

CSR DATA BOOK 2016

For the Year Ended March 31, 2016

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CSR Management

► CSR Framework

Policy

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.

In 2007, we formulated CSR Action Guidelines to serve as collective standards for all MHI Group employees. These guidelines provide a concrete and easy-to-understand way for employees to consistently keep CSR in mind as the Group contributes to societal progress through its business endeavors and through a corporate creed centered on the principles of CSR.

In 2015, we formulated the MHI Group Code of Conduct in response to the Group's globalization and diversification. As a global company, the MHI Group employs individuals from difference backgrounds, nationalities, and cultures, and the code of conduct describes how MHI employees should conduct themselves.

In 2011, the United Nations adopted the Guiding Principles on Business and Human Rights. In keeping with international society's increasing emphasis on human rights, in 2014 we formulated the MHI Basic Policy on Human Rights.

CSR Action Guidelines

MHI strives to move the world toward a more secure future. Through our technology, our business practices and our people, we:

► Care for the planet

We are eco-conscious, and engineer environmentally-friendly technologies that improve sustainability and protect the Earth

► Create a more harmonious society

We embrace integrity and proactive participation to solve societal challenges

► Inspire the future

We cultivate global talent who share a vision and desire to move the world forward for generations to come

(Others)

MHI Group Code of Conduct <http://www.mhi-global.com/company/aboutmhi/policy/conduct.html>

MHI Basic Policy on Human Rights

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

Policy of Safety and Health

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

MHI Group Supply Chain CSR Promotion Guidelines and Basic Policy Concerning Conflict Minerals
<http://www.mhi-global.com/company/procurement/csr/index.html>

MHI Group Policy for Social Contribution Activities

CSR Promotion System

MHI has established the CSR Committee as the management-level body for making decisions related to CSR. The CSR Committee comprises four members and is chaired by the CFO and head of the Business Strategy Office (executive vice president). In principle, the committee meets twice each year to determine various policies and material items related to CSR and to conduct status reports.

As is outlined below, we have also put in place various committees, such as the Compliance Committee and the Environment Committee, to deliberate material items related to CSR.

■ Audit and Supervisory Committee	Member: Audit and Supervisory Committee Members (five) Number of times: 17 times a year (FY2015 total includes Board of Statutory Auditors)
■ Nomination and Remuneration Meeting	Member: Outside directors (five) and the President and CEO Number of times: 2 times a year (FY2015)
■ Compliance committee	Member: Chairman is Executive vice president, General Council, mad composed of 22members. Number of times: 2 times a year
■ Committee for Raising Awareness of Human Rights	Member: Chairman is Executive vice president, in charge of HR, and composed of 22 members. Number of times: Anytime, if necessary
■ Environment committee	Member: Chairman is Senior General Manager of Technology Strategy Office and composed of 27 members. Number of times: 2 times a year
■ International trade control committee	Member: Chairman is Executive vice president, General Council, and composed of 13 members. Number of times: 2 times a year

Conformity to International Code of Conduct

Being a global company, MHI always conducts its business activities in accordance with international codes of conduct. In 2004, MHI became a participant in the United Nations Global Compact, committing itself to making ongoing efforts throughout the Group to respect and carry out its Ten Principles spanning four basic areas: human rights, labor, environment, and anti-corruption. We promote CSR activities that are in accordance with ISO 26000, which was formulated in 2010 as an international guideline on the social responsibilities of organizations. We endeavor to disclose information in accordance with Japanese and overseas reporting standards. One such international standard for the reporting of non-financial information is the Sustainability Reporting Guidelines (Fourth Edition, or G4) of the Global Reporting Initiative.

Pick Up

The Ten Principles of the 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.

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.

Participation in the UN 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.

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

1. Organizational governance

Organizational governance

■ Corporate Governance ■ Risk Management

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

■ Human Rights ■ Supply Chain Management

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

■ Labor Practice ■ Occupational Health and Safety ■ Human Capital Development ■ Talent Attraction and Retention

4. The environment

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

■ Environmental Management ■ Climate Change ■ Water Risk ■ Biodiversity ■ Waste Pollution

5. Fair operating practices

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

■ Compliance

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

■ Product Stewardship ■ Customer Relationship Management

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

■ Social contribution

(Note) The core subjects and issues were determined in reference to Understanding ISO 26000 (November 2010), translated by the Japan Standards Association.

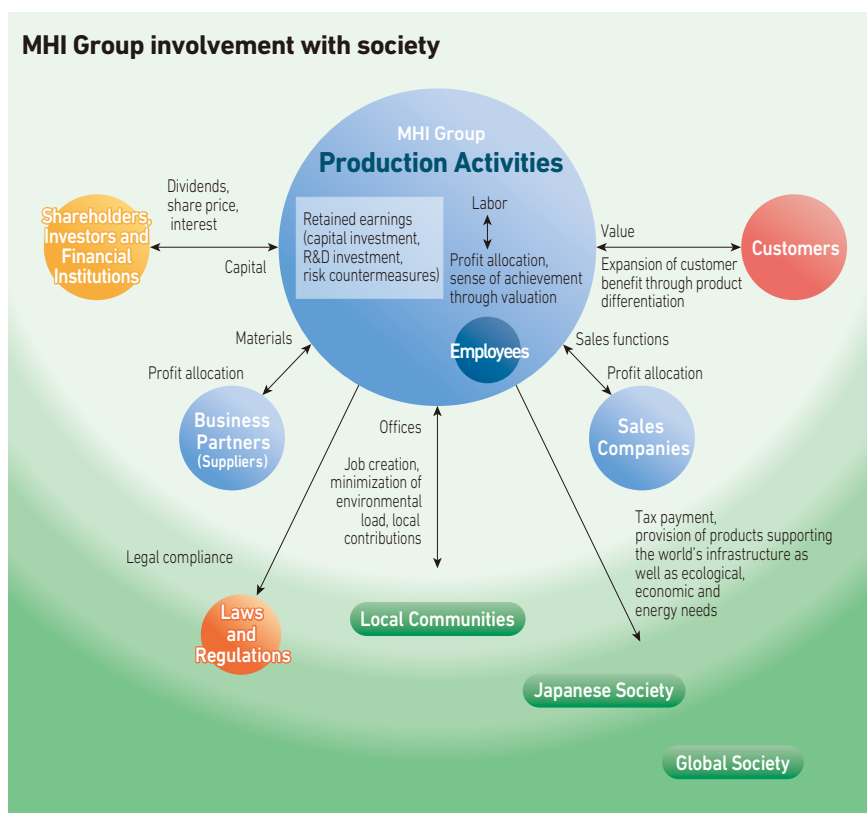
► Stakeholders

Our Stakeholders

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.



Relationship with Stakeholders

The MHI Group prioritizes management initiatives that reflect input from the various stakeholders in its business activities, including customers, suppliers, business partners, Group employees, and local communities. In addition to seeking out stakeholder input in its everyday activities, MHI engages in dialogue with experts and NGOs having specialized expertise related to CSR and global issues, striving to incorporate societal viewpoints.

In fiscal 2016, the MHI Group conducted dialogue with two overseas experts on the themes of business and human rights.

Date: September 14, 2016

Overseas experts: Roel Nieuwenkamp (Chair of the Organisation for Economic Co-operation and Development (OECD) Working Party on Responsible Business Conduct)

Thomas Thomas (CEO, the ASEAN CSR Network (ACN))

Attendees from MHI: Heads of the Corporate Communications Department and CSR Group, and two CSR Group employees

Facilitator: Saul Takahashi (Representative for Japan of the Business & Human Rights Resource Centre)

Stakeholder dialogues

Contents	Date	Attendees (Note)	Outline
The material issues and future initiatives	September 15, 2015	Motoko Aizawa (Managing Director and Chair, IHRB US Board, Institute for Human Rights and Business) Amol Mehra (Director, International Corporate Accountability Roundtable) Christopher Schuller (Legal Adviser on Business and Human Rights, German Institute for Human Rights) Allan Lerberg Jørgensen (Department Director of Human Rights and Development, Danish Institute for Human Rights)	Held dialogue with overseas experts centered on formulating a global debate on business and human rights with regard to the content of material issues and future initiatives
The material Issues Identification Process	September 3, 2014	John Morrison (Institute for Human Rights and Business) Catherine Poulsen-Hansen (Danish Institute for Human Rights) Amol Mehra (International Corporate Accountability Round Table)	The MHI Group conducted a dialogue with three experts from overseas concerning our Material Issues Identification Process, which determines what social issues are to be prioritized and addressed.
The main human rights issues in the manufacturing sector	March 13, 2013	Makoto Teranaka (Visiting Professor, Faculty of Contemporary Law, Tokyo Keizai University) Hiroshi Ishida (Executive Director of Caux Round Table Japan, Global CRT Senior Advisor, Professor at Institute of Business and Accounting, Kwansei Gakuin University, Part-time Lecturer Kyushu University Business School)	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"	February 27, 2012 March 8 and 27, 2012	Mariko Kawaguchi (Head of ESG Research Department Daiwa Institute of Research) Norio Fukao (Professor and Director of Publicity Strategy Headquarters, Nagasaki University)	The MHI Group conducted a dialogue about our "Environment Vision 2030," with outside experts.
Expectations for Science Class Support Activities	February 17, 2011	Takuya Suga (Teacher and Vice Principal, Hiroshima Minamikanon Elementary School) Sumio Endo (Director, Kodomo Uchu Mirai Association) Yuichi Taguchi (Kodomo Uchu Mirai Association)	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.

(Note) Indicated roles and titles are as of the indicated date.

Collaboration with our Stakeholder

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.

■ List of support recipients in fiscal 2015

Region of activity	Affiliated organization	Field of activity
Myanmar	Myanmar Engineering Society	Education and environment
India	Plan Japan (international NPO)	Education
Nagasaki (Japan)	Fine Network Nagasaki (NPO)	Social welfare
Yamaguchi (Japan)	Shimonoseki Social Welfare Council (social welfare corporation)	Social welfare
Yamaguchi (Japan)	Shimonoseki Citizen Activity Center	Culture and environment
Hiroshima (Japan)	Mihara City Environmental Committee	Environment
Hyogo (Japan)	Science Café Harima	Education
Hyogo (Japan)	Society for Protection of the Area around Takasago Seaside Park	Environment
Hyogo (Japan)	Community Support Center Kobe (NPO)	Social welfare
Shiga (Japan)	Ritto Forest Club projects, Ritto-city Society of Commerce and Industry	Environment
Shiga (Japan)	Network for Protection Lake Biwa with the Common Reed (Phragmites Australis)	Environment
Aichi (Japan)	MACH B&F (NPO)	Education
Aichi (Japan)	Toki-Shonai River Support Center (NPO)	Environment
Kanagawa (Japan)	Sagamihara City Rugby Ball Association (NPO)	Health and sports
Kanagawa (Japan)	Sherlock Holmes (NPO)	Education
Kanagawa (Japan)	Shinwa Gakuen (Social welfare corporation)	Social welfare and environment
Ibaraki (Japan)	Hitachi Science Club (NPO)	Education

► Materiality

Material Issues of MHI Group

We at the MHI Group consider issues that could give significant impact on the creation of corporate and social values within the group as material issues to be addressed with high priority.

The following have been identified as material issues in a materiality assessment conducted within the MHI Group from both corporate and social perspectives in due consideration of internationally recognized standards and the concerns of our stakeholders.

Material Issues

1. An Optimal Governance Structure Based on Our Corporate Culture

- An optimized organization to continually contribute to society through business
- The assurance of fair operating practices and appropriate labor practices

Objective

- Ensure an organizational culture in which values are shared globally and universally

Strategic KPIs

- Instill globally consistent policies that conform with the international code of conduct (establish universality)
- Enhance transparency (assure universality)

2. The Use of Global Human Resources

- The attraction and development of human resources with the ability to respond to globalization
- Diversity and equal opportunity, including the empowerment of female employees.

Objective

- Be an organization that embraces diversity (Ensure that barriers to diversity are removed)

Strategic KPIs

- Improvement in diversity-related indicators

3. Response to Mega Trends

- Innovation and quality control to meet global needs
- Enhanced safety and security, including improved information disclosure and transparency

Objective

- Enact strategic measures and business operations that meet the needs of global society

Strategic KPIs

- Improvement in stakeholder evaluations (SRI surveys, customer satisfaction surveys, etc.)

Key Performance Indicators for Material Issues

The MHI Group has set KPIs to enable the specific evaluation of strategic KPI successes and progress toward the achievement of target material issues, and conducts CSR activities accordingly. As the number of initiative indicators increases, we will report on targets, results, and case studies for specific initiatives.

KPI for material Issue 1: Number of whistleblowing cases

We have established the MHI Whistleblowing Hotline, which is available to all employees, including those of Group companies, and the MHI External Whistleblower Hotline. The Compliance Committee secretariat promptly investigates and responds appropriately to all reports made to these hotlines.

■ Number of whistleblowing cases, by Type

Type	FY 2013	FY 2014	FY 2015
Labor and the work environment	76	48	39
Overall discipline and breaches of manners	52	49	24
Transaction-related laws	8	14	8
Consultations and opinions	49	26	11
Other	55	48	49
Total (number of corrections and improvements)	240 (150)	185 (110)	131 (85) (Note)

(Note) 17 cases out of 131 are still under investigation (as of June 2016)

KPI for material Issue 2: Number of female managers

In July 2014, MHI set a target to increase the number of the Company's female managers (in positions of section manager and higher) threefold from the current level by 2020, and is promoting the active participation of women in the workplace in conjunction with its pursuit of diversity management.

■ Number of female managers

FY 2014	FY 2015
85	104

(Note) The values given are the numbers reported by Mitsubishi Heavy Industries, Ltd. and Mitsubishi Hitachi Power Systems, Ltd., in principle.

Processes Defining Material Issues

Material issues are specified and verified in the following cycle, following Step 1 through Step 4, from the perspective of stakeholder dialogue.

STEP 1: Understand the issues

Based on the opinions of various stakeholders in relation to its business activities, the MHI Group recognizes issues having environment, society, and governance (ESG) aspects from a social perspective, and identifies requests and expectations of the MHI Group.

STEP 2: Identify material issues

MHI prioritizes issues that have been identified from two perspectives: (1) materiality to stakeholders (degree of impact) and (2) materiality to the MHI Group's business activities (relatedness and degree of impact). Issues determined as having a high degree of materiality are identified as material issues.

STEP 3: Authorization and review

The CSR Committee authorizes the management of specified material issues. These issues are also reviewed during stakeholder dialogue and other opportunities.

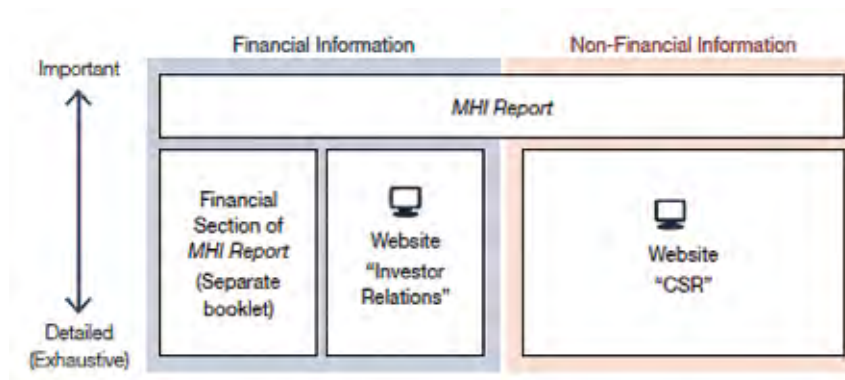
STEP 4: Report

Results and the status of progress of initiatives related to material issues are disclosed in MHI's integrated and CSR reports.

► Reporting

Structure of Information Disclosure

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



MHI Report (Annual Report) and Other Reports <http://www.mhi-global.com/finance/library/index.html>

The Financial Section of MHI Report http://www.mhi-global.com/finance/library/annual/pdf/report_2016_financial.pdf

"CSR" section of our website. <http://www.mhi-global.com/company/csr/index.html>

Coverage / Assurance

In principal, the scope of reporting for financial and non-financial information includes MHI and its consolidated subsidiaries. The scope of some non-financial information is for MHI on a non-consolidated basis, in which case it is identified as such. The target scope for non-financial information averages between 50 percent and 75 percent.

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)

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.

Recognition from Society

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.

Governance

► Corporate Governance

As a company responsible for developing the infrastructure that forms the foundation of society, MHI's basic policy is to execute management in consideration of all stakeholders and strive to enhance corporate governance on an ongoing basis in pursuit of sustained growth of the MHI Group and improvement of its corporate value in the medium and long terms. In accordance with this basic policy, MHI endeavors to improve its management system, such as by enhancing its management oversight function through the separation of management oversight and execution and the inclusion of outside directors, and develop "Japanese-style global management," focusing on the improvement of the soundness and transparency of its management as well as on diversity and harmony.

As part of a corporate governance reform, in 2015 MHI transitioned to a company with an Audit and Supervisory Committee, with outside directors numbering five, including three who are Audit and Supervisory Committee members. In 2016, we established the Nomination and Remuneration Meeting and reduced the number of directors from 14 to 11 (maintaining the number of outside directors at five). Through this reform, we aim to accelerate decision-making and strengthen the supervisory function.

(Reference) Corporate Governance of Mitsubishi Heavy Industries, Ltd. <http://www.mhi-global.com/company/aboutmhi/governance/index.html>

Number of Outside Directors

2016 **5**

Ratio of Outside Directors

2016 **45%**

Performance Data

Corporate Governance

Independence of the Board of Directors

Independence policy,
target

(Reference)

Article 20 of the Corporate Governance Guideline of Mitsubishi Heavy Industries, Ltd. clearly address our goal: "MHI shall endeavor to make the number of independent Outside Directors who meet MHI's independence criteria ... constitute one third or more of all members of the Board of Directors. "

Corporate Governance Guidelines of Mitsubishi Heavy Industries, Ltd.

http://www.mhi-global.com/company/aboutmhi/governance/pdf/corporate_governance.pdf

Corporate governance structure

Number of directors	Total	11
	Executive directors	3
	Non-executive directors	8
	Independent directors	5
	Female directors	1
	Non-Japanese directors	1
Separation of role of Chairman and CEO		Separate

Functions and committees

Audit	Audit and Supervisory Committee
Member	Audit and Supervisory Committee Members (five)
Number of times	17 times a year (FY2015 total includes Board of Statutory Auditors)
Selection and nomination	Nomination and Remuneration Meeting
Member	Outside directors (five) and the President and CEO
Number of times	2 times a year (FY2015)
Compliance	Compliance committee
Member	Chairman is Executive vice president, General Council, and composed of 22 members.
Number of times	2 times a year
Human Rights	Committee for Raising Awareness of Human Rights

Member	Chairman is Executive vice president, in charge of HR, and composed of 22 members.
Number of times	Anytime, if necessary
Environment	Environment committee
Member	Chairman is Senior General Manager of Technology Strategy Office and composed of 27 members.
Number of times	2 times a year
Others-relate to governance	International trade control committee
Member	Chairman is Executive vice president, General Council, and composed of 13 members.
Number of times	2 times a year
Others-relate to governance	Outside directors meetings
Member	Outside directors (five) + management personnel(as necessary)
Number of times	Once/year (FY2015)

Effectiveness of the board of directors

Board meeting attendance	unit	
	%	97
Directors' terms of office	year	1 (2 for Audit and Supervisory Committee members)

Standards related to restrictions on number of concurrent positions

Around three for inside directors

Board evaluation results

MHI has been engaged in multiple measures for enhancement of corporate governance. Taking advantage of enactment of Corporate Governance Code, we have introduced an annual evaluation of Board of Directors (MHI Corporate Governance Guideline, Article 31) aiming at ensuring further effectiveness of Board of Directors by verifying its functional efficiency as an entity and being fully accountable for stakeholders, by conducting holistic analysis and evaluation of the Board meeting.

In 2015, the year MHI transitioned to a company with an Audit and Supervisory Committee, an evaluation system of the Board of Directors was implemented under the policy of promoting a clear division of supervisory and execution functions and strengthening the Board of Directors' oversight function by concentrating their focus on supervision of executive functions. The system was put in place to analyze and evaluate the Board's effectiveness focusing on whether they are fully discussing appropriate agenda based on their roles and expertise, and whether sufficient support systems are available for the Board members to fully deliberate subject matters. With CAO/CRO (GC under current system) serving as secretariat, the evaluation was conducted through the following process.

- Self evaluation by all directors including outside directors based on questionnaires
- Discussing results of the self evaluation at the Board meeting
- Meeting of independent outside directors and the President to evaluate and analyze overall effectiveness of the Board of Directors, and thoroughly hearing from outside directors.
- Results of the evaluation is reported and resolved at the Board of Directors based on the self evaluation, the discussions and the hearing.

As a result of the evaluation based on the process above mentioned, overall effectiveness of the Board of Directors in 2015 was ensured with no major concern.

On the other hand, the Board of Directors recognized and discussed the following as issues to be addressed in 2016 in order to constantly improve effectiveness of the Board entity.

1. Major issues in 2016

- (1) Reconfirming issues that should be delivered in the Board of Directors and further deliberating roles of the Board of Directors in MHI, as a company with an Audit and Supervisory Committee.
- (2) Provision the Board meeting materials more in advance, for improving efficiency of presentation at the meeting and deepening discussions as well as improving overall time efficiency of total hours spent for the Board meetings throughout the year.
- (3) Improvement of how to provide information to outside directors.

2. Action for the future

- (1) In the Board meetings in 2016, we will set an opportunity to discuss 'how the Board of Directors should be' as well as 'how agenda should be selected' as a company with an Audit and Supervisory Committee. The outcome of the discussion will be reflected in planning and implementation of measures aiming at excellence of supervisory function of the Board of Directors.
- (2) We will make efforts to distribute the materials for the Board meetings at latest one week prior to the date of the meeting, advising each Board members to examine/prepare for the meeting, in order to improve efficiency and depth of the meeting. Also, concentration of agenda on a Board meeting of a specific month should be avoided, for ensuring enough discussion time for each agenda.
- (3) Information infrastructure will be implemented so that the outside directors can access to basic management information, including financial information, at any time.

Remuneration of directors

Remuneration (Note 1)	Position	Number	unit	Total	Base remuneration	Performance-linked remuneration	Stock options
	Directors (excluding outside directors)	8	millions of yen	167	111	55	—
	Statutory auditors (excluding outside statutory auditors)	2	millions of yen	17	17	—	—
	Outside directors and statutory auditors	6	millions of yen	18	18	—	—

(Reference) MHI report 2016 P50 Director and Statutory Auditor Remuneration
http://www.mhi-global.com/finance/library/annual/pdf/report_2016.pdf

(Note 1) Period is from April 1, 2015 to the close of the 90th Ordinary General Meeting of Shareholders (June 26, 2015), before the shift to a Company with Audit and Supervisory Committee.

Remuneration (Note 2)	Position	Number	unit	Total	Base remuneration	Performance-linked remuneration	Stock remuneration
	Directors who are not serving as Audit and Supervisory Committee members (excluding outside directors)	7	millions of yen	642	295	164	182
	Directors who are not serving as Audit and Supervisory Committee members (excluding outside directors)	2	millions of yen	128	128	—	—
	Outside directors	5	millions of yen	57	57	—	—

(Reference) MHI report 2016 P50 Director and Statutory Auditor Remuneration
http://www.mhi-global.com/finance/library/annual/pdf/report_2016.pdf

(Note2) Period is from the close of the 90th Ordinary General Meeting of Shareholders (June26, 2015), after the shift to a Company with Audit and Supervisory Committee, to March 31, 2016.

(Note3) Table above includes one director retired this fiscal year, and list in the item "Directors who are not serving as Audit and Supervisory Committee members (excluding outside directors)".

Measurement metrics for variable remuneration	Internal Financial Success Metrics	The remuneration is determined based on the business performance of which he/she is in charge.
	External Financial Success Metrics	The remuneration is determined based on the consolidated earnings of the company.
Variable remuneration linked to long-term performance	ratio	22% Stock remuneration

Individual remuneration (Note 4)	Name	Position	unit	Total	Base remuneration	Performance-linked remuneration	Stock options
	Hideaki Omiya	Director	millions of yen	158	78	45	34
	Shunichi Miyana	Director	millions of yen	158	78	45	34
	Atsushi Maekawa	Director	millions of yen	112	53	30	28
	Yoichi Kujirai	Director	millions of yen	117	58	30	28

(Reference) Annual Securities Report (FY2015) P66
http://www.mhi.co.jp/finance/library/financial/pdf/2015/h27_04_all.pdf

(Note 4) Officers more than 100 million yen in total sum

Average salary of
all employees and
CEO remuneration

		unit	
CEO remuneration	millions of yen		158
Mean employee salary	millions of yen		8
Ratio	time		20

Management ownership requirements

Management ownership
requirements

MHI has specific stock ownership requirements for executives, but there is no limit set for the number of stocks they can own. The stock holdings of each of the executives are disclosed in the annual security report.

Commitment to initiatives

Commitment to initiatives

UN Global Compact
Global Reporting Initiative
ISO26000

► Risk Management

Under the direct control of the CEO, independent departments manage risks appropriately according to the nature of those risks. Risks are regularly evaluated and analyzed and necessary avoidance or mitigating measures are taken. In addition, internal audits monitor the effectiveness and appropriateness of these measures and reports are regularly submitted to the Board of Directors and the Audit and Supervisory Committee. To prepare for cases where significant risk may materialize, MHI ensures the means to immediately communicate information to senior management to respond promptly and accurately to emergency situations. Individuals responsible for crisis management are also appointed in each business division. To evaluate and manage risks, MHI defines nine categories and 17 items as key risks to be managed. Based on the probability of occurrence and severity of impact, overall risk exposure is assessed by management. Based on that assessment, departments/personnel are assigned to individual risks to address preventive measures and properly respond to identified risks when they arise. The status of important risk situations is reported and deliberated by the Executive Committee and the Board of Directors.

Key risks

2015

9 categories **17** items

Pick Up

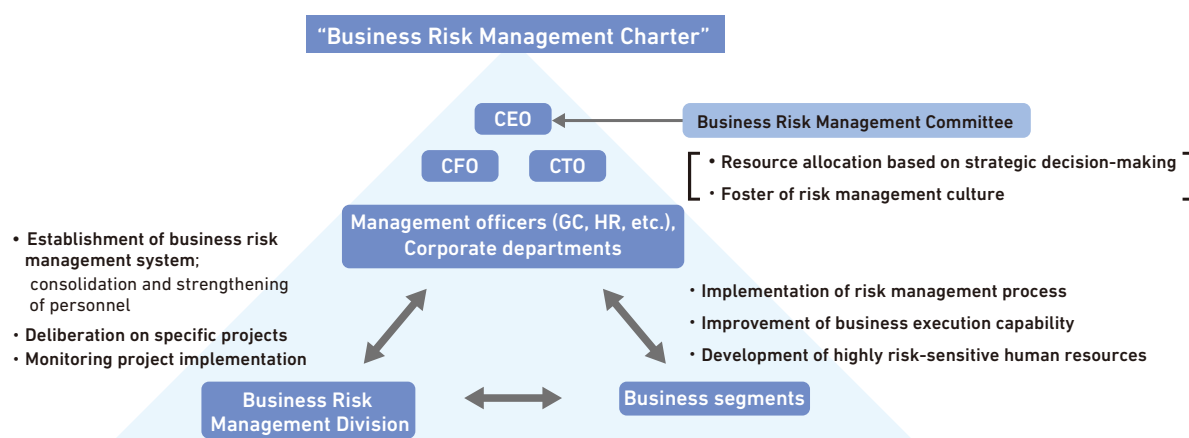
Enhancement of business risk management

MHI is strengthening its business risk management in order to continue taking on new challenges and achieve sustainable growth as a global company. To this end, we are undertaking reforms of decision-making processes in our business activities. We have established the Business Risk Management Charter as the MHI's foremost set of rules, clarifying business risk management targets, etc. In addition, we establish the "Business Risk Management Committee" headed by the CEO to discuss policy response by top-level management with a list of business risks created.

Organized Business Risk Management

Pursue more organized risk management by 1) and 2) below; clarify roles of management officers, business segments and corporate departments

- 1) Establish "Business Risk Management Charter" as Company's foremost
→ Clarify risk management targets, etc.
- 2) Establish "Business Risk Management Committee" headed by CEO
→ Create list of business risks; discuss policy response by top-level management



Performance Data

Risk Management

Risk governance

Chief executive

Shunichi Miyanaga (President and CEO)

Independence of risk management function

- Under the direct control of CEO, independent department properly manage risks depending on the nature of risks.
- Assess risks, implement necessary preventive and/or mitigation measures, audit its effectiveness and validity by internal audit, and report to Board of Directors and Audit and Supervisory Committee.
- Preparing for occurring significant risks, keep the structure for reporting important information immediately to CEO, at the time of crisis.

Risk awareness

Key risks

MHI defines 9 categories and 17 items as key risks

1. Economy

-Economic Climate: Risks associated with changing domestic/overseas macro economy and financial market

2. Environment

-Natural Disaster: Business continuity risks associated with wind storm, earthquake, lightning strike, flood and fire

3. Society

-Pandemic of Infectious Disease: Business continuity risks associated with infectious disease pandemic

4. Technology

-Information Security: Risks of loss/leak of confidential information

5. Governance

-Law / Regulation: Risks of administrative disposition/compensation for damage associated with breach of laws/regulations; risks associated with new establishment/revision of laws/regulations

-Environmental Regulation: Risks of administrative disposition/compensation for damage associated with breach of environmental regulations; risks associated with new establishment/revision of environmental regulations

6. Human Resources

-Recruitment: Risks associated with hiring and development of talented personnel

7. Supply Chain

-Material Procurement: Material price risks; supply risks; quality risks; trade credit risks

-Affiliated Companies: Risks associated with business and performance of affiliated companies

8. Business (Strategy, Operation)

-Export / Overseas Business: Business execution risks; partner risks; customer credit risks; competitor risks

-M&A, Alliance: Business risks of acquired/partner company; risks associated with synergy

-Product Competitiveness: Risks associated with advantage in quality, performance, reliability and price

-Product Quality: Risks of defect or fault in performance, delivery time and safety

-Intellectual Property: Risks of intellectual property right infringement associated with use of intellectual property; risks associated with leveraging and integration of intellectual property.

9. Finance

-Funding: Interest rate risks; liquidity risks; credit risks

-Exchange Rate Fluctuation: Risks of instability in revenue, cost, assets and liability associated with exchange rate fluctuation

-Retirement Benefit Expense and Debt: Asset management risks; national bond (interest rate) risks

Risk assessment

Risk assessment measures

- MHI defines 9 categories and 17 items as key risks.
- Based on probability of occurrence and severity of impact, overall risk exposure is assessed by management.
- Based on that, department/personnel is assigned to individual risks to address preventive measures and properly respond to identified risks at the time.
- Progress of key risk situation is reported and deliberated in the Executive
- We refrain from explaining the details of our risk management process, as it involves confidential information.

Emerging risk

Long-term risk

Global Compliance Risk: Along with expansion of business scale and globalization, compliance risks at different countries and region also increase.

Potential business impact of the risk

Incompliance can result in significant impact for business continuity and corporate reputation.

Mitigating actions

We prevent the risks by managing the risks specific to individual regions, as well as thoroughly implementing clearly defined activity guidelines and rules consistent around the world.

Risk culture

Training

Education and training programs are implemented targeting both general employees and executives, in order to instill importance of risk management and enhance sensitivity to the risks.

Feedback process

Researching on risk management practices in overseas competitors; assessment of risk management at MHI to identify issues to be improved; and transforming management/business system while enhancing risk handling capacity of personnel.

Tax risks

Policies related to tax strategy

- We respect individual countries' tax laws, tax-related legislation, and tax treaties, and report and pay taxes.
- We take advantage of preferential taxation in individual countries and strive to avoid international double taxation, minimizing our tax expenses and deferring taxes.
- We aim to optimize taxes by balancing efforts to lower tax costs and reduce tax risks.

Key tax risks

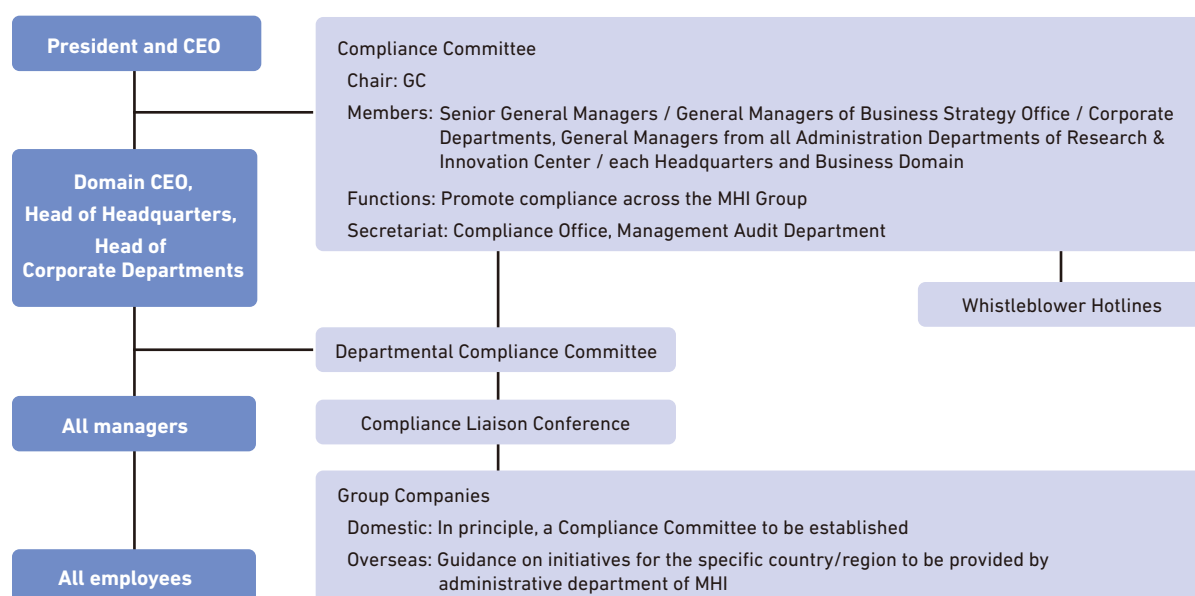
We comply with individual countries' tax-related legislation and file taxes appropriately. We also respond appropriately to transfer pricing taxation. As a result, we do not consider taxation risk to have a material impact on our businesses.

► Compliance

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. The committee meets twice annually to draw up company-wide compliance promotion plans, confirm progress, and engage in other activities. MHI advanced "Compliance Principle" set out in 2001 to "MHI Group Global Code of Conduct" in May 2015. As a global company, MHI employs thousands of individuals from different backgrounds, nationalities and cultures. This diversity of talent and perspectives is one of our greatest assets. At the same time, however, MHI as a company must operate with a single corporate culture that enables it to compete successfully in the global market while maintaining our reputation as a company of high integrity and ethics. The Code of Conduct describes how MHI employees should conduct themselves.

(Reference) MHI Group Global Code of Conduct <http://www.mhi-global.com/company/aboutmhi/policy/conduct.html>

Compliance Promotion System (as of October 1, 2016)



Rate of attendance at compliance training

2015 **98%**

Number of participants at compliance training

2015 **75,303**

Pick Up

Firm response to unjust demands made by antisocial forces

In keeping with the spirit of its Global Code of Conduct, MHI at all times makes a firm response to unjust demands made of the Company by antisocial forces and maintains a staunch stance to block any and all unsavory relationships with such elements.

All MHI facilities have established departments to take measures in the event that unjust demands of the Company are made by antisocial forces. The departments work together, as a united body, to deal comprehensively with any incident that arises. In addition, MHI has taken steps, including internal notices and compliance training, to thoroughly instruct all employees in the essentials of how to be prepared for and respond to any unjust demand made of them. To gain advice and support for dealing with such demands, the Company also works proactively to build close cooperative relationships with police, attorneys of law, and institutions specialized in such matters.

Since ordinances to eliminate organized crime groups were enacted by all prefectures in Japan in 2011, the MHI Group has added clauses to its contracts with clients and business partners based on these ordinances in order to further step up efforts to eliminate antisocial forces.

Performance Data

Compliance

Compliance structure

Chief executive	Takashi Funato (Executive Vice President, GC)
Responsible institution or committee	Compliance committee
Whistle-blowing system	<p>We have established the MHI Whistleblowing Hotline, which is available to all employees, including those of Group companies, and the MHI External Whistleblower Hotline. The Compliance Committee secretariat promptly investigates and responds appropriately to all reports made to these hotlines. Information on what should be reported is contained in MHI Group Portal distributed to all employees and in bulletins published in-house. 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. 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 she/he has reported.</p> <p>Employees have been advised of protection of the rights given to in-house informants and have been told of the existence of the hotline.</p>

Compliance situation

Training	unit	2011	2012	2013	2014	2015	coverage
	attendance %	96.8	95.1	96.6	97.6	97.9	group
	number of attendance	32,333	34,972	75,871	82,292	75,303	group
Number of whistle-blowing		2011	2012	2013	2014	2015	coverage
				240	185	131	group
Compliance awareness survey		<p>Since fiscal 2004, every year MHI conducts a compliance awareness survey. MHI considered expanding the survey scope to all MHI employees from the current 30 percent of employees (based on random sampling), and decided to conduct an expanded survey of all employees since fiscal 2013 as part of e-learning compliance sessions. In fiscal 2015, we checked status of compliance, including the level of awareness of the MHI Group Global Code of Conduct, which was formulated that</p>					

year. This awareness survey is helping to enhance employees' compliance awareness and the success of overall compliance activities.

Reporting on breaches

There was no significant breach last year.

Anti-corruption

Anti-corruption Policy

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 to foreign public 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 of July 2011 and strengthened regulations in various countries. Furthermore, through the MHI Group Global Code of Conduct established in May 2015, we are thoroughly engaged in preventing bribery toward all Group directors and employees. In September 2016, we also issued the Guidance for the Prevention of Bribery of Foreign Public Officials, an interpretation of related legislation and internal rules, and we strive to comply with the rules and the Global Code of Conduct.

Coverage

(Reference)

MHI Group
MHI Group Global Code of Conduct
<http://www.mhi-global.com/company/aboutmhi/policy/conduct.html>

Employee training

Since fiscal 2014, we have promoted the anti-bribery education in MHI and our group companies in both domestic and overseas. And since fiscal 2015, training has conducted throughout MHI and MHI's domestic and overseas group companies in order to publicize the MHI Group Global Code of Conduct, which includes prohibition of bribery.

Fair competition

Fair competition policy

MHI have been engaged in prevention of breaching competition laws, and prohibition of breaching the laws has been thoroughly communicated through a message from top management, 'Code of conduct pertaining to communication / contact with competitors' and other relevant rules/materials. In May 2015, MHI Group Global Code of Conduct was established and prohibition of any non-competitive activity is clearly informed to all executive officers and employees.


Coverage

(Reference)

MHI Group
MHI Group Global Code of Conduct
<http://www.mhi-global.com/company/aboutmhi/policy/conduct.html>

Employee training

With respect to correcting order-receiving activities, in 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 continued every effort to raise compliance awareness and to prevent recurrence.



Specifically, to ensure thorough legal compliance in MHI and its group companies in Japan and overseas, MHI has reinforced compliance trainings, including antitrust training sessions with educational videos and lectures by lawyers and e-learning programs. In addition, since fiscal 2015 we have been gradually rolling out, across MHI and Group companies in Japan and overseas, training to promote awareness of the MHI Group Global Code of Conduct, including preventing the breaching of competition laws.

► Product Stewardship

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. Our group's all production facilities in Japan and almost all of facilities worldwide have completed the quality management system ISO 9001 (Note) certification process. As awareness efforts related to safety and quality, 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.

(Note) Includes JISQ9100 and other product-specific quality systems

Total number of product safety and quality trainees

2015 Total Approximately **13,000**

Pick Up

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 2015, the Nuclear Safety Steering Committee reported and deliberated on the status of efforts to foster and promote a nuclear safety culture, as well as on the status of efforts to strengthen the technological base in the aim of further ensuring safety and trust with regard to nuclear power plants and achieving technological advances.

Furthermore, the committee confirmed that further safety enhancement activities would take place along with technological consideration and deliberation in response to changes in the environment.

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, the new safety criteria that was developed by the Nuclear Regulation Authority (NRA: established in September 2012) went into effect in July 2013, and in August 2015, PWR power plants that have satisfied the new safety criteria resumed operations. Currently, safety inspections are underway at other PWR power plants geared toward restarting their operations and sequentially these plants have been restarting, MHI is providing technical support to power companies to restart operations at these domestic PWR power plants at the soonest date possible. 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, and Shimonoseki 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: Raising awareness for aircraft safety through education and training, and promotion of QMS-related activities

In the aircraft manufacture business, based on the Aircraft Safety Policy, assurance of aircraft safety is our top priority. All employees engaged in the aircraft manufacture operation and management understand the gravity of aviation accidents. Accordingly, as part of our educational activities aimed at ensuring thorough awareness of aircraft safety, we are implementing various training programs for relevant employees, primarily in management positions. These include training where employees learn through educational tours of the Japan Airlines Safety Promotion Center and climbing the Osutaka Ridge to pay respects to those that died in the Japan Airlines Flight 123 accident in 1985; workshops that communicate the lessons learned from an emergency landing accident involving an MH2000 helicopter and an accident where a F-2 jet fighter crashed and burst into flames (instructions on new work procedures / application of independent verification programs) in 2000 and 2007 respectively; initiatives to prevent leftover foreign objects; and training where employees learn through active discussions with pilots.

In addition, we are working to improve quality on an ongoing basis through QMS-related activities based on JIS Q 9100.

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 Automated People Mover (APM) for use in airports and other facilities in cities and Light Rail Vehicle. 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 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 and refrigeration Headquarters(Note) of MHI 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 related 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 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.

(Note) MHI's air-conditioning and refrigeration business has been taken over by Mitsubishi Heavy Industries Thermal Systems, Ltd. who commenced operations in October 2016.

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 Ministry of Defense sales to total sales

FY	Ratio (%)	Amount (billion yen)
2012	11.00	3,086
2013	11.60	3,873
2014	9.70	3,854
2015	9.60	3,886

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

Performance Data

Product Stewardship

Safety and quality management

Impact evaluation related to safety and quality

MHI has created a quality management system (QMS) to offer products that are safe and of assured high quality. Currently, 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 (now the Value Chain Innovation 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.

Education and awareness related to safety and quality

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 30,000 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. Since fiscal 2014 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 13,000. 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.

► Customer Relationship Management

One statement of the MHI Group 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.

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.

Number of violations related to advertising

2015

0

Pick Up

Implementing technical support as an aspect of preventative maintenance

Since 1999, Mitsubishi Hitachi Power Systems, Ltd. 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 also established a remote monitoring center in the Philippines to monitor conventional plants, and are working to expand our services. 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 November 2016, the service was used globally on 138 generators at 53 plants whose total output is over 30 million kilowatt, and we have been contributing to stable power generation operations for our customers.



Remote monitoring center

Performance Data

Customer Relationship Management

Customer satisfaction

Customer satisfaction survey

Since customer characteristics and business practices are quite different in each of our business, MHI does not conduct a uniform standardized customer satisfaction survey across the board. Each business unit utilizes their own optimized measurement method for Customer Relationship Management.

【Energy & Environment】

Energy & Environment Business Domain, which accounts for 40% of our sales, is deploying a web based questionnaire system specifically targeting overseas customers, with whom frequent face to face communication is not possible. The system collects and analyses customers' comments on quality, price, responsiveness of MHI contact, and the results is applied for product quality and customer service improvement. Also for domestic customers, VOC information is collected through frequent face to face communications. The VOC is classified into 5 categories (Maintainability and Operability, Consideration, Necessary Ability, Price and Response Speed) to identify strength and weakness to follow a cycle of improvement in areas such as technology development and job efficiency. We feedback the results of these surveys and progress of measures taken for improvement in the User Meeting for customers.

【Machinery, Equipment & Infrastructure】

Compressor:

Mitsubishi Heavy Industries Compressor Corporation conducts a customer satisfaction survey after each meeting with customers to gather customer feedback.

Air Conditioning & Refrigeration:

Mitsubishi Heavy Industries Thermal Systems, Ltd., which engages B to C business in air conditioners, ensures that customer input is always incorporated through the contact points set up with Internet, telephone, and so on.

Online strategy

Online strategy

【Energy & Environment】

We provide online surveillance of product operation and evaluation of predictors or potential signals of troubles, also operational status reporting for some customers. (e.g. electric power system)

【Machinery, Equipment & Infrastructure】

Air-Conditioning & Refrigeration:

Mitsubishi Heavy Industries Thermal Systems, Ltd. provides remote monitoring service to centrifugal chillers and heat pump units to prevent the possible trouble. This service includes trouble sign diagnosis and the analysis of the cumulated operational data to make a proposal to the customer for further energy saving.

Engine & Energy:

Engine & Energy division of Mitsubishi Heavy Industries Engine & Turbocharger, Ltd., remotely monitors the status of Engine Power Plant via internet to find warning signs of trouble, and to prevent it.

Advertising activities

Responsible advertising activities

MHI promote advertising activities based on our business plans that target stakeholders in all global regions. As MHI moves ahead with its activities, the department confirms facts to ensure that accurate information is provided 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.

As part of our worldwide advertising strategies for fiscal 2015, we placed advertorials in the Financial Times (UK), Fortune (US), Business Week (US), and Economist (UK). The advertorials gave a comprehensive introduction to MHI Group's operations and endeavored to communicate information with the objective of raising awareness of stakeholders overseas. In Japan, we held the Tanegashima Space School in conjunction with the launch of H-IIA Rocket 25 in October. The school invited 25 groups of children and their guardians from around the country to witness the launch of a rocket at the Tanegashima Space Center and conducted science classes to learn about space, communicating the fun of science and the importance of technology. Furthermore, a report of these activities has been posted on the Company website.

Number of violations related to advertising, their content, and measures

There were no legal or regulatory violations related to our advertising activities in fiscal 2014.

► Innovation Management

Manufacturing technologies are the source of value creation for the MHI Group, and intellectual property activities and R&D are the bedrock of its business. Supporting our business strategies for growth, we are promoting the construction of a global system, led by the chief technology officer (CTO), who is the head of technology.

In April 2016, MHI launched a new shared technology framework consolidating the Company's technologies as well as marketing, procurement, and other functions, overseen by the CTO. We created this framework for maximize the MHI Group's comprehensive technological strength to bolster competitiveness over the medium-to-long term. About Research and Development, in 2015 we established a comprehensive Research & Development Center, consolidating five domestic R&D centers and transitioning to cross-organizational management in our R&D structure. Through this approach, we anticipate new technological synergies, enhanced human resource development, and greater efficiency in work performance and facility utilization. We are globalizing our R&D structure, and as part of these efforts we are dispatching specialist engineers from research centers in Japan to our bases in the United Kingdom, Singapore, the United States, and China. We are making efforts to secure leading global technologies, information, and human resources, while conducting research and providing technological support that is closely aligned with market needs.

R&D expense

2015 **1,506** billions of yen

Percent of sales

2015 **3.7** %

Performance Data

Innovation Management

R&D situation

R&D expense	unit	2011	2012	2013	2014	2015	coverage
Total	billions of yen	1,214	1,210	1,385	1,455	1,506	group
Breakdown by domain							
Energy & Environment				500	575	535	
Commercial Aviation & Transportation Systems				117	169	266	
Machinery, Equipment & Infrastructure				201	215	260	
Integrated Defense & Space Systems				479	400	354	
Corporate				88	97	92	
% of sales		4.3	4.3	4.1	3.6	3.7	group
employees of R&D position	FTEs	1,300	1,300	1,300	1,300	1,300	group

Open innovation case

Open innovation case	■ Case	R&D collaborations with overseas universities: We continuously engage in R&D activities with university research institutions in the United Kingdom and United States, for joint development of fluid dynamic analysis tools required for product design assessment and experiments on products elements for new technology validation.
	■ Benefit	-Results of the joint R&D are utilized for the improvement of the efficiency of large scale gas turbine power plants. -We can leverage talented resources and technologies in fundamental research areas. -Reduction of CO ₂ emissions and fuel use can be expected, as a consequence of efficiency improvements in power generation.

Process innovation

Process innovation	■ Case	Value chain innovation activity: we are continuously working on process streamlining and improvement in all domains, contributing to shortening work hours and reducing costs.
	■ Benefit	

Environmental innovation

Environmental innovation	■ Case	【Machinery, Equipment & Infrastructure】 Air Conditioning & Refrigeration: The ETI-Z series of next-generation centrifugal chillers, the first in the world to use the new environmentally friendly HFO-1233zd (E) refrigerant has been launched. This new refrigerant produces minimal greenhouse gas emissions. The new design of the ETI-Z series also enables best-in-class energy efficiency through the use of a compressor with a high-speed direct motor drive, reducing motor drive energy loss. Through these innovations, the ETI-Z series is able to achieve significant reductions in emissions without compromising on its compact size.
	■ Benefit	

R&D in emerging markets

R&D in emerging markets		There are totally 6 Global R&D Centers in total, Europe, Asia, the U.S., including Singapore, promoting opportunities for building relationship with overseas customers and research institutions, and creating business opportunities, in order to capture global market needs and discover the seeds of bleeding edge technology. However, we are not directly involved in R&D activities in emerging/developing countries: our R&D activity is centered in our domestic research facilities.	
R&D design or engineering centers located in emerging markets			
country	country	Singapore	
	years since the opening	2 years	

Product adaptation for emerging markets

Product adaptation case

【Energy & Environment】

Small and medium size gas turbine:

In emerging countries where power grid infrastructure is still rather poor, there is a strong demand of small size distributed power sources. H-25 (HP: 28-42MW)(Note), a small to medium size gas turbine, is a compact but highly efficient quality product fitting to the needs of emerging markets, and has been enjoying strong demand. In FY2014, there were order from China, Myanmar, India, Turkmenistan in FY2014, and Belarus in FY2015.

(Note) For reference, normally a large gas turbine for power generation has HP200- 300MW and above, mostly for use in developed markets.

【Machinery, Equipment & Infrastructure】

Air Conditioning & Refrigeration:

1.5kW home air conditioner model has been launched into emerging markets in South-East Asia (compared to another model with 2.2kW for developed countries) to meet the needs of “keeping cool only for bedtime comfort” and has been enjoying good sales.

It is expected that this model with small electricity may contribute also to decrease the burden to the infrastructure in the area where the supply of electricity is not stable.

Improving productivity

Conforming global standards

Globally apply various policies and criteria within the Group. More specifically:

- Promotion to acquire ISO 14001, ISO9001 for environment and quality management
- Adoption of the corporate policies and rules for CSR and compliance
- Regular internal audit and guidance accordingly

Technology introduction

By transferring sophisticated manufacturing technology as is, such as machine work and assembly in Japanese factory, we have been achieving both high quality production capability and cost competitiveness. This approach taken in various business and products in which quality is essential.

【Energy & Environment】

Also technology of our primary thermal power plant products, such as gas turbine, steam turbines, boilers, Flue Gas Desulfurization (FGD) plants and Selective Catalyst Reduction (SCR), has been introduced by providing license to manufacturers in China, Korea, India, etc.

Improving labor productivity

For maintaining high quality standard of Japan, a small group operation has been implemented; for developing skilled workers, Japanese engineer educators have been dispatched and overseas trainees have been accepted in Japanese sites.

【Commercial Aviation & Transportation Systems】

In the Vietnam aircraft manufacturer has established an in-house manufacturing technology school where Japanese instructors instruct and educate the Vietnamese employees for their talent development. On-site OJT is also provided, for facilitating early acquisition of the skills. OJT opportunity in Japan (Ooe Factory) is also provided for the Vietnamese employees, aiming at skill acquisition through mutual exchange of employees.

**Reviewing procurement agreements
or inventory levels**

【Machinery, Equipment & Infrastructure】

Air Conditioning & Refrigeration:

To keep its inventory levels low at our distributors in emerging markets, periodical check in their inventory status, and analysis in the demand situation in the country is provided.

Knowledge transfer

**Transfer of knowledge, skills,
technology from headquarters to
its emerging market operations**

Under the Medium-Term Business Plan, MHI is trying to establish a global platform, aiming at standardizing technical information, information system, procurement and human resource management, including emerging markets.

► Supply Chain Management

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.

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.

(Reference) MHI Group Supply Chain CSR Promotion Guidelines

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

Who took procurement related training

2015

Total number of participants **3,002**

Performance Data

Supply chain structure

Supply chain structure

Spend analysis

We exercised spend analysis, and manage number of the suppliers and purchasing cost according to procurement item category.

Critical suppliers

Critical suppliers

MHI assesses quality, pricing, delivery term, technology and management (incl. ESG) of its suppliers by business unit. MHI is now reviewing its selection of key suppliers to confirm compliance with its common group policy.

Supply chain monitoring

Supply chain monitoring

- In fiscal 2011, MHI surveyed approximately 300 business partners to have them self-assess their activities on CSR. In fiscal 2012, MHI assessed five points (quality, pricing, delivery term, technology and management) of each business unit's primary partners based on the company's unified policy in order to optimize the supply chain and strengthen partnerships with partners and introduced assessment results on CSR into supplier evaluations.
- MHI periodically evaluates its primary suppliers' quality, pricing, delivery term, technology and management (incl. ESG) based on each business unit's supplier evaluation policy.

Environmental impact from transportation

Environmental impact from transportation

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.

The number of primary units in fiscal 2015 was 50.9, an increase of 4.6 units from fiscal 2011, the base year (46.3 units).

In fiscal 2016, we are accelerating our action plan and rationalizing primary unit of use. As a result, the number of primary units had improved to 47.7 at the end of the first half.

Conflict minerals

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. This issue has caught the world's attention. Some of the proceeds from the minerals produced in this region (tin, tantalum, tungsten, and gold, hereinafter "conflict minerals") are thought to be a source of funding for these armed groups.

MHI Group has no intention of abetting human rights abuses or environmental destruction by procuring raw materials, parts or products which contain the conflict minerals. We will continue to work with our customers, business partners, industry groups and others in efforts to avoid benefiting the armed groups.

(Reference)

MHI Group Supply Chain CSR Promotion Guidelines
<http://www.mhi-global.com/company/procurement/csr/index.html>

Our improvements in the supply chain

Procurement Education and Training

Procurement departments at MHI provide a range of training programs designed to ensure compliance with the applicable laws and regulations. Since fiscal 2014, MHI have concentrated on providing training to more Group companies. In fiscal 2015, MHI concentrated on providing training to more Group companies.

Fifty-nine young employees, including 42 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 46 new employees and employees just transferred to procurement departments, including 16 Group employees, were given an introductory course on basic information concerning procurement practices. Additionally, 635 MHI employees and a further 2,262 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.

Environment

► Environmental Management

The Basic Policy on Environmental Matters states that in all aspects of its business activities, the MHI Group 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.

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 CO₂ reduction measures are discussed, are held, and individual environmental activities are carried out.

In line with the MHI Environmental Vision 2030, which was established in the Spring of 2011, the Third MHI Group Environmental Targets, to be achieved by fiscal 2017, were established at a meeting of the Environmental Committee held in November 2014. These targets cover the Environmental Vision's four categories of environmentally conscious production activities to be addressed. These are (1) Reduction in greenhouse gas emissions, (2) Reduction in waste generation, (3) Reduction in emissions of chemical substances, and (4) More efficient water usage. In addition, in order to promote these activities Group-wide, MHI and the MHI Group will share the same targets. The entire MHI Group will engage in initiatives to achieve these targets.

Furthermore, as there is a great social demand for consideration to biodiversity, MHI has established the action plans for it in the Third MHI Group Environmental Targets.

Basic Policy on Environmental Matters

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

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 Targets (FY2017)

Unit energy use

-3% Compared with FY2014 (Note 1) (Note2)

Unit atmospheric emissions of VOCs

-3% Compared with FY2014 (Note 1)

Unit water consumption

-3% Compared with FY2014 (Note 1) (Note2)

Landfill disposal ratio

Less than 0.6% (Note 1)

(Note 1) Domestic Group companies

(Note2) Overseas Group companies

Pick Up

Third MHI Group Environmental Targets (FY2015-FY2017)

Category	Item	Scope of target	Target (FY2015-FY2017)
1. Reduction in greenhouse gas emissions (Item contained in Environmental Vision)	1.1 Reduction in CO ₂ emissions	1.1.1 Group companies in Japan	Reduce (Note1) the unit energy consumption in FY2017 by 3percent compared to FY2014. The numerator: The sum of crude oil equivalent value of all group companies' energy consumptions in Japan. Unit: kiloliter. The denominator: The total consolidated sales of all group companies in Japan. Unit: Yen. (Note1) Annually whether 1percent reduction of the unit energy consumption is achieved or not will be evaluated.
		1.1.2 Group companies in countries other than Japan	Reduce (Note1) the unit energy consumption in FY2017 by 3 percent (Note2) compared to FY2014. The numerator: The sum of crude oil equivalent value of all group companies' energy consumptions in countries other than Japan. Unit: kiloliter. The denominator: The total consolidated sales of all group companies in countries other than Japan. Unit: Yen. (Note1) Annually whether 1percent reduction of the unit energy consumption is achieved or not will be evaluated. (Note2) To fit the laws and regulations of each country, each company may be set their own goal.

Category	Item	Scope of target	Target (FY2015-FY2017)
1. Reduction in greenhouse gas emissions (Item contained in Environmental Vision)	1.2 CO ₂ Reductions with MHI Group Product Usage	1.2.1 Entire MHI Group (promoted by Head Office)	Promote the manufacture of environmentally friendly products, and report every year on the contribution to CO ₂ reductions through the use of products sold.
2. Reduction in waste generation (Item contained in Environmental Vision)	2.1 Reduction in landfill disposal ratio	2.1.1 Group companies in Japan	Ensure that the landfill disposal ratio of the entire group companies in Japan is less than 0.6 percent in FY2017. (However, the landfill ratio of each works, plants and districts of MHI is less than 0.5 percent and the other group companies in Japan as a whole is less than 2.5 percent.) The numerator: The sum of the landfill waste of all group companies in Japan. Unit: ton The denominator: The sum of the total waste of all group companies in Japan. Unit: ton
3.Reduction in emissions of chemical substances (Item contained in Environmental Vision)	3.1 Reduction in VOC emissions	3.1.1 Group companies in Japan	Reduce (Note1) the unit atmospheric emission of VOC (xylene, toluene and ethylbenzene) in FY2017 by 3 percent compared to FY2014. The numerator: The total atmospheric emissions (Note3) of xylene, toluene and ethylbenzene of all group companies in Japan. Unit: ton (Note1) Annually whether 1 percent reduction of the unit atmospheric emission is achieved or not will be evaluated. (Note3) Except for use in research and testing purposes. The denominator: The total consolidated sales of all group companies in Japan. Unit: Yen.
4.More efficient water usage (Item contained in Environmental Vision)	4.1 Reduction in water usage	4.1.1 Group companies in Japan	Reduce (Note1) the unit water consumption in FY2017 by 3 percent compared to FY2014. (water: industrial water, tap water, groundwater, rivers, lakes; excluding seawater). The numerator: The sum of the water consumption of all group companies in Japan. Unit: m ³ . The denominator: The total consolidated sales of all group companies in Japan. Unit: Yen. (Note1) Annually whether 1 percent reduction of the unit water consumption is achieved or not will be evaluated.
		4.1.2 Group companies in countries other than Japan	Reduce (Note1) the unit water consumption in FY2017 by 3 percent (Note2) compared to FY2014. (water: industrial water, tap water, groundwater, rivers, lakes; excluding seawater). The numerator: The sum of the water consumption of all group companies in countries other than Japan. Unit: m ³ . The denominator: The total consolidated sales of all group companies in countries other than Japan. Unit: Yen. (Note1) Annually whether 1 percent reduction of the unit water consumption is achieved or not will be evaluated. (Note2) To fit the laws and regulations of each country, each company may be set their own goal.

Performance Data

Environmental management system

Committee		Environment committee	
ISO14001 certification	MHI		Integrated companywide certification
	Group company	Domestic	51 companies
	Group company	Overseas	29 companies
Other certification			
	EcoAction 21		3 companies
	K-EMS (Certification by City of Kobe)		3 companies
	M-EMS (MHI original environmental management)		4 companies
Environmental audit		MHI conducts companywide internal 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 composed of auditors from works, plants and districts other than the works, plants and districts being audited. We promote activities in accordance with environmental management regulations, confirm that the environmental management system is undergoing ongoing improvements, and report the results to the companywide Environment Committee.	
Reporting on breaches (Note 1)		There was no significant breach last year.	

(Note1) Coverage is group companies of Japan.

Environmental KPIs

Third MHI Group Environmental Targets

KPI(1) Reduction in energy consumption			
	Target	Reduce the unit energy consumption by 3% compared to FY2014.	
	Target Year	FY2017	
KPI(2) Reduction in water usage			
	Target	Reduce the unit water consumption by 3 % compared to FY2014.	
	Target Year	FY2017	
KPI(3) Reduction in emissions of chemical substances (Note1)			
	Target	Reduce the unit atmospheric emission of VOC by 3 % compared to FY2014.	
	Target Year	FY2017	

KPI(4) Reduction in waste generation
Target

Ensure that the landfill disposal ratio of the entire group companies in Japan is less than 0.6 % in FY2017.

Target Year

FY2017

(Note1) Three substances are targeted: xylene, toluene, and ethylbenzene.

		2014	coverage	2015	Compared with FY2014	coverage
KPI(1) Energy consumption / Sales in Japan	Performance	11.01	(Note 2)	10.79	Down 2%	(Note 3)
KPI(1) Energy consumption / Sales in Overseas	Performance	6.12	(Note 4)	6.02	Down 1.6%	(Note 5)
KPI(2) Water usage / Sales in Japan	Performance	0.29	(Note 2)	0.27	Down 6.9%	(Note 3)
KPI(2) Water usage / Sales in Overseas	Performance	0.08	(Note 4)	0.07	Down 12.5%	(Note 5)
KPI(3) Emissions of chemical substances / Sales in Japan (Note1)	Performance	41.09	(Note 6)	54.72	Up 33%	(Note 7)
KPI(4) Landfill waste disposal ratio in the total waste generation in Japan	Performance	0.35%	(Note 8)	1.34%		(Note 8)

(Note 2) MHI on a non-consolidated basis and 49 Group companies in Japan.

(Note 3) MHI on a non-consolidated basis and 45 Group companies in Japan.

(Note 4) Overseas 26 Group companies

(Note 5) Overseas 25 Group companies

(Note 6) Production sites of MHI on a non-consolidated basis. Include the Nagasaki, Takasago, and Yokohama plants of Mitsubishi Hitachi Power Systems, Ltd.

(Note 7) Production sites of MHI on a non-consolidated basis and four Group manufacturing companies in Japan

(Note 8) Production sites of MHI on a non-consolidated basis and approximately 20 Group manufacturing companies in Japan

Environmental action
**Environmental management
in each sites (Note9)**

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.

(Note 9) In principle, MHI on a non-consolidated basis

**Activities to strengthen
measures designed to
eliminate environmental
incidents (Note 9)**

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.

Environmental activities

Fostering environmental awareness (Note 9)

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. Also during Environment Month, which is designated by the Ministry of the Environment, we promote energy savings and the curtailment of electricity use, strengthen measures to eliminate accidents that pollute the environment, and provide training materials on environmental laws and regulations at works and Group companies in Japan (each June).

(Note 9) In principle, MHI on a non-consolidated basis

Activities for environmental Preservation

Supporting conservation survey for loggerhead turtle in danger of extinction
Promoting forest conservation and non-native species removal activities

(Reference)

Biodiversity

Environmental reporting Coverage

Coverage

In principle, scope of the financial and environment-related non-financial information disclosure of MHI Group includes Mitsubishi Heavy Industries Ltd. and consolidated subsidiaries. When some non-financial information applies to either only MHI Ltd. or specific scope of business at our subsidiaries, such specific scope is defined separately.

Referenced guidelines

References guidelines

Global Reporting Initiative "Sustainability reporting guideline G4"
The International Integrated Reporting Council "Integrated reporting framework"
The Ministry of Environment "Environmental reporting guidelines FY2012 version"
ISO26000 Guidance on Social Responsibility

Environmental accounting

Environmental Accounting		unit	Cost	Investment	Economic benefit
in FY2015 (Note10)	1. Production activities	million yen	4,420	2,918	638
	① Pollution control	million yen	1,426	820	-
	② Global environmental preservation	million yen	535	1,905	57
	③ Recycling	million yen	2,460	194	581
	2. Upstream and downstream costs	million yen	3	-	-
	3. Management activities	million yen	1,105	15	-
	4. R & D	million yen	6,340	1,669	-
	5. Public and social activities	million yen	209	-	-
	6. Environmental remediation	million yen	285	363	-
	Total	million yen	12,362	4,964	637

(Note 10) The scope is MHI on a non-consolidated basis.

Material balance

INPUT (Note10)	Energy	unit	2014	2015
	Total energy input	MJ	7,514,141,300	7,389,785,000
	Purchased electricity	MWh	577,639	562,341
	LPG	t	1,412	690
	Gasoline	kL	261	285
	Jet fuel	kL	805	757
	Kerosene	kL	177	237
	Gas oil	kL	2,343	3,183
	Heavy fuel oil A	kL	2,279	2,414
	Heavy fuel oil B / C	kL	18	7
	LNG	t	224	157
	City gas	km ³	32,274	31,716
	Water			
	Usage volume	million t	7.12	7.93
	Raw materials			
	Iron, plastics, others			
	Other			
	Chemical substances (PRTR)	t	2,016	1,781

OUTPUT (Note10)	Greenhouse gases	unit	2014	2015
	CO ₂ from energy sources	t	425,000	405,000
	Other greenhouse gases (CO ₂ conversion)	t	1,000	1,000
	Water			
	Waste water	million t	6.33	9.54
	Water pollutants			
	COD	t	16	23
	Nitrogen	t	19	22
	Phosphorus	t	1	1
	Waste materials			
	Generated volume	t	95,000	90,000
	Recycled volume	t	81,000	76,000
	Final disposal volume	t	183	158
	Air Pollutants			
	NO _x	t	78	67
	SO _x	t	5	1
	Soot	t	5	4
	Other			
	Chemical substances (PRTR)	t	1,071	1,510

(Note 10) The scope is MHI on a non-consolidated basis.

Product Stewardship

Life cycle assessment

Life cycle stages included LCA	<p>Every year, we calculate the amount of CO₂ reduction achieved by the use of our representative products.</p> <p>CO₂ reductions from the fiscal 1990 level through the use of MHI's products in fiscal 2015 came to about 46,000 thousand tons.</p>
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Environmental impact assessment in products development and design phase

Assessment of environmental impact (Note 11)

MHI formally established "Basic Policies of Manufacturing Product Adoptable to Environment" (not disclosed) in 2005, as one of the standards for producing and manufacturing guidelines common across the company, based on which we have been pursuing efforts to reduce environmental impact across the entire life cycle.

(Note 11) In principle, MHI on a non-consolidated basis

Environmental product declaration

Environmental product declaration

Since majority of our products are industrial products for B to B, we need confirmation with each customer regarding precise details required for product tests, provisions and contracts, by going beyond the general Environmental Product Declaration in order to ensure the environmental standards and performance to be met. As for a product for general public (B to C), we have air conditioner, that is fully compatible with Energy Saving Labelling Program authorized by Ministry of Economy, Trade and Industry (METI) and meeting the energysaving standard 100%.

% of revenue

Less than 5%

Collection and recycling of used products

Collection and recycling of used products

Since majority of our products are industrial products for B to B, general product take back program is not implemented. As for a product for general public (B to C), we have air conditioner which is subject to Japanese Law for Recycling of Specified Kinds of Home Appliances, thereby we collect it in accordance with the law.

% of revenue

Less than 5%

► Climate Change

Regarding the reduction of greenhouse gas emissions, the Third MHI Group Environmental Targets (FY2015 – 2017) establish the target of reducing unit energy consumption in fiscal 2017 by 3 percent compared with fiscal 2014 levels.

Reducing unit energy consumption in fiscal 2017 by 3 percent compared with fiscal 2014 levels, the target established by the Third MHI Group Environmental Targets (fiscal 2015 – 2017) to reduce greenhouse gas emissions, involves a 1 percent reduction in fiscal 2015 from fiscal 2014 levels. We are making steady progress toward this goal: Group companies in Japan (Note 1) achieved a 2 percent reduction, and Group companies overseas achieved a 1.6 percent reduction (Note 2).

(Note 1) MHI on a non-consolidated basis and 45 Group companies in Japan.

(Note 2) Overseas 25 Group companies.

Greenhouse gas emission volume (Scope 1 & 2)

2015 **791** thousand tons (Note 3)

(Note 3) MHI on a non-consolidated basis and 70 Group companies.

Pick Up

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

To ensure MHI's CO₂ emission reduction targets are reliably met, MHI purchased emission rights from four projects undertaken by Kyoto Mechanisms JI (Joint Implementation) (Note 1) and Clean Development Mechanism (CDM) (Note 2).

The Second MHI Group Environmental Targets called for a "reduction in average CO₂ emissions for the five years from fiscal 2008 through fiscal 2012 by 6 percent compared with fiscal 1990 levels." As the company's CO₂ reduction over this period fell short of the target, approximately 45,000 tons in emissions credits -- the shortage as of May 2014 -- were transferred from an MHI account to a government account without compensation.

(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.

Performance Data

Climate Change

Climate change governance

Committee

Environment committee

Risk management measures

Climate change risks relevant to entire MHI Group, such as risks associated with environmental regulations of Green House Gas emission, are addressed and taken care by Environment Committee and Management Audit Department under the corporate governance framework and in collaboration with other departments, depending on level of materiality and characteristics of the risks.

CDP submission

We have submitted a CDP response from FY2004, and the evaluation of 2016 was B.

Climate change opportunities

Climate change opportunities

In a move aimed at reinforcing regulatory frameworks and implementing regulations on CO₂ emissions from thermal power generating plants, on August 3, 2015, US President Barack Obama announced steps to revise the Clean Air Act and launch the Clean Power Plan with a set of new Carbon Pollution Standards. The MHI Group has developed and begun supplying generating plants powered by high-efficiency gas turbines as well as systems for the recovery of CO₂ from power plant exhaust gases, and considers emissions regulations overseas to be a significant business opportunity.

Climate change products

Products and Technologies that Reduce Environmental Impact

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. CO₂ reductions from the fiscal 1990 level through the use of MHI's products in fiscal 2015 came to about 46 million tons.

GHG Emissions

GHG Emissions (Scope1)

Direct greenhouse gas emissions (Scope1)	unit	2011 (Note 1)	2012 (Note1)	2013 (Note 2)	2014 (Note 3)	2015 (Note 4)
Performance	ton	160,169	155,349	151,200	238,803	185,951
Assurance					domestic only	

GHG Emissions (Scope2)

Indirect greenhouse gas emissions (Scope2)	unit	2011 (Note 1)	2012 (Note1)	2013 (Note 2)	2014 (Note 3)	2015 (Note 4)
Performance	ton	277,066	270,021	557,700	650,965	605,442
Assurance					domestic only	

Energy Consumption

Energy consumption

Energy consumption	unit	2011 (Note 1)	2012 (Note1)	2013 (Note 2)	2014 (Note 3)	2015 (Note 4)
Performance	MWh	1,498,831	1,474,095	1,707,017	2,521,425	2,043,219
Assurance					domestic only	

Electricity purchased

Electricity purchased	unit	2011 (Note 1)	2012 (Note1)	2013 (Note 2)	2014 (Note 3)	2015 (Note 4)
Performance	MWh	766,802	731,045	989,670	1,043,459	1,105,746
Assurance					domestic only	

(Note 1) Production sites of MHI on a non-consolidated basis.

(Note 2) MHI on a non-consolidated basis and 31 Group companies.

(Note 3) MHI on a non-consolidated basis and 75 Group companies.

(Note 4) MHI on a non-consolidated basis and 70 Group companies.

Renewable energy

Green power purchased (Note 5)	unit	2011	2012	2013	2014	2015
Performance	MWh	1,004	965	985	1,000	1,000

(Note 5) MHI on a non-consolidated basis.

Energy use

Reduction in unit energy use (Japan)	Performance	2014	2015
		11.01 (Note 6)	10.79 (Note 7)
		Reference value	Down 2%
		Target	Down 1%
Reduction in unit energy use (Overseas)	Performance	2014	2015
		6.12 (Note 8)	6.02 (Note 9)
		Reference value	Down 1.6%
		Target	Down 1%

(Note 6) MHI on a non-consolidated basis and 49 Group companies in Japan.

(Note 7) MHI on a non-consolidated basis and 45 Group companies in Japan.

(Note 8) Overseas 26 Group companies

(Note 9) Overseas 25 Group companies

► Water Risk

Regarding the reduction of water use, the Third MHI Group Environmental Targets (FY2015 – 2017) establish the target of reducing unit water use in fiscal 2017 throughout the Group in Japan and throughout Group companies overseas by percent compared with fiscal 2014 levels.

Regarding the reduction of water use, the Third MHI Group Environmental Targets (FY2015 – 2017) establish the target of reducing unit water use in fiscal 2017 by 3 percent compared with fiscal 2014 levels, calling for a 1 percent reduction in fiscal 2015 against fiscal 2014 levels. We are making steady progress toward this goal: the overall Group in Japan achieved an 8.3 percent reduction, and Group companies overseas achieved a 6.9 percent reduction.

Unit water consumption (FY 2015)

Japan

Compared with
FY2014

-8.3% (Note 1)

Overseas

Compared with
FY2014

-6.9% (Note 2)

(Note 1) The scope of data collection includes MHI on a non-consolidated basis and approximately 50 Group companies in Japan.

(Note 2) The scope of data is approximately 25 overseas Group companies.

Pick Up

Two MHI Group factories in Japan are conducting industrial wastewater quality evaluation on a trial basis using the Whole Effluent Toxicity (WET) method (Note), and the results have indicated that no problems exist in the wastewater from these factories. The MHI Group will continue working to evaluate the safety of wastewater at an advanced level.

(Note) Whole Effluent Toxicity (WET) method: A method for determining the impact of wastewater on an ecosystem by using fish, algae, and other aquatic life.

Performance Data

Water Risk

Water risk governance

Committee

Environment committee

Risk management measures related to water risk

In the Third MHI Group Environmental Targets (FY2015–FY2017), MHI also set consistent MHI Groupwide reduction targets in relation to the effective use of water resources, and is undertaking groupwide measures. An IT system is being used for the reporting and accumulation of water-related data for factories in Japan of MHI on a non-consolidated basis and Group companies within and outside Japan.

Water risk management

Management of water quality

Waste water is managed and treated in accordance with relevant laws and regulations.

Management of change of law, regulation, tax, water price

Domestically once information of any regulation change or revision is obtained, we take appropriate action promptly as necessary. To overseas factories belong to Group companies, we are promoting to capture data related to their water use.

Water Used During Products' Life Cycle

Products contribute to reduction of water use

For example, desalination plants for converting sea water into plane water are often built in combination with power plants constructed in Saudi Arabia, where water resource is limited. Combining our products from wide range of areas, we have been delivering solution for the issues of water resources.

Relaxation of water quality effects by using products

We are contributing to alleviating the influence of water quality by environment-friendly thermal power generation system such as wastewater treatment of desulfurization equipment.

Water usage / discharge

Reducing water usage

Group companies in Japan		unit	2014	2015	coverage
Water usage and Unit water consumption	Usage amount	thousand m ³	8,450	7,600	(Note1)
	Rate of reduction in unit (Compared with FY2014)	%	—	8.3	(Note1)

(Note 1) The scope of data collection includes MHI on a non-consolidated basis and approximately 50 Group companies in Japan.

Overseas Group companies		unit	2014	2015	coverage
Water usage and Unit water consumption	Usage amount	thousand m ³	855	874	(Note2)
	Rate of reduction in unit (Compared with FY2014)	%	—	6.9	(Note2)

(Note 2) The scope of data is approximately 25 overseas Group companies.

► Biodiversity

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

Pick Up

Supporting conservation survey for loggerhead turtle in danger of extinction

The MHI Group offered its support for the "Tanegashima Loggerhead Turtle Survey," an event sponsored by the authorized NPO EarthWatch Japan. The loggerhead turtle is in danger of global extinction. Although Tanegashima is the second largest spawning ground for the loggerhead turtle, there have been very few individual identification surveys conducted in the past for the purpose of preservation. Accordingly, we anticipate that the "Tanegashima Loggerhead Turtle Survey" will not only help to clarify the ecology of the loggerhead turtle but also lead to its preservation.

The survey was carried out under the guidance of the Sea Turtle Association of Japan. Over a total of four days (nighttime only), the survey discovered 23 sea turtles, and of these 23, 22 turtles had signs attached to them for the purpose of identification. In order to further accumulate data and gain accurate insight on these loggerhead turtles, the MHI Group plans to continue to support this survey from the next fiscal year and on.

This project is recognized as a project promoted by the Japan Committee for UNDB.



Employee volunteers
who receive preliminary lectures before the survey



Group photo shoot at the beach



Employee volunteers to preliminary survey on the beach



Landing of loggerhead turtle

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.



Field of Initial Activities



After afforestation, the current field

► Waste / Pollution

The Third MHI Group Environmental Targets (FY2015–FY2017) call for a reduction in waste generation and set the target of reducing the landfill waste disposal ratio throughout the Group in Japan to less than 0.6 percent by fiscal 2017. In fiscal 2015, we did not meet our 1.34 percent target.

In addition, with regard to the reduction in emissions of chemical substances, we have set the target of reducing unit atmospheric emissions of VOCs—focusing on xylene, toluene, and ethylbenzene, which are emitted in large volumes—by 3 percent of the fiscal 2014 figures by fiscal 2017. Whereas we had targeted a 1 percent reduction against fiscal 2014 levels in fiscal 2015, we did not meet this goal. Instead, these unit emissions rose by 36 percent.

Waste (FY2015)

Landfill
disposal ratio

1.34% (Note 1)

Atmospheric Emissions of Xylene, Toluene, and Ethylbenzene (FY2015)

Changing rate of
unit emission

UP 36% (Note 2)

(Note1) The scope of data collection includes the manufacturing plants of MHI on a non-consolidated basis and approximately 20 Group manufacturing companies in Japan.

(Note2) The scope of data collection is the same as in fiscal 2014. In addition to the manufacturing plants of MHI on a non-consolidated basis, figures include the Nagasaki, Takasago, and Yokohama plants of Mitsubishi Hitachi Power Systems, Ltd., as well as Mitsubishi Heavy Industries Shipbuilding Co., Ltd., Mitsubishi Heavy Industries Hull Production Co., Ltd., and Mitsubishi Heavy Industries Machine Tool Co., Ltd.

Performance Data

Waste / Pollution

Waste generation

Waste generation	unit	2014	2015
Waste generation	t	138,000	139,000
Landfill waste disposal amount	t	484	1,868
Landfill waste disposal ratio	%	0.35	1.34

(Note1) Excluding infectious waste, disposed PCBs, and asbestos as of not reported to the Ministry of Economy, Trade and Industry via affiliated industry associations.

(Note2) The scope of data collection includes the manufacturing plants of MHI on a non-consolidated basis and approximately 20 Group manufacturing companies in Japan.

Hazardous waste generation

Hazardous waste generation	unit	2013	2014	2015
	t	2,800	3,651	3,909

(Note1) Toxic waste that requires specific control, infectious waste, disposed PCB and asbestos

(Note2) The scope of data collection includes the manufacturing plants of MHI on a non-consolidated basis.

VOC emissions

VOC emissions	unit	2014	2015
Total	t	1,184	1,546
Toluene	t	355	336
Xylene	t	524	797
Ethylbenzene	t	237	396

(Note) The scope of data collection includes the manufacturing plants of MHI on a non-consolidated basis, Mitsubishi Hitachi Power Systems, Ltd., Mitsubishi Heavy Industries Shipbuilding Co., Ltd., Mitsubishi Heavy Industries Hull Production Co., Ltd., and Mitsubishi Heavy Industries Machine Tool Co., Ltd.

Contributions to Society

► Labor Practice

MHI considers diversity to be essential for human resources, which represent the core of its business activities, from the perspective of accelerating globalization and adapting to various business environments. Focusing on securing and enhancing the readiness of our global business as well as on affirmative action for female employees, we will strengthen diversity management.

In July 2014, MHI set a target to increase the number of female managers (in positions of section manager and higher) in the Company threefold from the current level by 2020. Our current phase of activity addresses four themes: increasing the number of female employees, offering career support for employees raising children or providing nursing care, systematically developing female employees in managerial positions, and fostering a corporate culture that supports diversity management. Moreover, we are considering flexible working styles that facilitate a quick return to work after childbirth or raising children, and creating a framework and an environment to further promote the careers of female employees.

Number of the Company's female managers

2015 **79** (MHI)

Performance Data

Labor Practice

Diversity and Equal opportunity

Number of employees (At the end of the fiscal year)		unit	2011	2012	2013	2014	2015	coverage
Total			32,494	31,111	22,147	21,117	19,357	MHI
Male			29,638	28,276	20,013	19,069	17,414	MHI
		%	91.2	90.9	90.4	90.3	90.0	MHI
Female			2,856	2,835	2,134	2,048	1,943	MHI
		%	8.8	9.1	9.6	9.7	10.0	MHI

Executive		unit	2011	2012	2013	2014	2015	coverage
Total			55	52	51	55	59	MHI
Male			55	52	50	54	58	MHI
		%	100.0	100.0	98.0	98.2	98.3	MHI
Female			0	0	1	1	1	MHI
		%	0.0	0.0	2.0	1.8	1.7	MHI

Manager (in positions of section manager and higher)		unit	2011	2012	2013	2014	2015	coverage
Total			4,566	5,054	5,170	4,057	4,108	MHI
Male			4,520	4,993	5,094	3,990	4,029	MHI
		%	99.0	98.8	98.5	98.3	98.1	MHI
Female			46	61	76	67	79	MHI
		%	1.0	1.2	1.5	1.7	1.9	MHI

Differently-abled people	unit	2011	2012	2013	2014	2015	coverage
Total		826	845	835	641	644	MHI
	%	2.00	2.09	2.14	2.17	2.22	MHI

Number of employees re-hired over retirement age(60yrs)	unit	2011	2012	2013	2014	2015	coverage
Total		2,202	2,343	1,922	1,844	1,613	MHI

Freedom of Association

	unit	2011	2012	2013	2014	2015	coverage
Employees covered by collective bargaining agreements	%	99.9	99.9	99.9	99.9	99.9	MHI
Number of labor-management consultations	times	31	34	38	36	44	MHI

Layoffs

	unit	2011	2012	2013	2014	2015	coverage
Number of employees laid off		0	0	0	0	0	MHI
Number of labor-management consultations about layoffs	times	0	0	0	0	0	MHI

► Occupational Health and Safety

MHI embraces a basic policy for employee health and safety founded on the following three commitments: (1) Safety is the number one priority. We will do everything in our power to protect lives. (2) We devote every effort to safety in creating outstanding products that contribute to the development of society; (3) Our physical and mental wellbeing is fundamental to everything we do at the MHI Group. We must continue to elevate and embrace a culture of health and safety across our workplace. Based on these principles, we operate an occupational health and safety management system throughout the company to create safe, pleasant workplaces.

Industrial accident frequency rate

2015 **0.20** % (MHI)

Manufacturing industry average

2015 **1.06** %

Basic Policy for Employee Safety and Health

The MHI Group Health and Safety Policies

[Our Health and Safety Principle]

At the MHI Group, safety is the number one priority. We will do everything in our power to protect lives.

[Our Health and Safety Policies]

1. Each and every one of us across the MHI Group must join forces as one united team to maintain and heighten our health and safety standards.
2. We hold health and safety as a top priority at each of the MHI Group companies by establishing procedures, defining roles and responsibilities, and engaging in health and safety initiatives.
3. To prevent occupational accidents or illness, we work to continually enhance our health and safety initiatives by setting measureable goals and evaluating results.
4. We minimize risks at the workplace by assessing all potential issues and implementing appropriate measures to ensure a safe and secure work environment.
5. It is a responsibility of each one of us at the MHI Group to learn, understand, and comply with our health and safety policies and procedures, as well as applicable laws and regulations, through education and training programs.
6. Our physical and mental wellbeing is fundamental to everything we do at the MHI Group.
We must continue to elevate and embrace a culture of health and safety across our workplace.

Pick Up

Opening the Safety Transmission Center at Nagasaki Shipyard & Machinery Works

MHI opened an educational facility on work safety in October 2010. Called the Safety Transmission Center in the Nagasaki Shipyard & Machinery Works, 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

Performance Data

Occupational Health and Safety

Fatalities		2011	2012	2013	2014	2015	coverage
	Employees	1	0	2	0	0	MHI
	Contractors	1	1	1	0	0	MHI

LTIFR		2011	2012	2013	2014	2015	coverage
	Employees %	0.17	0.06	0.16	0.09	0.11	MHI
	Contractors %	0.44	0.21	0.32	0.19	0.45	MHI

OIFR		2011	2012	2013	2014	2015	coverage
	Employees %	0.04	0.01	0.05	0.05	0.04	MHI

Number of Industrial accidents		2011	2012	2013	2014	2015	coverage
	Employees	53	33	57	29	34	MHI

Working hour		2011	2012	2013	2014	2015	coverage
	hours	128,735,234	126,680,360	124,186,184	104,615,169	108,164,976	MHI

Certification of Occupational Health and Safety		Yokohama Dockyard & Machinery Works and chemical/social infrastructure local construction divisions acquired OHSAS18001 certificate and are operating occupational health and safety management system aiming at constantly improving the system.
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Training		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 each works including the Nagasaki Shipyard & Machinery Works and Kobe Shipyard & Machinery Works.
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Health Management

Health promoting program

- Actions are taking place based on the occupational health and safety management plan, including targets such as days of absence from work due to illness.
- Promotion of using health management promotion tool (KEMPO) in collaboration with a health insurance union
- Initiative for improving completion rate of participating in specific health guidance, from initial interview till the end of guidance.
- Measures to prevent lifestyle diseases (implementing health-related guidance targeted at reducing the ratio of employees with a BMI ≥ 25)
- Implementing stress checks and encouraging the usage of consultation hotlines.

► Human Resources Development

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.

As core measures for human resources development, we are concentrating on education to strengthen global responsiveness, development of MHI Group employees development of junior technicians on the forefront of manufacturing, and training activities for Group company employees.

Training cost per employees

2015 **57** kilos of yen (MHI)

Number of hours spent in trainings per employees

2015 **65** hours (MHI)

Performance Data

Human Resources Development

Human resources management

Focus area on
human resources
management

Amid its efforts to accelerate globalization and revise its business model, MHI recognizes that diversity in human resources is core to its business activities. Accordingly, we are reinforcing diversity management, centering on enhancing readiness for global business and affirmative action for female employees .

Human resources development programs

Program (1)

Education to strengthen global responsiveness

To further strengthen global responsiveness, in FY2011 MHI established a system for dispatching young employees overseas (MGT: MHI Global Training).

Benefits

The program develops an early awareness of global human resources and enhances global response with certainty throughout the organization.

Attendance

12 employees (FY2015)

Program (2)

Development of MHI Group employees

To accelerate globalization and diversity, it is essential to augment the capabilities and skills of all employees, including those at Group companies overseas. To develop human resources who will take charge of managing Group companies overseas, the MHI Group is expanding its training of MHI Group employee overseas. In FY2015, we conducted selective training for executive candidates through programs developed in collaboration with local business schools in Singapore, India, and other countries. Each of these programs included training that addressed a mixture of human resources, including the MHI Group employees of overseas Group companies, employees stationed overseas, and human resources involved in business targeting the regions. We also enhanced

<div> <div></div> <div>Benefits</div> </div>	e-learning contents that could be used by Group companies overseas, creating an environment that facilitates the provision of the necessary training at the necessary times.
	To support the management of Group companies overseas, the program aims to promote an understanding of the business characteristics of each region, provide the knowledge that management personnel require and cultivate leadership awareness.
Attendance	28 employees (FY2015)

Program (3)	
<div> <div></div> <div>Benefits</div> </div>	Development of junior technicians on the forefront of manufacturing MHI has 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 seek 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.
	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. This organizational education program aims to ensure that technologies are passed on.

Program (4)	
<div> <div></div> <div>Benefits</div> </div>	Training activities for Group company employees To promote human resource development that is unified throughout the MHI Group, we conduct rank-based management training and business skills training as consistent programs across the Group. We are putting in place and continuing to expand our training infrastructure. In FY2017, these efforts will include expanding the scope of use of the e-learning site to Group companies.
	This program aims to strengthen, with certainty, the management and business quality of the entire MHI Group.
Attendance	Training held six times for a total of 456 people (FY2015)

Training and development inputs

	unit	2011	2012	2013	2014	2015	coverage
Total training cost	millions of yen	1,270	1,350	1,000	1,080	1,100	MHI
Training cost per employees	kilos of yen	39	43	45	51	57	MHI
Number of hours spent in trainings per employees	hours	43	38	55	59	65	MHI

► Talent Attraction and Retention

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 hourly-given paid-leave, 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 crowdedness. In April 2016, in order to create more flexible working style, we introduce tele-work system.

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 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.

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.

Returning to work after childcare leave

2015

98.2%

Remaining in work after childcare leave

2015

96.0%

Pick Up

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 in Nagasaki with their pre-school-aged children can use the facility 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 their children; up to three years old, cared for from 7a.m. through 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.



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



[Yokohama] The center's popular slider

Performance Data

Talent Attraction and Retention

Employee performance appraisal

	unit	2011	2012	2013	2014	2015	coverage
Management by objectives	%	57	57	58	57	58	MHI
Multidimensional performance appraisal	%	43	43	42	43	42	MHI

Employment

New hired	unit	2011	2012	2013	2014	2015	coverage
Total		1,120	749	529	536	484	MHI
Male		1,036	673	476	495	441	MHI
	%	92.5	89.9	90.0	92.4	91.1	MHI
Female		84	76	53	41	43	MHI
	%	7.5	10.1	10.0	7.6	8.9	MHI
Total turn over rate	%	5.1	5.7	4.3	4.0	5.6	MHI
Voluntary turn over rate	%	0.6	0.7	0.5	0.6	0.7	MHI
Average length of service	years	16.2	16.0	16.1	16.3	16.1	MHI

Work-life balance

Number of employees using programs that focus on work-life balance	unit	2011	2012	2013	2014	2015	coverage
Childcare leave		236	265	226	205	219	MHI
Male		13	16	10	17	20	MHI
Childcare workshift		460	502	441	456	465	MHI
Male		44	53	60	61	72	MHI
People using child planning leave		2	8	5	1	3	MHI
Family-care leave		13	4	9	5	5	MHI
Family-care work shift		9	11	8	13	14	MHI
Returning to work after childcare leave	%	97.4	100.0	98.2	94.3	98.2	MHI
Remaining in work after childcare leave	%	97.1	96.4	99.1	95.5	96.0	MHI
People using the Career Return Program		15	4	5	2	3	MHI
Percent of employees taking annual paid leave	%	76.5	74.5	75.0	75.5	76.8	MHI

► Respect for Human Rights

The MHI Group is firmly committed to respecting the human rights and workers' rights of employees as per international treaties of human rights.

In May 2015 we established the MHI Group Global Code of Conduct as the common standard for our group. Through this we believe we will cultivate a single and shared corporate culture, one that is rooted in mutual trust and affords dignity and respect to all employees. The MHI Group values the individual contribution of people irrespective of race, colour, religion, political convictions, gender, age, nationality, sexual orientation, marital status, or disability. Discrimination will not be tolerated by the MHI Group.

Each year at the workplace, we conduct training to promote human rights awareness. It covers the fundamentals of human rights and harassment. This training targets new recruits and newly appointed managers, such as deputy managers and section managers. In the fiscal 2015, we rolled this training out across 260 new recruits and 1,240 newly appointed managers and supervisors. Furthermore, in an effort to heighten awareness of and prevent "power harassment" (workplace bullying and harassment) we introduced an e-learning course in fiscal 2010 that continues to be taken to this day.

People undergoing human rights awareness training

2015

Approximately **1,500**

Performance Data

Respect for Human Rights

Management structure related human rights

Chief executive

Mutsuo Hiroe, Executive vice president, in charge of HR

Committee

Committee for Raising Awareness of Human Rights

Grievance mechanism

Grievance mechanism

- Internal and external hotline of Corporate Compliance that employees (including contract employees) of MHI and all Group companies, and business clients can use.
- Internal and external Hotline has been established to report "power harassment" (workplace bullying and harassment) in 2012.

Coverage

Employees (including contract employees) of MHI and all Group companies, and business clients

► Corporate Philanthropy

In accordance with its CSR Action Guidelines, the MHI Group promotes philanthropic activities with such focus areas as local contributions that are highly related to business activities, upbringing of the next generation, and the environment. With regard to local contribution, our basic policy is to live together with local communities where MHI Group business facilities are located, 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.

With regard to upbringing of the next generation, our basic policy is to communicate "the heart of Japanese manufacturing" and "the arts of science and technology" to the next generation. MHI has developed and produced many type 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. We also engage in environmental and ecosystem conservation activities that contribute to the sustainable development of local communities.

Expenditure on social contribution activities

2015 **2,052** million yen

Our Policy on Social Contribution Activities

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 many type 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.

Pick Up

Results of principal philanthropic activities in fiscal 2015

Upbringing of the next generation: Inspire the future

Name of activity	Overview	Related SDGs
Science classes	The Company conducts science classes for students at elementary schools located nearby our business facilities using as teaching materials the MHI Group products and technologies found at the Mitsubishi Minatomirai Industrial Museum.	Target 4
MHI Tanegashima Space School	We solicit applications from elementary school students around Japan to visit Tanegashima, a rocket launch site. We conduct science classes and tour rocket launches.	Target 4

Name of activity	Overview	Related SDGs
The Shiki Theatre Company's Kokoro no Gekijo	Through musicals the Company is working to cultivate a richness of spirit among the children of the next generation. Accordingly, from fiscal 2013 we have supported the Shiki Theatre Company's Kokoro no Gekijo ("Theater of the Heart") productions. Group employees and their families have participated as volunteers at performances in locations close to our plants.	Target 4

Local contribution: Create a more harmonious society

Name of activity	Overview	Related SDGs
MHI Miyagi Fukushima Mini-Fund	This support fund backs activities at locations that connect people who moved into temporary housing or public housing for disaster recovery set up in fiscal 2012 following the Great East Japan Earthquake, as well as these people and other local community members.	
Table For Two	Table For Two (TFT) is a social contribution initiative harking from Japan aimed simultaneously at alleviating poverty in developing countries and addressing obesity and lifestyle disease in advanced countries. The MHI Group upholds the initiative's philosophy and has incorporated TFT programs in cafeterias and vending machines within its headquarters building and bases of operation.	Target 1 and 2
Tanegashima Space Art Festival	The island of Tanegashima springs to mind when Japanese people think of "space." Various activities are starting up in preparation for the "Space Art Festival" that is planned for 2017 and intended to expand the field of space art. 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.	

Environment: Care for the planet

Name of activity	Overview	Related SDGs
Myanmar Municipal solid Waste Management Forum	Amid rapid economic growth and population increases, the city of Yangon faces waste processing issues. This forum aims to communicate to Yangon the city of Tokyo's waste management expertise.	Target 3 and 11
Tanegashima Loggerhead Turtle Survey	The MHI Group offered its support for the "Tanegashima Loggerhead Turtle Survey," an event sponsored by the authorized NPO EarthWatch Japan. Employee volunteers participate in local surveys. Although Tanegashima, which is home to an important MHI Group business site, is a spawning ground for the loggerhead turtle, few individual identification surveys have been conducted to date. We anticipate that conducting such surveys in Tanegashima beach areas will help to clarify the ecology of this species and lead to its preservation.	Target 14 and 15
Forest conservation programs (forest preservation activities)	MHI Group employees and their families participate in various forest conservation programs led by individual Japanese prefectures to address the many problems affecting forests in locations around Japan and contribute to the development of ecologically diverse forests, in addition to forest preservation activities led by governmental and non-profit organizations.	Target 15

Name of activity	Overview	Related SDGs
Environmental Action Furusato Cleanup	Each year, throughout Japan we conduct the Furusato Cleanup events as a cleanup activity in regions where we are active on a daily basis. For our cleanup activity in Shiga Prefecture, we conduct activities aimed at eliminating invasive fish species in Lake Biwa. Such cleanup activities are aimed at enhancing awareness among individual Group employees and family members of environmental preservation and local conservation. Some 200 of these activities are conducted each year, and around 7,000 people have participated to date.	Target 14 and 15

More detailed information about philanthropic activities is available on our website and CSR Facebook.

■ CSR News <http://www.mhi-global.com/news//kind/csr.html>

■ CSR Facebook <https://www.facebook.com/mhi.csr.en/>

Performance Data

Corporate Philanthropy

Corporate Philanthropy policy and focus areas

Focus area (1)	
■ Relevance to business	Upbringing of the next generation MHI regards scientific technology is a source of growth, therefore children's loss of interests in and capacity of understanding science and reluctance to socialize as major, etc., may become challenges for company's human resource development in the future.
Focus area (2)	
■ Relevance to business	Local contribution MHI executes business all over the world, therefore it is critical aspect for business continuity to live in harmony and establish high confidence with every local communities where we operate.
Focus area (3)	
■ Relevance to business	Environment MHI business is global and encompassing developing/emerging economies, so that environmental consideration in business operation is critical for our business continuity.

Social contribution input

Social contribution input			unit	2011	2012	2013	2014	2015
	coverage			Group	Group	Group	Group	Group
Total amount		millions of yen		2,096	1,480	1,478	1,899	2,053
Category	Academic research	millions of yen		164	177	143	428	452
	Education	millions of yen		596	503	494	596	636
	Community	millions of yen		180	153	125	135	295
	Sports	millions of yen		133	173	149	177	100
	Others	millions of yen		1,023	474	566	563	570
Type of input	Cash contributions	millions of yen			749	373	770	1,027
	In-kind giving	millions of yen			181	617	639	207
	Employee volunteer	millions of yen			497	489	491	819
Ratio of contribution input to ordinary income			%	2.4	1.0	0.8	0.7	0.75

Social contribution benefit

KPIs-Focus area (1)		unit	2011	2012	2013	2014	2015
Cumulative total number of the science class participants.	Number of taking place				14	14	24
	Number of participants				8,936	4,864	9,350
	coverage				MHI	MHI	Group
KPIs-Focus area (2)		unit	2011	2012	2013	2014	2015
Records of natural disaster affected area assistance programs	Number of assistance		2	1	2	1	2
	Contributed amounts	millions of yen	725,000	28,620	33,040	10,470	5,862
	coverage		MHI	MHI	MHI	MHI	Group
KPIs-Focus area (3)		unit	2011	2012	2013	2014	2015
Records of know-how transfer programs of managing Municipal solid waste for emerging countries	Number of taking place						4
	Number of participants						734
	coverage						Group

Benefits on business

- Experience of teaching in the science class facilitates employees to develop their presentation and communication capacity and motivates them.
- Early recovery of HHI Group critical business region through assistance for natural disaster affected area.
- Enhancing opportunity for MHI's environmental products order intake, along with raising an environmental awareness in the emerging economies.

GRI (G4) Guidelines Comparison Tables

► G4 GENERAL STANDARD DISCLOSURES

Strategy and Analysis

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-1	a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	—	President's Message (p.8-13)
G4-2	a. Provide a description of key impacts, risks, and opportunities.	—	President's Message (p.8-13) CTO's Message (p.20-23) Roundtable: Defining Risk Management for Global Growth (p.42-45)

Organizational Profile

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-3	a. Report the name of the organization.	—	Corporate Data (p.54)
G4-4	a. Report the primary brands, products, and services.	—	Progressing along with Society (p.2-3) Business Segment Highlights (p.30-33)
G4-5	a. Report the location of the organization's headquarters.	—	Corporate Data (p.54)
G4-6	a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	—	Business Segment Highlights (p.32-33) Overseas Head Offices and Networks / Overseas Offices (p.55)
G4-7	a. Report the nature of ownership and legal form.	—	Corporate Governance (p.46-50) Corporate Data (p.54)
G4-8	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	—	Business Segment Highlights (p.32-33) Overseas Head Offices and Networks / Overseas Offices (p.55)
G4-9	a. Report the scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided	Diversity and Equal opportunity (p.55-56)	Corporate Data (p.54) Financial and Non-Financial Highlights (p.26-29)
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Diversity and Equal opportunity (p.55-56)	Financial and Non-Financial Highlights (p.28-29)

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-11	a. Report the percentage of total employees covered by collective bargaining agreements.	Freedom of Association (p.56)	—
G4-12	a. Describe the organization's supply chain.	—	—
G4-13	a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: - Changes in the location of, or changes in, operations, including facility openings, closings, and expansions - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) - Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	—	—
G4-14	a. Report whether and how the precautionary approach or principle is addressed by the organization.	Risk Management (p.18-20)	Preparing for Takeoff (p.6-7) President's Message (p.8-13) CTO's Message (p.21-22) Initiatives Related to Material ESG Issues (p.24-25) Financial and Non-Financial Highlights (p.26) Roundtable: Defining Risk Management for Global Growth (p.42-45) Corporate Governance (p.46-50)
G4-15	a. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Commitment to initiatives (p.17) Conformity to International Code of Conduct (p.3)	President's Message (p.11)
G4-16	a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: - Holds a position on the governance body - Participates in projects or committees - Provides substantive funding beyond routine membership dues - Views membership as strategic	—	President's Message (p.11)

Identified Material Aspects and Boundaries

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	—	—
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	—	Structure of Information Disclosure (p.1) Initiatives Related to Material ESG Issues (p.25)
G4-19	a. List all the material Aspects identified in the process for defining report content.	Materiality (p.8)	Initiatives Related to Material ESG Issues (p.24-25)
G4-20	a. For each material Aspect, report the Aspect Boundary within the organization, as follows: Report whether the Aspect is material within the organization If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: -The list of entities or groups of entities included in G4-17 for which the Aspect is not material or -The list of entities or groups of entities included in G4-17 for which the Aspects is material	Coverage / Assurance (p.10)	Initiatives Related to Material ESG Issues (p.24-25)

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-20	Report any specific limitation regarding the Aspect Boundary within the organization	Coverage / Assurance (p.10)	Initiatives Related to Material ESG Issues (p.24-25)
G4-21	a. For each material Aspect, report the Aspect Boundary outside the organization, as follows: Report whether the Aspect is material outside of the organization If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified Report any specific limitation regarding the Aspect Boundary outside the organization	—	Initiatives Related to Material ESG Issues (p.24-25)
G4-22	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	N/A	N/A
G4-23	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	N/A	N/A

Stakeholder Engagement

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-24	a. Provide a list of stakeholder groups engaged by the organization.	Stakeholder Dialogues (p.5-6)	Initiatives Related to Material ESG Issues (p.25)
G4-25	a. Report the basis for identification and selection of stakeholders with whom to engage.	Our Stakeholders (p.5)	Initiatives Related to Material ESG Issues (p.25)
G4-26	a. Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Stakeholder Dialogues (p.5-6)	Initiatives Related to Material ESG Issues (p.25)
G4-27	a. Report 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. Report the stakeholder groups that raised each of the key topics and concerns.	Stakeholder Dialogues (p.5-6)	Initiatives Related to Material ESG Issues (p.25)

Report Profile

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-28	a. Reporting period (such as fiscal or calendar year) for information provided.	—	Financial and Non-Financial Highlights (p.26-29)
G4-29	a. Date of most recent previous report (if any).	—	—
G4-30	a. Reporting cycle (such as annual, biennial).	—	—
G4-31	a. Provide the contact point for questions regarding the report or its contents.	Address all inquiries about this report to: Business Strategy Office Corporate Communication Department 16-5 Konan 2-chome, Minato-ku, Tokyo, 108-8215, Japan Phone: 81-3-6716-3884 Fax: 81-3-6716-5860	Corporate Data (p.54)
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report,	Reference Guidelines (p.10) GRI (G4) Guidelines Comparison Tables (p.69-82)	Structure of Information Disclosure (p.1)

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-32	if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	Reference Guidelines (p.10) GRI (G4) Guidelines Comparison Tables (p.68-81)	Structure of Information Disclosure (p.1)
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	Reference Guidelines (p.10)	—

Governance

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-34	a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	CSR Promotion System (p.3)	Corporate Governance (p.46-49) Initiatives Related to Material ESG Issues (p.25)
G4-35	a. Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	—	—
G4-36	a. Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	CSR Promotion System (p.3)	Initiatives Related to Material ESG Issues (p.25)
G4-37	a. Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	—	Initiatives Related to Material ESG Issues (p.25)
G4-38	a. Report the composition of the highest governance body and its committees by: • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental and social impacts • Stakeholder representation	Independence of the Board of Directors (p.12) Corporate governance structure (p.12-13) Effectiveness of the board of directors (p.14-15)	Board of Directors (p.14-15) Corporate Governance (p.46-49)
G4-39	a. Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	Corporate governance structure (p.12-13)	President's Message (p.11) Corporate Governance (p.46-49)
G4-40	a. Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental and social topics are	Independence of the Board of Directors (p.12)	Corporate Governance (p.46-49)

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-40	considered •Whether and how stakeholders (including shareholders) are involved	Independence of the Board of Directors (p.12)	Corporate Governance (p.46-49)
G4-41	a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum:" •Cross-board membership •Cross-shareholding with suppliers and other stakeholders •Existence of controlling shareholder •Related party disclosures	Independence of the Board of Directors (p.12)	Corporate Governance (p.46-50) Corporate Data (p.54)
G4-42	a. Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	—	Creed / Corporate Aspiration (p.1) Progressing along with Society (p.2-3) President's Message (p.11) Corporate Governance (p.46-50)
G4-43	a. Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	—	—
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	—	—
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	Enhancement of business risk management (p.18) Organized Business Risk Management (p.18) Risk governance (p.19) Risk assessment (p.20)	President's Message (p.11) Initiatives Related to Material ESG Issues (p.25)
G4-46	a. Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	—	—
G4-47	a. Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	CSR Promotion System (p.3)	—
G4-48	a. Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	CSR Promotion System (p.3)	Initiatives Related to Material ESG Issues (p.25)
G4-49	a. Report the process for communicating critical concerns to the highest governance body.	Organized Business Risk Management (p.18) Risk governance (p.19)	Initiatives Related to Material ESG Issues (p.25)
G4-50	a. Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	—	Initiatives Related to Material ESG Issues (p.25)

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-51	<p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: Fixed pay and variable pay: –Performance-based pay –Equity-based pay –Bonuses –Deferred or vested shares Sign-on bonuses or recruitment incentive payments Termination payments Clawbacks Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees</p> <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.</p>	Remuneration of directors (p.16) Management ownership requirements (p.17)	Corporate Governance (p.50)
G4-52	a. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	Functions and committees (p.13-14)	Corporate Governance (p.46-50)
G4-53	a. Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	—	—
G4-54	a. Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Remuneration of directors (p.16)	—
G4-55	a. Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	—	—

Ethics and Integrity

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-56	a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	CSR Management (p.2-11)	Creed / Corporate Identity Statement / MHI Group CSR Action Guidelines / Corporate Aspiration / Tagline / Group Statement (p.1)
G4-57	a. Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	Compliance structure (p.22) Grievance mechanism (p.64)	—
G4-58	a. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	Compliance structure (p.22)	Initiatives Related to Material ESG Issues (p.25)

► SPECIFIC STANDARD DISCLOSURES

Category: Economic

■ Aspect: Economic Performance

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EC1	Direct economic value generated and distributed		Financial and Non-Financial Highlights (p.26-29)
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Risk management measures (p.46) Climate change opportunities(p.47)	—
G4-EC3	Coverage of the organization's defined benefit plan obligations	—	—
G4-EC4	Financial assistance received from government	—	—

■ Aspect: Market Presence

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	—	—
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	—	—

■ Aspect: Indirect Economic Impacts

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EC7	Development and impact of infrastructure investments and services supported	—	Financial and Non-Financial Highlights (p.26-29) Progressing along with Society (p.2-3)
G4-EC8	Significant indirect economic impacts, including the extent of impacts	—	Progressing along with Society (p.2-3)

■ Aspect: Procurement Practices

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	—	—

Category: Environmental

■ Aspect: Materials

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN1	Materials used by weight or volume	Material Handling (p.44)	—
G4-EN2	Percentage of materials used that are recycled input materials	—	—

■ Aspect: Energy

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN3	Energy consumption within the organization	Energy consumption (p.47)	Financial and Non-Financial Highlights (p.26-29)
G4-EN4	Energy consumption outside of the organization	—	—
G4-EN5	Energy intensity	Reduction in unit energy use (p.48)	—
G4-EN6	Reduction of energy consumption	Energy consumption (p.47)	Financial and Non-Financial Highlights (p.26-29)

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN7	Reductions in energy requirements of products and services	Environmental product declaration (p.45) Climate change products (p.47)	—

■ Aspect: Water

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN8	Total water withdrawal by source	Water usage (p.50)	Financial and Non-Financial Highlights (p.26-29)
G4-EN9	Water sources significantly affected by withdrawal of water	Water risk management (p.49)	—
G4-EN10	Percentage and total volume of water recycled and reused	Water usage (p.50)	—

■ Aspect: Biodiversity

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Supporting conservation survey for loggerhead turtle in danger of extinction (p.51)	—
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Supporting conservation survey for loggerhead turtle in danger of extinction (p.51)	—
G4-EN13	Habitats protected or restored	Supporting conservation survey for loggerhead turtle in danger of extinction (p.51)	—
G4-EN14	Total number of iucn red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	—	—

■ Aspect: Emissions

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Direct greenhouse gas emissions (Scope1) (p.47)	Financial and Non-Financial Highlights (p.26-29)
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Indirect greenhouse gas emissions (Scope2) (p.47)	Financial and Non-Financial Highlights (p.26-29)
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	—	—
G4-EN18	Greenhouse gas (GHG) emissions intensity	—	—
G4-EN19	Reduction of greenhouse gas (GHG) emissions	—	Financial and Non-Financial Highlights (p.26-29)
G4-EN20	Emissions of ozone-depleting substances (ODS)	—	—
G4-EN21	NOx, SOx, and other significant air emissions	Material Handling (p.44)	—

■ Aspect: Effluents and Waste

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN22	Total water discharge by quality and destination	Water discharge (p.50)	—
G4-EN23	Total weight of waste by type and disposal method	Waste generation (p.53)	—
G4-EN24	Total number and volume of significant spills	Environmental impact (p.42)	—
G4-EN25	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	—	—

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	—	—

■ Aspect: Products and Services

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Life cycle assessment (p.44) Climate change products (p.47)	Financial and Non-Financial Highlights (p.26-29)
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Collection and recycling of used products (p.45)	—

■ Aspect: Compliance

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Reporting on breaches (p.41)	—

■ Aspect: Transport

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	—	—

■ Aspect: Overall

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN31	Total environmental protection expenditures and investments by type	Environmental accounting (p.43)	—

■ Aspect: Supplier Environmental Assessment

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	—	—
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	—	—

■ Aspect: Environmental Grievance Mechanisms

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	—	—

Category: Social

Labor Practices and Decent Work

■ Aspect: Employment

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Employment (p.63)	—

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	—	—
G4-LA3	Return to work and retention rates after parental leave, by gender	Work-life balance (p.63)	—

■ Aspect: Labor/Management Relations

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	—	—

■ Aspect: Occupational Health and Safety

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-LA5	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	—	—
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Occupational Health and Safety (p.55-56)	Financial and Non-Financial Highlights (p.26-29)
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	—	—
G4-LA8	Health and safety topics covered in formal agreements with trade unions	—	—

■ Aspect: Training and Education

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Training and development inputs (p.61)	Financial and Non-Financial Highlights (p.26)
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	—	—
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Employee performance appraisal (p.63)	—

■ Aspect: Diversity and Equal Opportunity

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Diversity and Equal opportunity (p.55-56)	Board of Directors (p.14-15)

■ Aspect: Equal Remuneration for Women and Men

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	—	—

■ Aspect: Supplier Assessment for Labor Practices

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	—	—
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Supply chain monitoring (p.36)	—

■ Aspect: Labor Practices Grievance Mechanisms

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	—	Initiatives Related to Material ESG Issues (p.24-25)

Human Rights

■ Aspect: Investment

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—	—
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Respect for Human Rights (p.64)	—

■ Aspect: Non-discrimination

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-HR3	Total number of incidents of discrimination and corrective actions taken	—	—

■ Aspect: Freedom of Association and Collective Bargaining

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	—	—

■ Aspect: Child Labor

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	—	—

■ Aspect: Forced or Compulsory Labor

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-HR6	Operations and 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	—	—

■ Aspect: Security Practices

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	—	—

■ Aspect: Indigenous Rights

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	—	—

■ Aspect: Assessment

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	—	—

■ Aspect: Supplier Human Rights Assessment

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	—	—
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	—	—

■ Aspect: Human Rights Grievance Mechanisms

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	—	—

Society

■ Aspect: Local Communities

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	—	—
G4-S02	Operations with significant actual and potential negative impacts on local communities	—	—

■ Aspect: Anti-corruption

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	—	—
G4-S04	Communication and training on anti-corruption policies and procedures	Compliance situation (p.22-23) Anti-corruption (p.23)	—
G4-S05	Confirmed incidents of corruption and actions taken	Compliance situation (p.22-23)	—

■ Aspect: Public Policy

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-S06	Total value of political contributions by country and recipient/beneficiary	—	—

■ Aspect: Anti-competitive Behavior

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Compliance situation (p.22-23)	—

■ Aspect: Compliance

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	—	—

■ Aspect: Supplier Assessment for Impacts on Society

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	—	—
G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	Supply chain monitoring (p.36)	—

■ Aspect: Grievance Mechanisms for Impacts on Society

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Compliance situation (p.22-23)	Initiatives Related to Material ESG Issues (p.25)

Product Responsibility

■ Aspect: Customer Health and Safety

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	—	—
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	—	—

■ Aspect: Product and Service Labeling

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	—	—
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	—	—
G4-PR5	Results of surveys measuring customer satisfaction	Customer satisfaction (p.30)	—

■ Aspect: Marketing Communications

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-PR6	Sale of banned or disputed products	—	—
G4-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	Advertising activities (p.31)	—

■ Aspect: Customer Privacy

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	—	—

■ Aspect: Compliance

item	Indicator	Relevant page(s) in the CSR DATABOOK 2016	Relevant page(s) in the MHI REPORT 2016
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	—	—



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