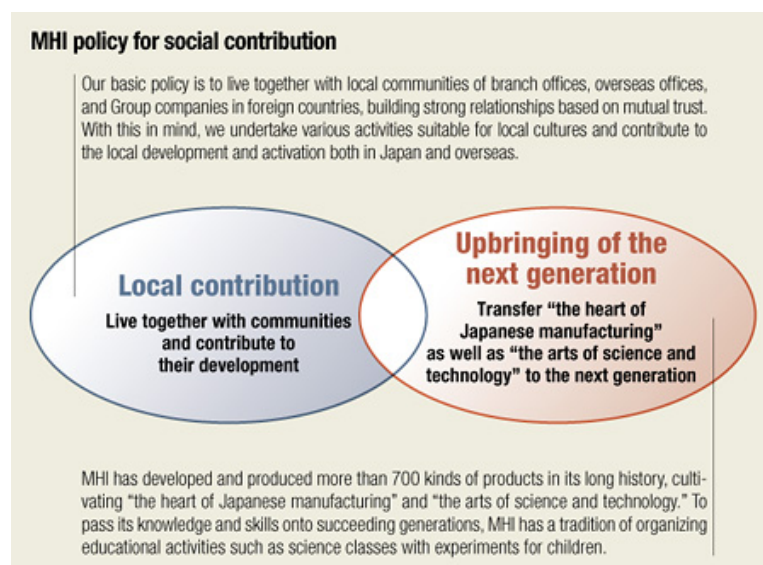
FY	Ratio	Amount
2011	12.8%	359.7 billion yen
2012	11.0%	308.6 billion yen
<b>2013</b>	<b>11.6%</b>	<b>387.3 billion yen</b>

## Fulfilling our Policy on Social Contribution Activities

### Conducting activities that suit the characteristics of each region based on the MHI policy on Social Contribution 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."

The MHI policy for social contribution activities was released in 2007 based on extensive discussion and debate regarding the nature of public expectations as well as feedback from external sources. Various programs are being carried out in each region of Japan in accordance with the policy.



### Local contribution

#### Live together with communities and contribute to their development

Our basic policy is to live together with local communities of branch offices, overseas offices, and Group companies in foreign countries, building strong relationships based on mutual trust. With this in mind, we undertake various activities suitable for local cultures and contribute to the local development and activation both in Japan and overseas.

### 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.

## Reports on Social Contribution Activities

### Expenditure of approx. 1.478 billion yen on social contribution activities

MHI endorses the "One Percent Club," a program initiated by Nippon Keidanren (Japan Business Federation) in which participating members commit at least 1 percent of ordinary profit to social contribution activities. As a member of the One Percent Club, MHI is actively involved in a range of social contribution activities. The company reports expenditure on social contribution activities each year.

In fiscal 2013, MHI spent approximately 1.478 billion yen on social contribution activities, equivalent to 0.81 percent of ordinary profit.

#### ■ Change in expenditures on social contribution activities

	FY2010	FY2011	FY2012	FY2013
Academic research	247 million yen	164 million yen	177 million yen	143 million yen
Education	633 million yen	596 million yen	503 million yen	494 million yen
Community activities	141 million yen	180 million yen	153 million yen	125 million yen
Sports	149 million yen	133 million yen	173 million yen	149 million yen
Other	440 million yen	1,023 million yen	474 million yen	566 million yen
<b>Total</b>	<b>1,610 million yen</b>	<b>2,096 million yen</b>	<b>1,480 million yen</b>	<b>1,478 million yen</b>
<b>Percentage of ordinary profit</b>	<b>2.36%</b>	<b>2.39%</b>	<b>1.00%</b>	<b>0.81%</b>

(Note 1) 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.

(Note 2) Includes group companies under consolidated accounting.

(Note 3) Social contribution expenditures related to the Great East Japan Earthquake (donations, etc., made from March 11 through March 31, 2011) are included in the figures for FY2011, not FY2010.

### About donation recipients

In addition to groups with a close business relationship with MHI, groups that perform the following activities, either in isolation or in conjunction with MHI, were chosen as the main beneficiaries of donations, in accordance with the MHI Group CSR Action Guidelines.

- Close ties with the Earth: environment preservation, etc.
- Close ties with Society: disaster relief, community work, welfare, promoting culture and the arts, international exchange and international cooperation
- A bridge to the next Generation: nurturing the next generation, academic research, boosting technical capabilities

## 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.

Continuing our reconstruction assistance for communities hit by the Great East Japan Earthquake on March 11, 2011, in fiscal 2013 we again engaged in various activities to support children, such as teaching science classes, sponsoring charity musicals, and hosting a rugby workshop. We also launched new assistance efforts, such as the MHI Miyagi Mini-Fund, which provides assistance to community restoration efforts in the disaster regions, and donating (Note) dishes and eating utensils made from a MHI proprietary shape-memory polymer to social welfare facilities.

(Note) In partnership with the labor union, a matching donation given by the company on top of money donated by employees through the Tomoshibi Fund.



Employees soliciting donations to the Tomoshibi Fund

### ■ Major support activities in recent years

Year	Disaster	Scale of support	Type of support
2013	Great East Japan Earthquake	28.04 million yen	Cash donation and donation of air-conditioners and other supplies
	Damage from Typhoon Haiyan	5 million yen	Cash donation
2012	Great East Japan Earthquake	28.62 million yen	Cash donation and donation of refrigeration unit and other supplies
2011	Thailand floods	45 million yen	Cash donation and supplies
	Great East Japan Earthquake	680 million yen	Cash donation and donation of solar power systems and forklift trucks
2010	China Qinghai Earthquake	10 million yen	Cash donation
	Chile Earthquake	5 million yen	Cash donation
	Haiti Earthquake	10 million yen	Cash donation and donation of lighting towers with generators
2009	Indian Ocean Earthquake and Tsunami	3 million yen	Cash donation
	Damage from Typhoon Morakot	2.54 million yen	Cash donation
	L'Aquila Earthquake in Italy	2.54 million yen	Cash donation

## Activities that support the development of the next generation

### Science classes held by employees of various worksites

The decline in children's interest and understanding of science has been an important issue in Japan in recent years, as such a decline could lead to a drop in global competitiveness for Japan, which depends on science and technology for economic growth. Given this context, since 2008 MHI has been supporting a visiting science class program, where employees in each business segment and works across Japan teach a science class in a variety of formats, such as by visiting local schools, or by inviting students to plants or the Minato Mirai Industrial Museum. The goal of the program is to help raise human resources who can contribute to science and technology and the global community.

Classes were held again in fiscal 2013, with employees in each business segment partnering with local NPOs and other organizations to teach the class using products and technologies from their respective workplaces. More than 5,400 students participated in these classes nationwide. Host schools have responded with great enthusiasm, commenting on how the classes are not only fun but also relevant, and how they are thankful for having classes that pique the children's interest.

#### ■ Science classes held in FY2013

Taught by	Grade level	Number of participants (Note)	Activities, topics
Nagasaki Shipyard & Machinery Works	Elementary school	26	Elementary school lecture on "Boats, Buoyancy, and Propulsion"
Kobe Shipyard & Machinery Works	Elementary school	150	Related to the Shinkai 6500 summer school, water pressure experiment and making paper craft models of deep-sea fish; lecture using "wakamaru" communication robot
Shimonoseki Shipyard & Machinery Works	Elementary school	248	Monozukuri Classrooms: Construction of a ship propelled by a rubber engine; windmill construction using a PET bottle; pop-pop boat construction; lecture on aircraft and ships
Yokohama Dockyard & Machinery Works	Elementary school	341	Kids' Club science classes: Buoyancy experiment using clay and a steel plate; construction of a flutter boat; lecture on wind turbines
Takasago Machinery Works	Elementary school	1,132	Summer school on wind and water
Nagoya Aerospace Systems Works	Elementary, junior high, and high schools	1,197	Lecture on rockets and aircraft, hands-on experiment on aircraft structure assembly (riveting)
Nagoya Guidance & Propulsion Systems Works	Elementary, junior high, and high schools	2,358	Lecture on rockets
Hiroshima Machinery Works	Elementary school	604	Lecture using "wakamaru" communication robot
Mihara Machinery Works	Elementary school	51	Lecture on motors and brakes and the principles of how trains start and stop
Sagamihara District	Elementary school	97	Lecture on turbochargers
Meirei District	Elementary school	221	Lecture on the mechanism behind temperature change
Ritto District	Elementary school	97	Lecture on motors and gears
Head Office	Elementary school	595	Lecture on planes and wind power generation systems on water
Mitsubishi Minatomirai Industrial Museum	Elementary and junior high schools	1,819	Paper airplane and ship-themed craft workshops

(Note) Includes repeat participants; participants include students' parental guardians and teachers of host schools



Science classes at headquarters and works (aircraft in Vietnam)



Science classes at headquarters and works (Shimonoseki Shipyard & Machinery Works)

## Supporting the next generation at all stages from junior high to graduate school

In addition to science classes for elementary schools, MHI also extends support to students at various stages in their education, from junior high school to graduate school.

In March 2013, MHI and the Institute of National Colleges of Technology, Japan signed a comprehensive partnership agreement aimed at promoting academic excellence and industrial technology in Japan. By providing internships, sharing lecturers, and conducting joint research, we hope to cultivate and strengthen the manufacturing skills of young people.

Teaming up with the University of Tokyo, we established an endowed chair on cutting-edge energy conversion engineering (Energy & Environment Domain) in September 2008 and an endowed chair on aerospace innovation (Commercial Aviation & Transportation Systems Domain) in August 2009, thus contributing to the development of the next generation in technical fields related to MHI's business and in public policy research.

## MHI to Sponsor Nationwide Performances of the Shiki Theatre Company's Kokoro no Gekijo

Based on MHI's CSR action guidelines of maintaining "close ties with society" and building "a bridge to the next generation," through musicals the Company is working to cultivate a richness of spirit among the children of the next generation. Accordingly, from fiscal 2014 we will sponsor the Shiki Theatre Company's Kokoro no Gekijo ("Theater of the Heart") productions.

In 2008, the Shiki Theatre Company began conducting Kokoro no Gekijo, which uses legend to communicate on stage some of life's key lessons, including the importance of life, concern for others, and the joy of trusting one another. The musicals are being performed free of charge for children throughout Japan, from the island of Rishiri off Hokkaido in the north to the Okinawan islands of Ishigaki and Miyako in the south.

In fiscal 2013, MHI sponsored performances in Miyagi and Fukushima prefectures as part of its efforts to support recovery in the area affected by the Great East Japan Earthquake.

Employee volunteers from MHI took part in the production of the Shiki Theatre Company's Kokoro no Gekijo production Momojiro no Bogen ("The Adventures of Momojiro") on Friday, January 10, 2014, in the city of Iwaki, Fukushima Prefecture. The 11 volunteers assisted with stage construction and dismantling, reception, and ushering and guidance within the venue.

Including the morning and afternoon showings, the performances in Iwaki attracted some 2,975 attendees from 54 elementary schools. From their laughing at the lighthearted dialog and clapping at actors' cries, and then their earnest looks at the closing of the narrative, it was clear that the children had clearly taken to heart the show's message. After the production, the children looked on enthusiastically as the on-stage actors gave them a send-off.

During our nationwide sponsorship in fiscal 2014, employee volunteers will assist on the day with performances located near MHI's works.



Shiki Theatre Company <http://www.shiki.jp/en/>



Employees providing directions and guidance within the theater



Helping with the loading and unloading of stage equipment



Commemorative photo of staff and actors after the performance



A message board decorated by the performers

## Tanegashima Space Art Festival Pre-event

The island of Tanegashima springs to mind when Japanese people think of "space." Various activities are now starting up in preparation for the "Space Art Festival" that is planned for 2017 and intended to expand the field of space art. This project, sponsored by the Tanegashima Space Art Promotion Council\*, began as a grass-roots initiatives to cultivate the new category of "space art" and attract tourism, with art exhibits and educational pre-events commencing in fiscal 2013. MHI, which has been involved in space development for some time, took this opportunity to sponsor a children's space art classroom and music festival as pre-events in fiscal 2013.

At Starry Sky Illumination, a Tanegashima space art pre-event held from August 12 to September 1, 2013, MHI held the event Children's Space Art Festival 2013 in Yokohama: Let's Everybody Make Stars at the craft workshop in its Mitsubishi Minatomirai Industrial Museum. The object of the event was to teach children in Yokohama about the planet we live on, and encouraged them to draw on a plastic hemisphere, using marker pens. The completed works were lit from the inside with LEDs and put on display at the Tanegashima Space Center's Shibafu Plaza.

In 2014, MHI plans is sponsoring the Space Art Exhibition Artist in Residence Project 2014.

In addition to supporting children's and community activities, MHI plans to continue taking part in a host of projects that help people realize major dreams and goals.

Through our CSR activities at Tanegashima, in addition to providing support for children's and community activities, we are taking into consideration such activities as inviting children from throughout Japan to view space art and attend launches, as well as sea turtle biodiversity preservation activities.

\* Tanegashima Space Art Promotion Council (members: JAXA, Tanegashima Tourist Association, Minamitane, beyond)



Tanegashima space art festival pre-events (2013)

## Recognition from Society

Year Awarded	Month Awarded	Award Name	Organization / Item	Awarded by
2013	April	Received a fiscal 2013 Science and Technology category Science and Technology Award from the Minister of Education, Culture, Sports, Science and Technology in the development division for the development of an abdomen radiation therapy system with target tracking capability (Certificate of Appreciation)	Mitsubishi Heavy Industries, Ltd.	Minister of Education, Culture, Sports, Science and Technology
	April	Completion during a short period of time of new Construction of Route 6 Yamatogawa Line of the Hanshin Expressway and reconstruction work on the Route 14 Matsubara Line	Mitsubishi Heavy Industries, Ltd.	Construction Management Headquarters, Hanshin Expressway Co., Ltd.
	April	Recognized for excellence at the 42nd Japan Industrial Technology Awards, sponsored by Nikkan Kogyo Shimbun, Ltd., for the establishment and start of service of the SACLA X-ray free electron laser facility	Mitsubishi Heavy Industries, Ltd.	Minister of Education, Culture, Sports, Science and Technology
	April	1st place among Gold recipients in "machinery" category of Gomez IR Site Rankings	Mitsubishi Heavy Industries, Ltd.	Morningstar Japan K.K.
	April	Certificate of Commendation for TABLE FOR TWO contributions	Mitsubishi Heavy Industries, Ltd.	TABLE FOR TWO International
	April	Matched the amount collected by the headquarters branch of MHI's labor union for the Tomoshibi Fund and used this money to purchase and donate shape-memory spoons and forks developed by MHI, contributing to the welfare of people with disabilities	Mitsubishi Heavy Industries, Ltd. Headquarters Branch, Mitsubishi Heavy Industries Labor Union	Osaka Council of Social Welfare
	May	Support for TABLE FOR TWO (Bronze Supporter)	Mitsubishi Heavy Industries, Ltd.	TABLE FOR TWO International
	May	Matched the amount collected by the headquarters branch of MHI's labor union and used this money to purchase and donate shape-memory spoons and forks developed by MHI, contributing to the welfare of people with disabilities	Mitsubishi Heavy Industries, Ltd.	Tokyo Council of Social Welfare
	May	Received a Fiscal 2012 Technology Award from the Ministry of Land, Infrastructure, Transport and Tourism and the Japan Society of Dam Engineers in recognition of contributions to the development of dam technology used in the construction of the Obara Dam (Certificate of Appreciation)	Mitsubishi Heavy Industries, Ltd.	Japan Society of Dam Engineers
	May	Completed construction on the No. 6 generator of the central generation facility at Nippon Steel & Sumitomo Metal Corporation's Muroran Works in a short period of time without accident and in a difficult construction environment	Mitsubishi Heavy Industries, Ltd.	Nippon Steel & Sumitomo Metal Corporation Muroran Works, Bar & Wire Rod Division
	May	Employed advanced technologies, making a significant contribution to smooth engineering work to improve the efficiency of in-house power generation at Nippon Steel & Sumitomo Metal Corporation's Muroran facility	Mitsubishi Heavy Industries, Ltd.	Plant Engineering & Facility Management Center, Nippon Steel & Sumitomo Metal Corporation
	May	Recognized for outstanding contribution to furthering and completing the comprehensive improvement work (Hanshin Expressway Co., Ltd./steel girder improvement work) in concentrated construction that connected existing steel I-beams	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd.	Kansai Regional Chapter, Japan Society of Civil Engineers
	June	Completion of construction on toll collection equipment and ETC exit route facilities in tandem with construction of the Route 2 Yodogawa-Sagan Line of the Hanshin Expressway	Mitsubishi Heavy Industries, Ltd.	Construction Management Headquarters, Hanshin Expressway Co., Ltd.
	June	Received a strong evaluation and a commendation for taking the initiative on crime prevention activities while serving as the head of the Sagamihara Construction Project Society for Crime Prevention in fiscal 2011 and 2012 and for diligent community safety activities, including the participation in various other initiatives	General Machinery & Special Vehicles, Mitsubishi Heavy Industries, Ltd.	Sagamihara Construction Project Society for Crime Prevention
	June	Received a commendation for our excellent record in the management of construction with no incidents or accidents as well as process management, in managing high-voltage generation facility construction	Mitsubishi Heavy Industries Engine Systems Co., Ltd.	Executive Officer, Ibaraki Branch, Kanden Co., Ltd.

Year Awarded	Month Awarded	Award Name	Organization / Item	Awarded by
2013	July	Received a Minister of Economy, Trade and Industry Award at the 39th Excellent Environmental Equipment Commendation sponsored by the Japan Society of Industrial Machinery Manufacturers for our R&D on equipment for collecting CO <sub>2</sub> from combustion exhaust gases	Mitsubishi Heavy Industries, Ltd.	Minister of Economy, Trade and Industry
	July	Received the Ship of the Year 2012 Technology Special Award for the Hakurei marine resources survey vessel	Mitsubishi Heavy Industries, Ltd.	Japan Society of Naval Architects and Ocean Engineers
	July	Received the Regional Special Award for contributions to the erection of the company's JTL facility	Mitsubishi Heavy Industries, Ltd.	JATCO Ltd
	July	Support in sending vaccines to children in developing countries (part of PET bottle cap collection campaign)	Nagoya Ryoju Estate Co., Ltd.	Japan Committee Vaccines for the World's Children
	July	Received the Good Construction Project Award from the head of the Kinki Regional Development Bureau for construction repair work on the No. 6 gate facilities of the Yodo River floodgates	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd. (Absorption-type company split to Mitsubishi Heavy Industries Mechatronics Systems, Ltd.)	Kinki Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism
	July	Received the Good Construction Project Award for external construction on connecting gate No. 1 facilities for the Nagara River estuary weir from the head of the Nagaragawa Estuary Barrage Operation and Maintenance Office	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd. (Absorption-type company split to Mitsubishi Heavy Industries Mechatronics Systems, Ltd.)	Nagaragawa Estuary Barrage Operation and Maintenance Office, Japan Water Agency Incorporated Administrative Agency
	July	Received the Safety Division Award for Accident-Free Completion of Construction from the head of the Safety Council of the Ikeda Dam Control Head Office for external construction on the Semeura Dam flood control facility gates	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd. (Absorption-type company split to Mitsubishi Heavy Industries Mechatronics Systems, Ltd.)	Safety Council, Ikeda Dam Control Head Office, Japan Water Agency Incorporated Administrative Agency
	August	Received the Good Construction Project Award from the head of the Shizuoka Prefecture Civil Engineering Office for diversion channel maintenance and repair construction (water gate maintenance and repair construction) on the Otani River, a Class B river	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd. (Absorption-type company split to Mitsubishi Heavy Industries Mechatronics Systems, Ltd.)	Civil Engineering Office, Transportation Infrastructure Department, Shizuoka Prefecture
	August	Completed construction without accident or injury of Phase 2 Isahaya construction work for Nishinohon Ryoju Estate's special machinery division	Nishinohon Ryoju Estate Co., Ltd.	Special Machinery Department, Aerospace Systems, Mitsubishi Heavy Industries, Ltd.
	September	At the 40th anniversary of establishment of the Turbomachinery Society of Japan, received a Special Contribution Award for major contributions at the time of the society's establishment, industry advancement and the creation of a path for the training of excellent researchers and engineers	Mitsubishi Heavy Industries, Ltd.	Turbomachinery Society of Japan
	September	Completed repair construction on free-flow ETC equipment (23 Shinkan) and toll collection ETC equipment (23 Daikan and Shinkan) with considerable success and excellent results	Mitsubishi Heavy Industries, Ltd.	Hanshin Expressway Co., Ltd.
	September	Completed boiler fuel conversion construction on the company's No. 1, 2, and 3 generators without accident, disaster, or pollution	Mitsubishi Heavy Industries, Ltd.	Kashima South Joint Power Corporation
	September	Cooperated with the Great East Japan Earthquake recovery support activities of the National Federation of UNESCO Associations in Japan and made a substantial contribution to support activities in the affected area	Mitsubishi Heavy Industries, Ltd.	National Federation of UNESCO Associations in Japan

Year Awarded	Month Awarded	Award Name	Organization / Item	Awarded by
2013	October	Completed construction without incident and within a tight schedule of the Shinsei Maru, a research vessel to study marine ecosystems in the ocean off Tohoku	Mitsubishi Heavy Industries, Ltd.	Japan Agency for Marine-Earth Science and Technology
	October	Space Design Award 2013	Environment and Energy Zone of the Mitsubishi Minatomirai Industrial Museum, Mitsubishi Heavy Industries, Ltd.	Japan Design Space Association
	October	Completed design, construction, and supervision, without accident or disaster, of Phase 3 construction of the company's Koe Factory	Nishinohon Ryoju Estate Co., Ltd.	Hayase Iron Works Co., Ltd.
	November	Significant contribution to the command's mission through a deep understanding of the mission of national defense and the Self-Defense Forces, the supply of parts and repairs on the Patriot System, and technological support during the establishment of guided missile destruction measures	Mitsubishi Heavy Industries, Ltd.	Air Materiel Command, Japan Air Self-Defense Force
	November	Significant contribution to the development of the Japan Air Self-Defense Force by demonstrating a deep understanding of the importance of the mission of national defense and the Self-Defense Forces and the enlargement of an employment relief framework	Mitsubishi Heavy Industries, Ltd.	Chief of Staff, Air Self-Defense Force, Ministry of Defense
	November	Certificate of Commendation for participation in the Kodomo Ecohatsu Campaign	Yokohama Dockyard & Machinery Works, Mitsubishi Heavy Industries, Ltd.	Japan Relations Office, United Nations World Food Programme (WFP)
	November	2012 Internet IR Excellence Award	Mitsubishi Heavy Industries, Ltd.	Daiwa Investor Relations Co., Ltd.
	November	Best Site Award and 1st place in machinery industry in the fiscal 2013 comprehensive ranking of extensiveness for all listed companies' websites	Mitsubishi Heavy Industries, Ltd.	Nikko Investor Relations Co., Ltd.
	December	Completed construction, without accident or incident and with a significantly shortened schedule, of the No. 6 unit of the company's Hirono Thermal Power Station	Mitsubishi Heavy Industries, Ltd.	Hirono Thermal Power Station, Tokyo Electric Power Co., Inc.
	December	Completed construction, without accident or incident and with a significantly shortened schedule, of the No. 6 unit of the company's Hirono Thermal Power Station	Mitsubishi Heavy Industries Mechatronics Systems, Ltd.	Hirono Thermal Power Station, Tokyo Electric Power Co., Inc.
	December	Manufactured and installed, without accident, a power train in tandem with construction on the No. 5 unit of the company's power station.	Mitsubishi Heavy Industries, Ltd.	Kashima Kyodo Electric Power Company
	December	Due to rigorous processes adjustments, completed chimney shaft augmentation construction, without accident or disaster, on the No. 6 unit of the company's Hirono Thermal Power Station	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd. (Absorption-type company split to Mitsubishi Heavy Industries Mechatronics Systems, Ltd.)	Hirono Thermal Power Station, Tokyo Electric Power Co., Inc.
	December	Swiftly completed, under a substantially shortened schedule, construction on the No. 2 unit of the Company's Hitachinaka Thermal Power Station, by combining extensive experience with superior technologies	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd. (Absorption-type company split to Mitsubishi Heavy Industries Mechatronics Systems, Ltd.)	Hitachinaka Thermal Power Station, Tokyo Electric Power Co., Inc.
	December	Certificate of Appreciation for cooperating with blood donations	Kanazawa Plant, Yokohama Dockyard & Machinery Works, Mitsubishi Heavy Industries, Ltd.	Governor of Kanagawa
	December	City of Yokohama Outstanding Works for Reduce, Reuse, Recycle Activities	Kanazawa Plant, Yokohama Dockyard & Machinery Works, Mitsubishi Heavy Industries, Ltd.	Mayor of the City of Yokohama
	December	City of Yokohama Outstanding Works for Reduce, Reuse, Recycle Activities	Honmoku Plant, Yokohama Dockyard & Machinery Works, Mitsubishi Heavy Industries, Ltd.	Mayor of the City of Yokohama
	December	Asakawa Award and Award for Excellence in the No. 1 Web Grand Prix, Corporate Grand Prix Division	Mitsubishi Heavy Industries, Ltd. website, MHI Graph	IBM Fellow Chieko Asakawa, Japan Advertisers Association, Inc., Web Advertising Research Council

Year Awarded	Month Awarded	Award Name	Organization / Item	Awarded by
2014	January	Certificate of Commendation (for contributions to charity concert revenues)	Takasago Machinery Works, Mitsubishi Heavy Industries, Ltd.	City of Takasago
	January	In the company's Best Innovation 2013 chemical milling process department, contributed to increasing the uniformity of product quality, boosting productivity, and curtailing costs	Mitsubishi Heavy Industries Mechatronics Systems, Ltd.	Mitsubishi Heavy Industries, Ltd.
	January	Demonstrated a deep understanding of and proactive cooperation with police operations, contributing significantly to the promotion of smooth policing operations	Komaki South Plant, Nagoya Aerospace Systems Works, Mitsubishi Heavy Industries, Ltd.	Head of the Nishibiwajima Police Station, Aichi Prefecture
	January	Demonstrated a deep understanding of and proactive cooperation with police operations, contributing significantly to the promotion of smooth policing operations	Tobishima Plant, Nagoya Aerospace Systems Works, Mitsubishi Heavy Industries, Ltd.	Head of the Kanie Police Station, Aichi Prefecture
	February	For the works' overall activities, received the Pika Pika Grand Prize in the corporate division of the Pika Pika Campaign, sponsored by the City of Shimonoseki	shimonoseki Shipyard & Machinery Works, Mitsubishi Heavy Industries, Ltd.	City of Shimonoseki
	February	Received the Director's Award in the technology development division of the Cogeneration Award 2013 for the MEGANINJA series container-configured power generation system	Mitsubishi Heavy Industries, Ltd.	Advanced Cogeneration and Energy Utilization Center
	February	Contribution to the formation of a recycling-oriented society through proactive activities to reduce trash volume and ensure appropriate processing at large-scale commercial building (Daiichi Tamachi Building)	Tamachi Building Co., Ltd.	Minato-ku
	February	Received award for in the history division for Sensyokaku, at the Nagasaki Shipyard & Machinery Work, in the 18th Nagasaki City Scenery Award Commendations (Certificate of Appreciation)	Nagasaki Shipyard & Machinery Works, Mitsubishi Heavy Industries, Ltd.	City of Nagasaki, Nagasaki Prefecture
	March	Construction of the Koshikijima high-speed ship, combining the Company's high level of expertise in high-speed vessels with technologies used in the construction of passenger ships	Mitsubishi Heavy Industries, Ltd.	City of Satsumasendai
	March	Through wholehearted efforts toward completion, contributed to the construction and design supervision of Kitakyushu Truck Station improvement construction	Nishinihon Ryoju Estate Co., Ltd.	Trucking Business Promotion Center
	March	Received a Comprehensive Award in the magazines and newspapers division for the fiscal 2013 Keidanren Commendation for Internal Publications	Global Arch, Group newsletter for Mitsubishi Heavy Industries, Ltd.	Keidanren (Japan Business Federation) Keidanren Business Service Co., Ltd.
	March	First price in the 2014 Report Cover Design Awards	Mitsubishi Heavy Industries, Ltd.	Heartway Co., Ltd., Infoword Co., Ltd.
	March	Ranked 21st in the Toyo Keizai CSR Corporate Rankings (with 540.8 points out of a possible 600 )	Mitsubishi Heavy Industries, Ltd.	Toyo Keizai Inc.

## Main Third-party Opinions on Past CSR Reports and Our Responses

### Main opinions on the 2013 report and our responses

1. The interview with the president clearly states the Company's policy on nuclear power. We give high marks to the fact that the head of MHI is clearly stating the Company's position. We hope to continue seeing such care taken toward transparency and accountability going forward.

**In the 2014 Report (Website)**

**With regard to Japanese and overseas regulatory demands concerning nuclear power safety, on our website we introduce our initiatives aimed at ensuring nuclear power safety. For instance, the site shows the status of activities that cultivate a culture of nuclear power safety and activity by the Nuclear Safety Steering Committee, which reports and deliberates on developments by the Working Group for Enhancing Voluntary Safety Efforts on Nuclear Power. See the website for details.**

(Enhancing Product Safety:

<http://www.mhi-global.com/company/csr/esg/social/customers/customers02.html>)

2. Building a workplace where women as well as people from diverse nationalities and cultural backgrounds can live up to their full potential is an issue that all Japanese companies share. MHI should step up its activities aimed at increasing workforce diversity.

**In the 2014 Report (Website)**

**We consider the cultivation of diverse human resources necessary in order to win out amid increasingly severe competition, and we introduce a host of initiatives toward this end. See the website for details.**

(Utilizing and Cultivating Diverse Human Resources:

<http://www.mhi-global.com/company/csr/esg/social/employees/employees02.html>)

3. I believe that the way companies think in terms of prioritizing the various challenges facing different regions and deciding how to contribute to their solution is in itself an important tool for enhancing competitiveness over the long term.

**In the 2014 Report (Website)**

**The MHI Group understands material issues to be issues that materially affect both society and corporate value (mainly, those related to ESG). We analyze these issues, both from the viewpoint of society—on the basis of various international standards and stakeholder feedback—and from the Company's perspective. During fiscal 2014, we aim to complete the process of specifying "material issues." We are currently at the stage of eliciting and analyzing issue candidates. See the website for details.**

(Specific Policies Addressing Material Social Issues:

<http://www.mhi-global.com/finance/mr2014/management/material.html>)

## Progress Toward a Sustainable Society

MHI's Activities (●:Society/■:Environment)	Year	Major Events in Japan and Abroad(●:Society/■:Environment)	
		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 Regulations Monitoring Committee.			1987 ■ Enactment of Ozone Layer Protection Law.
		1988 ■ Launch of In-house Conference on CO2 Measures and In-house Conference on CFC Measures.	
1989 ■ Launch of In-house Conference on CO2 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.

MHI's Activities (●:Society/■:Environment)	Year	Major Events in Japan and Abroad(●:Society/■:Environment)	
		Japan	World
1997 ■ Acquisition of ISO 14001 certification by Yokohama Machinery Works, a first for Japan's heavy industry manufacturers. ■ Launch of R410A-compatible air-conditioners. (R410A: new type of environment-friendly refrigerant)	1990	1997 ■ Formulation of Keidanren Voluntary Action Plan on the Environment.	1997 ■ 3rd Conference of the Parties to the United Nations Framework Convention on Climate Change (COP3) convened in Kyoto.
1998 ■ Development of system that thermally decomposes PCBs contained in industrial effluents.		1998 ■ Enactment of Law Concerning the Promotion of Measures to Cope with Global Warming. ● Enactment of Law to Promote Specified Nonprofit Activities.	1998 ■ 4th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP4) convened in Buenos Aires.
1999 ■ Delivery of combined-cycle power plant incorporating the M701G gas turbine, featuring the world's highest efficiency rating.		1999 ■ Enactment of Pollutant Release and Transfer Register (PRTR) Law.	1999 ■ 5th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP5) convened in Bonn.
2000 ■ ISO 14001 certification acquired by all production bases (13 works).	2000	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.	2000 ■ 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.
2001 ■ Acquisition of ISO 14001 certification by Engineering Department. ● Establishment of Compliance Committee.		2001 ■ Establishment of Ministry of the Environment. ■ Enactment of Law Concerning Special Measures against PCB Waste. ■ Enactment of Fluorocarbons Recovery and Destruction Law.	2001 ■ 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.
2002 ■ Establishment of medium- to long-term environmental activity goals.		2002 ■ Ratification of Kyoto Protocol. ■ Enactment of Soil Contamination Countermeasures Law. ● Nippon Keidanren revamps Keidanren Charter of Corporate Behavior into Corporate Behavior Charter. ● First meeting of CSR Standardization Committee held by Ministry of Economy, Trade and Industry.	2002 ■ World Summit for Sustainable Development convened in Johannesburg. ■ 8th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP8) convened in New Delhi. ● GRI Sustainability Reporting Guidelines Version 2 released.
2003 ● Establishment of Construction Business Act Compliance Committee.		2003 ■ 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 Association of Corporate Executives for Economic Development releases 15th Corporate White Paper, entitled, "Evolution of Market and Social Responsibility-Minded Business Management."	2003 ■ 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 ● Joined United Nations Global Compact initiative. ● Establishment of Managing Board for Innovation in the Nuclear Business.			2004 ■ 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 ● Introduction of Executive Officer system. ● Establishment of Internal Audit Department. ● Establishment of CSR Center. ● Establishment of Order Compliance Committee.		2005 ● Enactment of Act on the Protection of Personal Information.	2005 ■ 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 ■ Acquisition of ISO 14001 certification by Head Office (including branch offices). ● Establishment of CSR Committee. ● Establishment of CSR Department.		2006 ● Enactment of New Company Law. ● New National Energy Strategy formulated.	2006 ● 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.

MHI's Activities (●:Society/■:Environment)	Year	Major Events in Japan and Abroad(●:Society/■:Environment)	
		Japan	World
2007 ● Establishment of CSR Action Guidelines.	2000	2007 ■ 21st Century Environmental Nation Strategy formulated. ● Enactment of the revised Consumer Products Safety Law.	2007 ■ Fourth Assessment Report released by the United Nations Intergovernmental Panel on Climate Change (IPCC).
2008 ● Development of CSR Action Plan.		2008 ● 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 ■ Revision of Soil Contamination Countermeasures Law.	2009 ● The Green New Deal advocated by the U.S. is embraced by countries across the globe.
2010 ■ 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 ■ 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 ■ 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
2011 ■ Implementing Energy-saving Measures at All Works		2011 ■ Decision to introduce an environmental tax for measures against global warming ■ Feed-in Tariffs for renewable energy ● Establishment of Principles for Financial Action towards a Sustainable Society	2011 ■ International energy management standard (ISO 5001) issued ■ UN International Year of Forests ■ Corporate Value Chain (Scope 3) Accounting and Reporting Standard ■ 17th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP17) convened in Durban ■ GRI Sustainability Reporting Guidelines version 3.1 released
2012 ● Establishment of the CSR Group in the Corporate Communication Department of the Presidential Administration Office ■ Creation of MHI Environmental Vision 2030 ● ■ Funds for Community Engagement established		2012 ■ Publication of General Guidelines on Supply Chain GHG Emission Accounting Ver. 1.0 ■ Amended Water Pollution Control Law enters into force ■ Feed-in tariff system for renewable energy launched ■ Cabinet approves National Biodiversity Strategy of Japan 2012-2020 ■ Environmental tax for measures against global warming goes into effect	2012 ■ UN Conference on Sustainable Development (Rio+20) held in Rio de Janeiro, Brazil ■ Eleventh Meeting of the Conference of the Parties (COP11) to the Convention on Biological Diversity held in Hyderabad, India ■ Eighteenth Meeting of the Conference of the Parties (COP18) to the UN Framework Convention on Climate Change held in Doha, Qatar ● ■ 2012 International Year of Sustainable Energy for All ● ■ U.S. Securities and Exchange Commission adopts rule mandating companies to disclose use of conflict minerals
2013 ● Becomes first Japan's first member in the World Ocean Council (WOC) ● Shift to Domain-based Organizational Structure ■ Establishment of the MHI Group 2nd Environmental Targets		2013 ■ Revisions to the Act on Promotion of Global Warming Countermeasures announced ● Act on the Promotion of the Employment of Disabled Persons revised ■ Revisions to the Act Concerning the Rational Use of Energy ■ Act on Promotion of Recycling Small Waste Electrical and Electronic Equipment goes into effect	2013 ● ■ Fourth edition of the Sustainability Reporting Guidelines (GRI) announced ● ■ India revises its corporate law, making CSR mandatory ● ■ International Integrated Reporting Framework announced ■ Minamata Convention on Mercury adopted
2014 ● MHI introduces chief officer system ● Establishment of the CSR Group in the Corporate Communication Department of the Business Strategy Office ● Formulated the MHI Group Basic Policy on Human Rights ● Sun Marina Kids childcare center opens in MHI's Yokohama Building		2014 ● Financial Services Agency announces the Japanese version of the Stewardship Code ● Worker Dispatching Act revised ■ Basic Law on the Water Cycle enacted	2014 ● ■ European Union adopts protocol on disclosure of non-financial information ■ European Environmental Agency envisions new actions such as priority issues for 2014 ● European Union proposes regulations related to the issue of transactions involving conflict minerals ● ■ Industry-specific GRI, G4 guidelines announced

## Relationship with Stakeholders

For detailed shareholder dialogue content, please see our website.  
<http://www.mhi-global.com/company/csr/policy/stakeholder/index.html>

### **MHI held a stakeholder dialogue to discuss the main human rights issues in the manufacturing sector (in 2013)**

MHI held a stakeholder dialogue to learn from two experts, Mr. Makoto Teranaka and Mr. Hiroshi Ishida, in order to identify human rights impacts.

### **Approach to Environmental and Energy Technologies In Line with MHI's "Environment Vision 2030"(in 2012)**

A summary of the valuable opinions expressed by outside experts towards our "Environment Vision 2030," along with MHI's views on the points they brought up.

### **Expectations for Science Class Support Activities (in 2011)**

Discussions were held with the Board of Education and NPO to exchange opinions on "Meeting of Future Space Child" (KU-MA). Kodomo Uchu - Mirai Association

### **Sustaining and enhancing the science class in collaboration with local communities (in 2010)**

Discussions were held with the Board of Education and NPO to exchange opinions on "Meeting of Future Space Child" (KU-MA). Kodomo Uchu - Mirai Association

### **Bringing MHI's unique science classes to elementary and junior high schools across the country (in 2008)**

We invited children from Osaka Nonaka Elementary School who attended the science class and experts in next-generation education to share their feedback and recommendations.

### **MHI's Responsibility to Support Space Development - Today and Tomorrow - and Hopes for the Future (in 2007)**

MHI and experts discussed H-IIA Project that transferred into our hands.

### **Expectations Held of MHI to Achieve Stable Energy Supplies Worldwide and a Sustainable Society (in 2006)**

The second stakeholders meeting focused on energy, marked by active discussions involving representatives from various related fields.

### **The Role to be Filled by MHI For the Realization of a Sustainable Society (in 2005)**

The first stakeholders meeting was held based on the 2004 Social and Environmental Report.

## GRI Guideline Comparison List

Comparison Chart of "Global Reporting Initiative Sustainability Reporting Guidelines (Fourth Edition, or G4)" and "United Nations Global Compact Principles"		Corresponding Global Compact Principle	Relevant page(s) in the CSR Web Site
<b>1.Strategy and Analysis</b>			
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.	-	Interview with the President
1.2	Description of key impacts, risks, and opportunities.	-	Interview with the President MHI's CSR CSR Medium-Term Action Plan Targets and Progress
<b>2.Organizational Profile</b>			
2.1	Name of the organization.	-	MHI REPORT 2014
2.2	Primary brands, products, and/or services.	-	MHI REPORT 2014
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	-	-
2.4	Location of organization's headquarters.	-	MHI REPORT 2014
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.	-	MHI REPORT 2014
2.6	Nature of ownership and legal form.	-	MHI REPORT 2014
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	-	MHI REPORT 2014
2.8	Scale of the reporting organization.	-	MHI REPORT 2014
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	-	-
2.10	Awards received in the reporting period.	-	Recognition from Society
<b>3. Report Parameters</b>			
<b>Report Profile</b>			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	-	MHI REPORT 2014
3.2	Date of most recent previous report (if any).	-	MHI REPORT 2014
3.3	Reporting cycle (annual, biennial, etc.)	-	MHI REPORT 2014
3.4	Contact point for questions regarding the report or its contents.	-	MHI REPORT 2014
<b>Report Scope and Boundary</b>			
3.5	Process for defining report content	-	MHI REPORT 2014 MHI's CSR
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	-	MHI REPORT 2014
3.7	State any specific limitations on the scope or boundary of the report.	-	MHI REPORT 2014
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.	-	MHI REPORT 2014 Environmental Accounting CO <sub>2</sub> Reductions with MHI Product Usage (FY2013)
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.	-	-
<b>GRI Content Index</b>			
3.12	Table identifying the location of the Standard Disclosures in the report.	-	(This page)
<b>Assurance</b>			
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).	-	-

Comparison Chart of "Global Reporting Initiative Sustainability Reporting Guidelines (Fourth Edition, or G4)" and "United Nations Global Compact Principles"		Corresponding Global Compact Principle	Relevant page(s) in the CSR Web Site
<b>4. Governance, Commitments, and Engagement</b>			
<b>Governance</b>			
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 Promoting Comprehensive and Strategic CSR Activities Activities of Major Related Committees in Fiscal 2013
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
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 Building a Better Working Environment Disclosure Principles and IR Activities
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).	-	Web
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
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.	-	Creed MHI's CSR CSR Medium-Term Action Plan Improving Compliance Principles / Guidelines Environmental Management Promotion System MHI Environmental Vision 2030 Targets and Progress Fair Dealing Promoting CSR Procurement Fulfilling our Policy on Social Contribution Activities
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.	-	Interview with the President MHI's CSR Current Status of Corporate Governance and Internal Controls Promoting Comprehensive and Strategic CSR Activities Activities of Major Related Committees in Fiscal 2013 Creating a Structure to Promote Compliance that Encompasses the Entire Group Establishing and Operating an Environmental Management System Environmental Management Promotion System
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	-	-
<b>Commitments to External Initiatives</b>			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	-	Interview with the President Risk Management Promoting Comprehensive and Strategic CSR Activities Activities of Major Related Committees in Fiscal 2013 Creating a Structure to Promote Compliance that Encompasses the Entire Group Improving Compliance Principles / Guidelines Controlling and Improving Response to Potential Environmental Impact Risks Enhancing Product Safety Fair Dealing Promoting CSR Procurement
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	-	MHI REPORT 2014 Interview with the President Participation in the UN Global Compact MHI's CSR
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	-	Participation in the UN Global Compact

Comparison Chart of "Global Reporting Initiative Sustainability Reporting Guidelines (Fourth Edition, or G4)" and "United Nations Global Compact Principles"		Corresponding Global Compact Principle	Relevant page(s) in the CSR Web Site
<b>Stakeholder Engagement</b>			
4.14	List of stakeholder groups engaged by the organization.	-	MHI's CSR
4.15	Basis for identification and selection of stakeholders with whom to engage.	-	MHI's CSR
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	-	Interview with the President Relationship with Stakeholders Promoting Comprehensive and Strategic CSR Activities Enhancing Product Safety Enhancing Customer Satisfaction (CS) Disclosure Principles and IR Activities Promoting CSR Procurement Building a Better Working Environment Social Contribution Activities
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.	-	MHI's CSR CSR Medium-Term Action Plan
<b>5. Management Approach and Performance Indicators</b>			
<b>Economic</b>			
<b>Economic Performance</b>			
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.	-	MHI's CSR Social Contribution Activities ESG data 2014
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	-	Interview with the President MHI's CSR Initiatives to Enhance Corporate Value CSR Medium-Term Action Plan Targets and Progress Environmental Accounting CO <sub>2</sub> Reductions with MHI Product Usage (FY2013) Main Products and Technologies in 2013
EC3	Coverage of the organization's defined benefit plan obligations.	-	-
EC4	Significant financial assistance received from government.	-	-
<b>Market Presence</b>			
EC5	Range of ratios of standard entry level wage by gender 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.	-	-
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	-	-
<b>Indirect Economic Impacts</b>			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement.	-	Interview with the President Initiatives to Enhance Corporate Value CO <sub>2</sub> Reductions with MHI Product Usage (FY2013) Main Products and Technologies in 2013 Social Contribution Activities
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	-	Promoting CSR Procurement Building a Better Working Environment
<b>Environmental</b>			
<b>Materials</b>			
EN1	Materials used by weight or volume.	Principle 8	-
EN2	Percentage of materials used that are recycled input materials.	Principle 8, Principle 9	-
<b>Energy</b>			
EN3	Direct energy consumption by primary energy source.	Principle 8	Material Balance
EN4	Indirect energy consumption by primary source.	Principle 8	Material Balance Promotion of Measures to Curtail Greenhouse Gas Emissions
EN5	Energy saved due to conservation and efficiency improvements.	Principle 8, Principle 9	Promotion of Measures to Curtail Greenhouse Gas Emissions Measures to Curb CO <sub>2</sub> Emissions in Transportation
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	Interview with the President Initiatives to Enhance Corporate Value Targets and Progress CO <sub>2</sub> Reductions with MHI Product Usage (FY2013) Countermeasures against Global Warming Main Products and Technologies in 2013
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Principle 8, Principle 9	-
<b>Water</b>			
EN8	Total water withdrawal by source.	Principle 8	Material Balance Protecting Water Resources
EN9	Water sources significantly affected by withdrawal of water.	Principle 8	-
EN10	Percentage and total volume of water recycled and reused.	Principle 8, Principle 9	Protecting Water Resources

Comparison Chart of "Global Reporting Initiative Sustainability Reporting Guidelines (Fourth Edition, or G4)" and "United Nations Global Compact Principles"		Corresponding Global Compact Principle	Relevant page(s) in the CSR Web Site
<b>Biodiversity</b>			
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	-
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	Initiatives to Preserve Biodiversity
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Principle 8	Initiatives to Preserve Biodiversity Targets and Progress
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	-
<b>Emissions, Effluents, and Waste</b>			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Principle 8	Targets and Progress Material Balance Promotion of Measures to Curtail Greenhouse Gas Emissions Measures to Curb CO <sub>2</sub> Emissions in Transportation
EN17	Other relevant indirect greenhouse gas emissions by weight.	Principle 8	Material Balance Promotion of Measures to Curtail Greenhouse Gas Emissions
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Principle 7, Principle 8, Principle 9	Targets and Progress Promotion of Measures to Curtail Greenhouse Gas Emissions Measures to Curb CO <sub>2</sub> Emissions in Transportation
EN19	Emissions of ozone-depleting substances by weight.	Principle 8	Targets and Progress Material Balance Promotion of Measures to Curtail Greenhouse Gas Emissions
EN20	NO, SO, and other significant air emissions by type and weight.	Principle 8	Material Balance Curbing the Use and Emissions of Chemical Substances through Proper Management and Use of Alternatives
EN21	Total water discharge by quality and destination.	Principle 8	Material Balance Protecting Water Resources
EN22	Total weight of waste by type and disposal method.	Principle 8	Material Balance Curbing Waste Generation, Release and Disposal
EN23	Total number and volume of significant spills.	Principle 8	-
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 internationally.	Principle 8	-
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	-
<b>Products and Services</b>			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Principle 7, Principle 8, Principle 9	Interview with the President MHI's CSR Initiatives to Enhance Corporate Value Targets and Progress CO <sub>2</sub> Reductions with MHI Product Usage (FY2013) Main Products and Technologies in 2013
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Principle 8, Principle 9	-
<b>Compliance</b>			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Principle 8	-
<b>Transport</b>			
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	Targets and Progress Measures to Curb CO <sub>2</sub> Emissions in Transportation
<b>Overall</b>			
EN30	Total environmental protection expenditures and investments by type.	Principle 7, Principle 8, Principle 9	Environmental Accounting
<b>Labor Practices and Decent Work</b>			
<b>Employment</b>			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	-	MHI REPORT 2014 Utilizing and Cultivating Diverse Human Resources ESG data 2014
LA2	Total number and rate of new employee hires and 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.	-	-
LA15	Return to work and retention rates after parental leave, by gender.	-	-

Comparison Chart of "Global Reporting Initiative Sustainability Reporting Guidelines (Fourth Edition, or G4)" and "United Nations Global Compact Principles"		Corresponding Global Compact Principle	Relevant page(s) in the CSR Web Site
<b>Labor / Management Relations</b>			
LA4	Percentage of employees covered by collective bargaining agreements.	Principle 1, Principle 3	Building a Better Working Environment ESG data 2014
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Principle 3	-
<b>Occupational Health and Safety</b>			
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	Building a Better Working Environment ESG data 2014
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 ESG data 2014
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Principle 1	Building a Better Working Environment
LA9	Health and safety topics covered in formal agreements with trade unions.	Principle 1	-
<b>Training and Education</b>			
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.	-	Utilizing and Cultivating Diverse Human Resources
<b>Diversity and Equal Opportunity</b>			
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 ESG data 2014
<b>Ratio of Basic Salary of Men to Women by Employee Category</b>			
LA14	Ratio of basic salary of men to women by employee category.	Principle 1, Principle 6	ESG data 2014
<b>Human Rights</b>			
<b>Investment and Procurement Practices</b>			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, 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	Promoting CSR Procurement
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	Building a Better Working Environment
<b>Non-discrimination</b>			
HR4	Total number of incidents of discrimination and actions taken.	Principle 1, Principle 2, Principle 6	-
<b>Freedom of Association and Collective Bargaining</b>			
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	-
<b>Child Labor</b>			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Principle 1, Principle 2, Principle 5	Activities of Major Related Committees in Fiscal 2013 Creating a Structure to Promote Compliance that Encompasses the Entire Group Promoting CSR Procurement
<b>Forced and Compulsory Labor</b>			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Principle 1, Principle 2, Principle 4	Activities of Major Related Committees in Fiscal 2013 Creating a Structure to Promote Compliance that Encompasses the Entire Group Promoting CSR Procurement
<b>Security Practices</b>			
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	-
<b>Indigenous Rights</b>			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Principle 1, Principle 2	-
<b>Assessment</b>			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Principle 1, Principle 2, Principle 4, Principle 5, Principle 6	-
<b>Remediation</b>			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Principle 1, Principle 2, Principle 4, Principle 5, Principle 6	-

Comparison Chart of "Global Reporting Initiative Sustainability Reporting Guidelines (Fourth Edition, or G4)" and "United Nations Global Compact Principles"		Corresponding Global Compact Principle	Relevant page(s) in the CSR Web Site
<b>Society</b>			
<b>Community</b>			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	-	-
SO9	Operations with significant potential or actual negative impacts on local communities.	-	-
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	-	-
<b>Corruption</b>			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Principle 10	Risk Management Activities of Major Related Committees in Fiscal 2013 Creating a Structure to Promote Compliance that Encompasses the Entire Group Compliance Training and Increasing Awareness
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Principle 10	Risk Management Activities of Major Related Committees in Fiscal 2013 Creating a Structure to Promote Compliance that Encompasses the Entire Group Improving Compliance Principles / Guidelines Compliance Training and Increasing Awareness
SO4	Actions taken in response to incidents of corruption.	Principle 10	-
<b>Public Policy</b>			
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	-
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Principle 10	-
<b>Anti-Competitive Behavior</b>			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	-	Creating a Structure to Promote Compliance that Encompasses the Entire Group
<b>Compliance</b>			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	-	Creating a Structure to Promote Compliance that Encompasses the Entire Group
<b>Product Responsibility</b>			
<b>Customer Health and Safety</b>			
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	Creating a Structure to Promote Compliance that Encompasses the Entire Group Enhancing Product Safety
<b>Product and Service Labeling</b>			
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	Enhancing Customer Satisfaction (CS)
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	-	Enhancing Customer Satisfaction (CS)
<b>Marketing Communications</b>			
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.	-	-
<b>Customer Privacy</b>			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Principle 1	-
<b>Compliance</b>			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	-	-

## Environmental Reporting Guidelines Comparison List

Comparison Chart of "Environmental Reporting Guidelines of the Ministry of the Environment" ( Fiscal Year 2012 Version)	Relevant page(s) in the CSR Web
<b>1. Basic Information</b>	
1. Fundamental requirements of reporting	
(1)Organizations and period covered by the report	MHI REPORT 2014
(2)Coverage ratio and difference in reporting period	-
(3)Reporting policy	MHI REPORT 2014
(4)Policy for publication media	MHI REPORT 2014
2. CEO's statement	Interview with the President
3. Outline of environmental reporting	
(1)Outline of environmentally conscious management	MHI's CSR Environmental Management Promotion System Efforts of Head Office, Business Segments to Conserve Environment MHI Environmental Vision 2030
(2)Time-series list of KPIs	CSR Medium-Term Action Plan Targets and Progress
(3)Summary of responses to individual environmental issues	CSR Medium-Term Action Plan Targets and Progress
4. Material balance	Material Balance
<b>2. Information and Indicators that Describe the Status of Environmental Management</b>	
1. Environmental policy, vision, business strategies, etc.	
(1)Environmental policy	MHI's CSR Environmental Management Promotion System Efforts of Head Office, Business Segments to Conserve Environment MHI Environmental Vision 2030
(2)Important issues, vision and business strategies, etc.	MHI's CSR CSR Medium-Term Action Plan Environmental Management Promotion System Targets and Progress Efforts of Head Office, Business Segments to Conserve Environment MHI Environmental Vision 2030
2. Organizational structure and status of governance	
(1)Organizational structure of environmental conscious management	Environmental Management Promotion System
(2)Environmental risk management system	Environmental Management Promotion System Controlling and Improving Response to Potential Environmental Impact Risks
(3)Compliance status of environmental regulations	-
3. Status of responses to stakeholders	
(1)Responses to stakeholders	Interview with the President Relationship with Stakeholders
(2)Social contributions through environmental activities	Social Contribution Activities
4. Environmental efforts in the value chain	
(1)Environmental efforts and strategies in the value chain	Promoting CSR Procurement
(2)Green purchasing/procurement	Controlling and Improving Response to Potential Environmental Impact Risks
(3)Products and services that contribute to reducing negative environmental impacts	Initiatives to Enhance Corporate Value Main Products and Technologies in 2013
(4)Research and development of new environmental technologies	Initiatives to Enhance Corporate Value Main Products and Technologies in 2013
(5)Environmentally friendly transportation	Measures to Curb CO <sub>2</sub> Emissions in Transportation
(6)Environmentally conscious resource and real estate development/investments	-
(7)Environmentally conscious waste disposal and recycling	Curbing Waste Generation, Release and Disposal

Comparison Chart of "Environmental Reporting Guidelines of the Ministry of the Environment" ( Fiscal Year 2012 Version)	Relevant page(s) in the CSR Web
<b>3. Information and Indicators that Describe the Status of Activities to Reduce Environmental Impacts of Business Activities and Reduction Measures</b>	
1. Input (resources and energy)	
(1)Total amount of energy input and reduction measures	Material Balance Promotion of Measures to Curtail Greenhouse Gas Emissions Measures to Curb CO <sub>2</sub> Emissions in Transportation Energy-saving Activities in Offices
(2)Total amount of material input and reduction measures	-
(3)Amount of water input and reduction measures	Material Balance Protecting Water Resources
2. Status of cyclical utilization of resources (within organization's operational area)	Protecting Water Resources
3. Output (manufactured products, environmental impacts)	
(1)Total amount of manufactured products or sales	-
(2)Amount of greenhouse gas emissions and reduction measures	Material Balance Promotion of Measures to Curtail Greenhouse Gas Emissions Measures to Curb CO <sub>2</sub> Emissions in Transportation Energy-saving Activities in Offices
(3)Total amount of water discharge and reduction measures	Material Balance Protecting Water Resources
(4)Air pollution, its environmental impacts on the living environment, and reduction measures	Material Balance
(5)Amount of release and transfer of chemical substances, and reduction measures	Material Balance Curbing the Use and Emissions of Chemical Substances through Proper Management and Use of Alternatives
(6)Total amount of waste generation and final disposal, and reduction measures	Material Balance Curbing Waste Generation, Release and Disposal
(7)Leakage of hazardous substances and preventive measures	Controlling and Improving Response to Potential Environmental Impact Risks
4. Status of preservation of biodiversity and sustainable utilization of biological resources	Initiatives to Preserve Biodiversity
<b>4. Information and Indicators that Describe the Status of Economic and Social Aspects of Environmental Conscious Management</b>	
1. Economic aspects of environmental management	
(1)Economic aspects of environmental management in business	Environmental Accounting
(2)Economic aspects of environmental management in society	Environmental Accounting
2. Social aspects of environmental management	
(Organizational governance) Ethics, compliance, personal information protection, fair trade with business partners, compliance with the Anti-Monopoly Law, intellectual property rights	Creating a Structure to Promote Compliance that Encompasses the Entire Group Improving Compliance Principles / Guidelines Compliance Training and Increasing Awareness Secure Safeguarding of Proprietary Information Fair Dealing Promoting CSR Procurement Procurement Education and Training
(Human rights) Child labor, labor in poor environments, or exploitative labor used by raw material suppliers Use of conflict minerals	Promoting CSR Procurement
(Labor practices) Improvement in the workplace environment, long working hours, diversity, work-life balance Health management of employees, prevention of industrial accidents, mental health, MSDS system	Utilizing and Cultivating Diverse Human Resources Building a Better Working Environment
(Consumer protection and product safety) Design and manufacture of products and services, response to consumer complaints, product recalls	Enhancing Product Safety Enhancing Customer Satisfaction (CS)
(Local communities) Respect for local culture and communities, fair trade, the establishment of CSR procurement	Promoting CSR Procurement Fulfilling our Policy on Social Contribution Activities Social Contribution Activities
(Other) Added value distribution policy Animal experiments, weapons and goods that can be diverted for military use	Maintaining and Strengthening Defense Production and Technological Bases
<b>5. Other matters reported</b>	
1. Subsequent events, etc.	
(1)Subsequent events	-
(2)Temporary events	-
2. Third-Party Review	-



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