

Detailed Version

# CSR Report

Corporate Social Responsibility Report

# 2010

MHI Social and  
Environmental Report

# Creed

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

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

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

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

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

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

## Editorial Policy

This is the tenth report of Mitsubishi Heavy Industries, Ltd. (MHI), including the first Environmental Report published in 2001. In this 2010 edition, we have endeavored to show the faces of the people involved with MHI while presenting a dialogue between the President and an intellectual, opinions from various stakeholders, and the voices of employees from the sites of their CSR activities, all in an easy-to-understand manner. In the feature articles, we introduce representative initiatives under the three themes of our CSR Action Guidelines: “close ties with the Earth,” “close ties with society,” and “a bridge to the next generation.”

In addition, we posted a CSR Report digest version (brochure) to succinctly communicate the company’s activities as well as the detailed version (PDF) on the website to provide readers with more information on our activities.

We will continue to improve this report in response to your feedback.

## Structure of CSR information disclosure

 Detailed version (PDF)

 Digest (brochure)

The detailed version (PDF) can be found on our website under “CSR”

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



## Scope of this Report

### Target organization:

The information contained in this report pertains to Mitsubishi Heavy Industries, Ltd. and its Group companies (125 in Japan and 112 overseas). Some articles, however, only include descriptions of MHI activities.

### Target period:

April 1, 2009 through March 31, 2010

(includes information on some activities after March 31, 2010)

## Referenced Guidelines

- Global Reporting Initiative (GRI)  
“Sustainability Reporting Guidelines” (2002 edition G2 and third edition G3)
- “Environmental Reporting Guidelines” (2007 edition) issued by the Japanese Ministry of the Environment

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

## Date of Issuance

June 2010 (previous issue: June 2009)

## Disclaimer

In addition to objective information on the past and present status of Mitsubishi Heavy Industries, Ltd. and its Group companies, this report also contains plans, perspectives, and forecasts based on business plans and management policies as of the date of publication. These forecasts are made using information available at the time of publication and therefore the actual status and outcome of future business activities may differ from these forecasts as a result of changes in the given variables.

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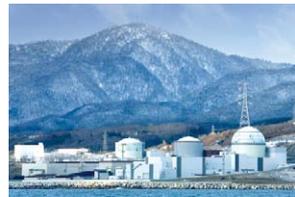
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President, Mitsubishi Heavy Industries, Ltd.

# Hideaki Omiya

## Dialogue

### We aim to continue pursuing our aspiration to contribute to the global community through manufacturing.

President Hideaki Omiya recently discussed MHI's CSR (corporate social responsibility) in respect to the future of the global community with journalist Akira Ikegami, who is highly regarded for his ability to explain complicated issues in easy-to-understand terms.

#### Our aspiration is to contribute through our business activities to social development.

**Ikegami:** Today, the global community faces a multitude of issues. Mr. Omiya, I would like to hear your views on how MHI intends to address these issues and how it will fulfill its social responsibility.

**Omiya:** In our corporate creed, MHI declares its determination to contribute to society through its business operations. And we are playing a true role in solving environmental and energy issues by building social infrastructures such as power plants, industrial plants and public transportation systems. MHI's pri-



Wind turbines (California, U.S.A.)

mary social responsibility, we believe, is to contribute to the sustainable development of the global community through manufacturing. Our CI statement "Our Technologies, Your Tomorrow" expresses our aspiration to continue tackling the many issues that burden the global community.

**Ikegami:** Yes—contributing solutions to the various social issues on the planet by providing outstanding products and services is an important element of CSR.

**Omiya:** Of course, we think there's more to CSR than just that. Our stakeholders represent a diverse group of people: not only

## Profile

### Hideaki Omiya

President, Mitsubishi Heavy Industries, Ltd.

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

Journalist  
**Akira Ikegami**



the customers who use our products and services, but also our investors and numerous shareholders, our business partners (suppliers), people in the areas surrounding our works, and employees. We believe CSR equates to returning profit to all these stakeholders. Furthermore, 30 years ago, when MHI began developing and manufacturing wind turbines, quite a few people warned us against doing so because they projected no profit would come from that business. However, we have always been certain of the need to nurture businesses that address the issues society faces, from a long-term perspective, instead of pursuing only short-term gains.

**Ikegami:** Nowadays wind power is attracting attention as a countermeasure to global warming, but there was a time when its significance went unnoticed. So rather than discarding something as unprofitable in the near term, you're saying that MHI has a social responsibility to take its time and develop businesses that will benefit the entire global community over the long term.

**Omiya:** We want to be a company that aspires to accomplish

### *Profile*

## **Akira Ikegami**

Journalist

After joining NHK (Japan Broadcasting Corporation) in 1973, for 32 years Akira Ikegami worked as a news reporter. Then, starting in 1994, for 11 years he served as a commentator on a weekly news program for children. In 2005 he left NHK and went freelance. He has written many books, including: *Soodattanoka! Gendaishi* ("So That's What Modern History Is All About!") and *Wakariyasuku 'Tsutaeru' Gijutsu* ("The Art of 'Conveying,' In Easy-to-Understand Terms").

tasks that we deem to be necessary for humankind from a long-term perspective, even if it means having to overcome difficulties. We hope to take businesses that are absolutely essential for the global community and make them commercially viable, and then return the profits to our stakeholders.

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### **We take pride in being one of the few companies that can address the two major global concerns of energy and the environment.**

**Ikegami:** "Close ties with the Earth" is the first of the three themes of the MHI Group CSR Action Guidelines. With regard to the Earth, global warming caused by increasing CO<sub>2</sub> emissions is a foremost concern.

**Omiya:** Global warming is an energy issue, too. For generations humankind has been burning vast quantities of fossil fuels to obtain energy. As a result, we face massive CO<sub>2</sub>



Ohi Nuclear Power Station

emissions on the one hand and the need to prepare for the future depletion of fossil fuels on the other. At MHI we take pride in being one of the few companies that can address these issues of global scale. First, regarding the use of renew-

## Dialogue

able energies, in addition to the wind power generating equipment I mentioned earlier, we manufacture solar and geothermal power facilities too. We also undertake operations involving nuclear power plants that use no fossil fuels and produce zero CO<sub>2</sub> emissions during power generation. In addition, we have achieved energy savings and reductions in CO<sub>2</sub> emissions for thermal power generation plants that do use fossil fuels.

For example, we developed GTCC (gas turbine combined cycle), a system that uses natural gas or other fuel. With GTCC, first a gas turbine is used to generate power; then recovered heat from that process is used to drive a steam turbine, again generating power, resulting in one of the highest energy efficiency rates in the world. Similarly, our IGCC (integrated coal gasification combined cycle) system, which uses gasified coal as fuel, makes efficient use of energy as well. IGCC also generates less dust and soot than direct coal firing; and it's even possible to remove the CO<sub>2</sub> by combining it with carbon capture and storage technology.

**Ikegami:** There are larger reserves of coal than oil, so the efficient use of coal for power generation can be an effective solution to the issue of energy resource depletion. But how do you actually remove CO<sub>2</sub>?

**Omiya:** MHI developed a technology for capturing CO<sub>2</sub> through absorption into a special liquid; seven plants around the world are already using it. Furthermore, we are currently conducting verification testing at thermal power plants in the U.S. and Germany of equipment capable of capturing several thousand tons of CO<sub>2</sub> per day. We are recognized as the world leader in this area.

**Ikegami:** I see. That sounds like a dream technology.

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### Looking ahead, it will be important for us to contribute to addressing food and water concerns.

**Omiya:** Speaking of dream technologies, MHI is currently developing bioethanol as fuel for automobiles, collaborating in joint research with a team that includes a brewing company.

**Ikegami:** With plant-based ethanol, since the raw materials can be produced through agriculture, fossil fuels aren't

depleted. It's also effective in preventing global warming since the same amount of CO<sub>2</sub> emitted during combustion is absorbed by the plant during its growth process. But using food crops such as corn as the raw material has its problems, given the many people suffering from starvation.

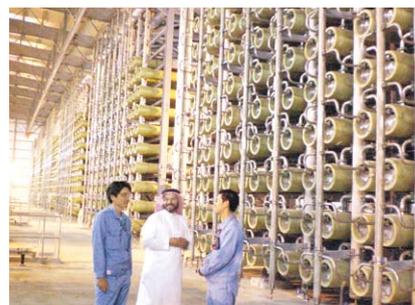
**Omiya:** I agree that is a problem. So at MHI, instead of corn or sugarcane that are consumed as food, we're researching methods that use rice straw and wheat straw discarded as waste in the grain production process.

**Ikegami:** Producing ethanol from straw must be quite a technical challenge. If you use strong acids to decompose the coarse plant fiber contained in the straw, you end up increasing the environmental impact.

**Omiya:** To reduce environmental impact in the production process, we use water to decompose the fiber instead of sulfuric acid. Many technical challenges remain and achieving commercial viability will take time, but we remain hopeful because development of this technology will benefit humankind.

**Ikegami:** I certainly look forward to your success. It would be wonderful to see you achieve a new technology that can simultaneously address the global issues of not just fossil fuel depletion and global warming but also food shortages caused by a growing population. Now, what about water? Today, there's a serious shortage of water worldwide.

**Omiya:** MHI also manufactures desalination plants. Since we delivered a large-scale plant to produce drinking water from sea water to Saudi Arabia in 1981, we have



Inside a desalination plant

established a track record of delivering 11 large-scale desalination plants around the world. Construction is currently underway in Saudi Arabia on one of the world's largest plants, capable of producing 216,000 tons of drinking water per day, toward its scheduled completion in December 2010.

**Ikegami:** Last year, I traveled the entire length of Sudan from north to south. In the north, where the Sahara Desert lies, there wasn't a cloud in sight. But as I traveled south along the River Nile, clouds began to appear on the horizon. Further south, I saw trees thriving under the clouds and towns inhabited by people. In other words, water vapor rises wherever there is vegetation, creating clouds that bring rain, which moistens the land. I got a real sense of how essential water is to the lives of both plants and people. And I have great hopes for MHI's efforts to produce potable water.

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### Our products have reduced CO<sub>2</sub> emissions by more than 100 million tons, and we are also working to reduce our own CO<sub>2</sub> emissions.

**Ikegami:** Is MHI making progress on reducing CO<sub>2</sub> emissions resulting from your own business activities?

**Omiya:** With respect to CO<sub>2</sub> emissions from factories and offices, we are striving, in accordance with the Kyoto Protocol,



to reduce emissions by an average 6% (to approximately 0.44 million tons per year) compared with 1990 levels in the five-year period from 2008 to 2012. In fiscal 2009 we brought emissions down to near 0.45 million tons. We're also pursuing other energy saving efforts, one step at a time, such as upgrading our production facilities and air conditioners and installing solar cell panels at our works nationwide. In this way, first we're pursuing reductions in-house, and if attaining our target proves difficult despite these efforts, we intend to take advantage of the Clean Development Mechanism or purchase emission credits to make sure we keep to the designated targets.

**Ikegami:** But the more products you manufacture that contribute to preventing global warming, won't your own CO<sub>2</sub> emissions become that much greater?

**Omiya:** It's true that boosting production will increase CO<sub>2</sub> emissions generated by MHI. I believe, however, that our energy and environment products will have even greater impact in preventing global warming. For example, compared with 1990 levels, with a 1,100 MW nuclear power plant operating at an 80% capacity utilization rate, it's possible to cut CO<sub>2</sub> emissions by approximately 8.5 million tons per year. Similarly, holding to the same utilization rate, with a 500 MW GTCC system annual emissions can be reduced by approximately 2.7 million tons, and with a 500 MW IGCC system by about 1.4 million tons. When we combine the overall impact of these products of ours, the total reduction in CO<sub>2</sub> emissions exceeds 100 million tons per year (see p. 48 for basis of calculation).

## Facing up to past mistakes is important for preventing accidents.

**Ikegami:** Let me turn now to "close ties with society," the second theme of the MHI Group CSR Action Guidelines. The general public's greatest concerns are product safety and quality. Getting manufacturers to make sure their products don't cause accidents is an important social issue for people everywhere.

**Omiya:** I agree, and at MHI we place significant emphasis on product safety and quality. This April we opened the Accident Exhibit and Materials Room for employees at



Accident Exhibit and Materials Room

our Technical Training Center in Nagoya. Exhibits here include video and panel displays of past product-related accidents, such as a helicopter crash. We also exhibit the actual accident-causing products at each production site. We want employees to face up to the tragedy of accidents by seeing these actual cases, so that they will strive for thorough product safety and quality control with renewed determination to make sure such accidents never happen again.

**Ikegami:** Learning from actual cases is certainly effective toward preventing accidents. When I first joined NHK, I also received a lesson on previous cases of misinformation and

broadcasting accidents. Speaking of accidents, I heard you once had a close call in your days as an aircraft engineer.

**Omiya:** I was once involved in designing an experimental CCV (control configured vehicle) aircraft for the Japan Air Self-Defense Force. Soon after the aircraft took off in a test flight, it began to oscillate and nearly crashed. The problem was caused by a subtle gap between the human perception and the computer's response. These days, not only aircraft but even automobiles are mounted with advanced automatic control functions. This requires considerations of safety design and quality control relating to human-computer interface.

**Ikegami:** That's a novel and challenging domain for engineers.

**Omiya:** Yes, it is. Going forward I think we will be required to work in the cutting-edge domain of safety and quality in human-machine interface for a variety of products. If we manufacture something wrong, accidents will occur in accordance with the laws of physics. But if we build it right, the product will operate safely in accordance with the laws of physics. I explain it to my employees this way: you can never deceive technology.

**Ikegami:** Your own past experience and self-reproach are embodied in those words, aren't they.

## We are pursuing compliance from the dual aspects of employee awareness and corporate mechanisms.

**Ikegami:** How about compliance? As a company that builds social infrastructures, MHI wields powerful influence on society and is therefore expected to act fairly at all times.

**Omiya:** You're absolutely right. In the past, employees have been arrested and MHI itself has faced litigation for bid-rigging. Such unfair practices shatter the public trust, disappoint stakeholders and shake the very foundations of a company.

**Ikegami:** No matter how good a product might be, it's of no use to society or to the company if the way it's provided is bad.

**Omiya:** Precisely. We shouldn't stop at raising employee awareness; the company must also take responsibility by creating mechanisms to prevent any recurrence of misconduct. At MHI, we're striving to prevent recurrence by reinforcing mechanisms such as our Order Compliance Committee and



## Dialogue

internal audits.

**Ikegami:** What about employee education?

**Omiya:** We conduct compliance education drawing upon past cases, in a vein similar to the Accident Exhibit and Materials Room I mentioned before. In educating our employees, we also apply the results of audits conducted by outside experts and feedback received during such audits.

**Ikegami:** I've heard that, in general, seeking orders in developing countries can easily lead to questionable conduct due to differences in business practices.

**Omiya:** My instructions to employees are clear: if you're going to end up getting your hands dirty, it's better not getting the order in the first place. Profit gained through questionable practices will always lead to a loss in the long term. MHI has been participating in the United Nations Global Compact since 2004, and we think it's essential to act based on its ten principles in the four areas of corruption prevention, human rights, labor and the environment.

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### As a manufacturing company, we will continue communicating the importance and enjoyment of science and technology to children.

**Ikegami:** What about "a bridge to the next generation," the third theme of your CSR Action Guidelines? What kind of activities are you undertaking in this area?

**Omiya:** One representative example is the science classes offered by our works nationwide. Under this program, employees use products or technologies they developed to communicate the enjoyment of science to elementary and middle school students.

**Ikegami:** Employees go into the schools to teach, don't they.

**Omiya:** We've been working on this continuously based on our three-year plan to support in-school science education. In fiscal 2008 we held classes at 12 schools; in



A science class taught by an MHI employee

in fiscal 2009, at 28 schools. About 2,700 children have participated to date, and they have told us how much they enjoyed it, some even commenting they would like to become engineers when they grow up. And in the coming years we're planning further improvements to the program based on the feedback and comments we've received from the children and teachers.

**Ikegami:** Given how children in this country are increasingly moving away from the sciences, this is a very significant program for the future of Japan.

**Omiya:** I'm determined to prevent Japan's manufacturing prowess from eroding, or our foundations as a technology-oriented nation from being shaken, because of a move away

from science. Moreover, scientific thinking, including an understanding of the laws of physics, is the backbone of our society. As a manufacturing company, we want to communicate the importance and enjoyment of science and technology to children. Our employees who serve as teachers also feel they are doing something worthwhile, and enjoying the experience, too.

**Ikegami:** When I was working on a children's news program at NHK, I had a wonderful time explaining world events. Children have more fun and find it easier to understand when the adults teaching them feel what they're doing is worthwhile.

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### We provide opportunities for direct communication so employees can better feel a sense of doing something worthwhile.

**Omiya:** In terms of feeling a sense of doing something worthwhile, it's also important that employees feel this way about their daily work.

**Ikegami:** Business and CSR both depend on employees, so there's a need to create a work environment that's both fulfilling and comfortable.

**Omiya:** To do that, we need to energize our entire organization through communication. As president, I hold "town meetings" on a continuing basis at each of our works. In 2009,



President Omiya visiting the new nursery at the Nagasaki Shipyard & Machinery Works

these meetings were organized into two parts: an informal meeting with the general managers where they can express their opinions directly to me, and a visit to the worksites to let me hear what employees have to say about their jobs. Last year we also launched Forum 35, a project in which employees in their mid-thirties discuss corporate and social issues among themselves. I regularly exchange ideas with members of this group as well. In addition, in April 2010 we opened MHI's first children's nursery at the Nagasaki Shipyard & Machinery Works, a move taken to support employees in balancing their work and family life.

**Ikegami:** Companies come in many shapes. MHI, I think, is the kind of company where employees can get a real sense they are helping to resolve social issues through their work. I hope your employees will continue striving to provide safer and better products and services to enable sustained social development.

**Omiya:** We appreciate your sentiments. It's true that many of our employees join MHI with high aspirations of serving society, and we will continue working together with these employees to engage in manufacturing as our way of contributing to the global community. You can count on us.



**Forum 35 Project** Aiming for employees to get satisfaction from their jobs, as a way of further energizing the entire organization

## The President exchanges ideas with employees in their mid-thirties.

To encourage communication among employees as a way of energizing the whole organization, MHI implements Forum 35, a project in which employees in their mid-thirties discuss a broad range of topics relating to the company and to society. Meetings are also regularly convened between the project members and the President, to enable the President to hear what people of this generation have to say.

### Forum 35: occasions for employees in their mid-thirties to freely discuss topics that transcend departmental boundaries

Employees in their mid-thirties born during the second baby boom constitute the majority of MHI's employee demographics and play a central role in the business operations of all workplaces. MHI launched the Forum 35 project in July 2009 to promote communication among these employees as a way of energizing the entire organization. The project provides a forum in which employees of this generation can freely discuss topics that transcend departmental boundaries. A distinguishing feature of Forum 35 activities is the emphasis on the communication process itself, instead of seeking any specific outcomes.

The project began with seven members from each department at the Head Office, followed by similar forums launched at the Kobe Shipyard & Machinery Works and the Nagasaki Shipyard & Machinery Works. Today the circle of communication among employees continues to expand steadily.

### The President sends messages to Forum members drawing upon their activity reports.

As part of Forum 35, meetings are regularly held where the President and employees exchange ideas relating to the themes and content of the discussions associated with Forum activities, and members can openly express their individual views.

The second such meeting was held in April 2010 and was attended by President Omiya and fifteen Forum 35 members each from the Head Office, Kobe Shipyard & Machinery Works and Nagasaki Shipyard & Machinery Works. The members were drawn from diverse departments, including marketing, design, planning and administration, personnel, internal auditing, materials and equipment, and hospitals. After an initial round of self-introductions, activity reports were presented by representatives of each works and exchanges of ideas took place.

The representative from the Head Office reported that more than 20 wide-ranging discussions had been held since the launch of the Forum, covering both work-related concerns and

private matters as well as the level of problem awareness shared by those of the same generation. Forum activities had also included visits to other works (for example, to observe the launching ceremony of a container carrier) and training camps. His report also included an introduction to a new bulletin board launched via the company's intranet and aimed at creating an environment enabling easy exchange of ideas and information with Forum members from other works. In reference to energizing the organization, the representative said that in addition to improving formal systems and mechanisms it was also necessary to reform personal awareness, and he said he felt it was important to create low-profile mechanisms like Forum 35. He further announced that he would be handing over the reins of the activities to new (second-year) members and would continue to offer support as a "graduate" and work to widen the circle of activities to even more works.

The representative of the Kobe Shipyard & Machinery Works, where the Forum was launched in January 2010, presented the ideas expressed by members during the seven discussions held so far on themes such as compliance awareness, concerns as managers, and handing down technology. He also reported that a sense of unity had been nurtured through these activities, creating an energized forum in which thoughts can be shared, which has boosted member motivation. Members of the Nagasaki Shipyard & Machinery Works, where the Forum was only recently launched, spoke about their personal aspirations toward specific future activities.

In response, President Omiya touched on his own experiences while offering advice and expressing his hopes for mid-thirties generation employees. The President noted that communication is the key element in daily operations as well as for building relationships with those around us. He also said that self-development requires a strong awareness of one's job and knowledge of its position within the upstream-downstream process flow, as well as emulating the strengths of others through communication. He also shared how impressed he had been by the words of a member who said he had made life-long friends through the Forum 35 activities. That alone, the President offered, was enough to prove the value of these activities.

**Company Profile**

**Trade Name:** Mitsubishi Heavy Industries, Ltd.  
**Head Office:** 16-5, Konan 2-chome, Minato-ku, Tokyo  
**President:** Hideaki Omiya  
**Foundation:** July 7, 1884  
**Establishment:** January 11, 1950  
**Capital:** 265.6 billion yen (as of March 31, 2010)  
**Employees:** 34,139 (as of March 31, 2010)

**CI\* Statement**

**Our Technologies, Your Tomorrow**

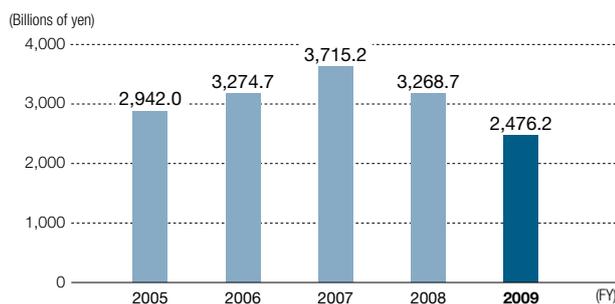
This CI statement represents our intention to “continuously provide an assured future where people can live safe, secure and enriched lives through technologies that can excite people and passion as a manufacturer for the sustainability of the earth and humankind.”

CI statement logo

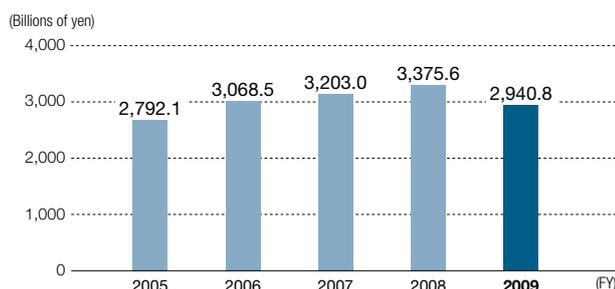


\* CI: Corporate Identity

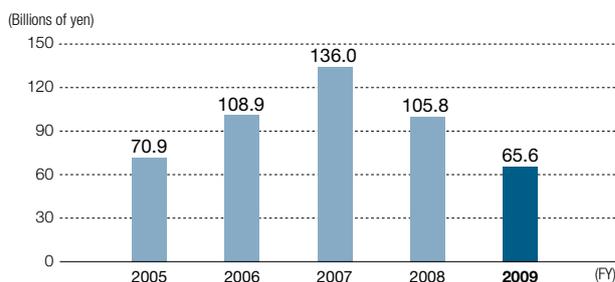
**Orders received (consolidated)**



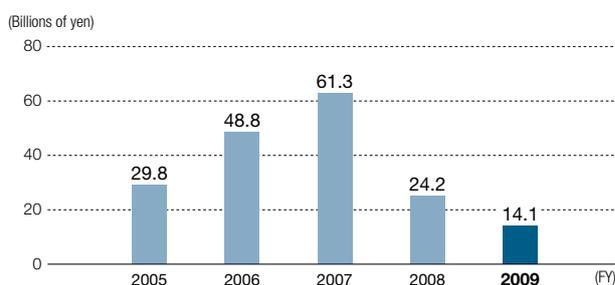
**Net sales (consolidated)**



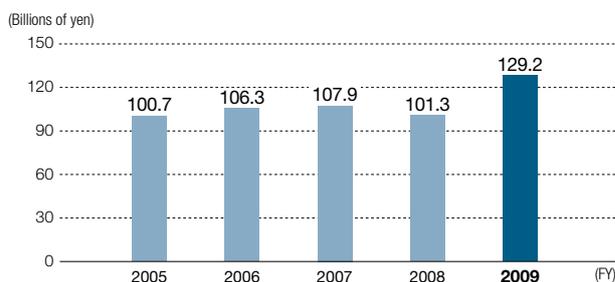
**Operating income (consolidated)**



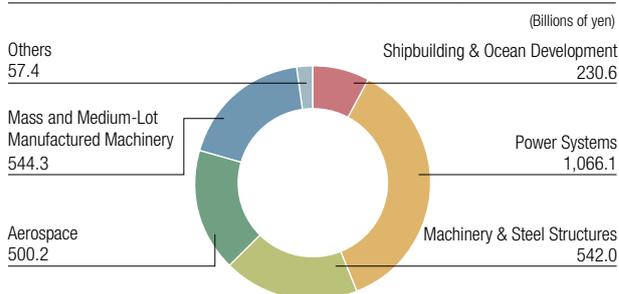
**Net income (consolidated)**



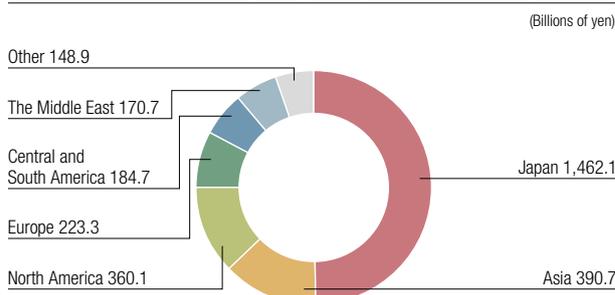
**Research and development expenditures (consolidated)**



**FY2009 net sales by industry segment (consolidated)**



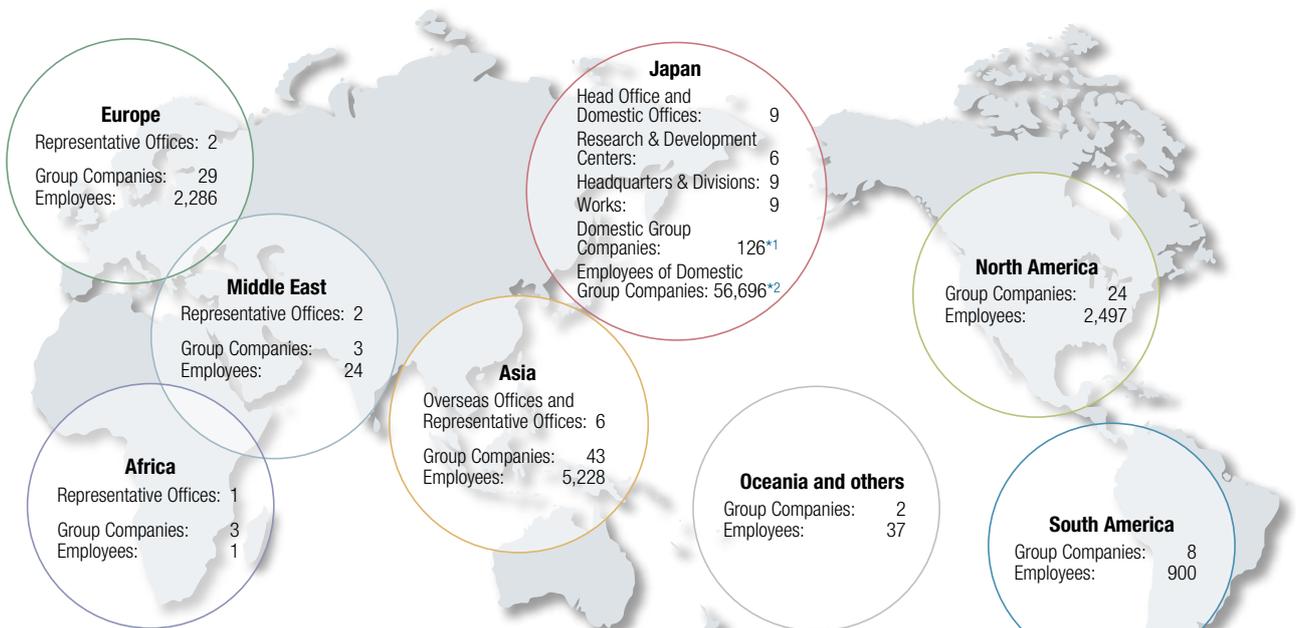
**FY2009 net sales by region (consolidated)**



## Businesses and Products

<b>Shipbuilding &amp; Ocean Development</b> Shipbuilding & Ocean Development Headquarters	<b>Sea vessels</b> • Cruise ships • LNG carriers • LPG carriers • Oil carriers • Container ships • Pure car and truck carriers • Ferries • Defense ships • Patrol vessels <b>Ocean development</b> • Submersible research vehicles • Oceanographic research ships
<b>Power Systems</b> Power Systems Headquarters Nuclear Energy Systems Headquarters	<b>Thermal power generation plants and other facilities</b> • Combined cycle power plants • Steam turbines • Gas turbines • Boilers • Diesel engines • Desalination plants • Lithium-ion rechargeable batteries • Fuel cells <b>Renewable energy</b> • Wind turbine plants • Water turbine plants • Geothermal power plants • Photovoltaic systems • Biomass power plants • Solar thermal power plants <b>Nuclear power plants and other facilities</b> • PWR nuclear power plants • Advanced reactor plants • Nuclear fuel cycle plants
<b>Machinery &amp; Steel Structures</b> Machinery & Steel Structures Headquarters	<b>Environmental and chemical</b> • Fertilizer plants • Methanol plants • Petrochemical plants • Flue gas desulfurization systems • Flue gas CO <sub>2</sub> recovery plants • Wastes treatment equipment <b>Transportation systems</b> • New transportation systems • Toll collection equipment (ETC, etc.) <b>Machineries</b> • Compressor and turbine • Iron and steel manufacturing machinery • Rubber and tire machinery • Cranes for steel plants and quayside containers • Accelerator • Medical equipment • Printing machinery • Paper converting machinery • Plastic injection molding machine • Food and packaging machinery <b>Basic Facilities &amp; Steel Structures for Infrastructures</b> • Steel bridges • Stacks • Mechanical parking systems
<b>Aerospace</b> Aerospace Headquarters	<b>Aircraft</b> • Fixed-wing aircraft • Helicopters • Subsystems of commercial aircraft • Aeroengines <b>Space equipment</b> • H-IIA launch vehicle • H-IIB launch vehicle • H-II Transfer Vehicle (HTV) • Rocket engines <b>Guided weapon systems</b> • Missiles • Torpedoes
<b>General Machinery &amp; Special Vehicle</b> General Machinery & Special Vehicle Headquarters	<b>Engines</b> • Engines for power generation • Agricultural engines • Industrial engines • Marine engines <b>Power Train</b> • Hybrid drive systems • Inverters and controllers • Transmissions • Drive axles • Lithium-ion rechargeable battery pack <b>Material handling equipment</b> • Forklift trucks • Heavy cargo carriers <b>Turbochargers</b> • Turbochargers <b>Construction machinery</b> • Earthmoving and grading machinery • Hydraulic equipment <b>Special vehicles</b> • Tanks • Armored personnel carriers
<b>Others</b> Air-Conditioning & Refrigeration Systems Headquarters Machine Tool Division	<b>Air-Conditioners and related products</b> • Air-conditioners (for residential, commercial) • Automotive thermal systems • Transport refrigeration units • Centrifugal chillers <b>Industrial machinery</b> • Machine tools • Precision machinery products (precision cutting tools, engine valves, power transmissions)

## Operating Bases and Employees by Region Total number of employees (consolidated basis): 67,669 (as of March 31, 2010)



\*1 Includes Mitsubishi Heavy Industries, Ltd.

\*2 Comprises 22,557 employees, the total from Group companies with that from Mitsubishi Heavy Industries, Ltd.

## Aiming to win the solid trust of society through the advancement of CSR

The underlying objective of the MHI Group is, as a manufacturer, to carry out CSR through production activities; and we are working to achieve that goal under our CSR Action Guidelines and CSR Action Plan.

### MHI Group CSR Action Guidelines (formulated July 2007)

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

## Close ties with the Earth

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

## Close ties with Society

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

## A bridge to the next Generation

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

### Promoting CSR through manufacturing as an innovative partner to society

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

In our CSR initiatives, our primary aim is to minimize environmental loads emanating from our production activities

and to allocate our earnings generated through the appropriate provision of these products to every stakeholder associated with our business activities.

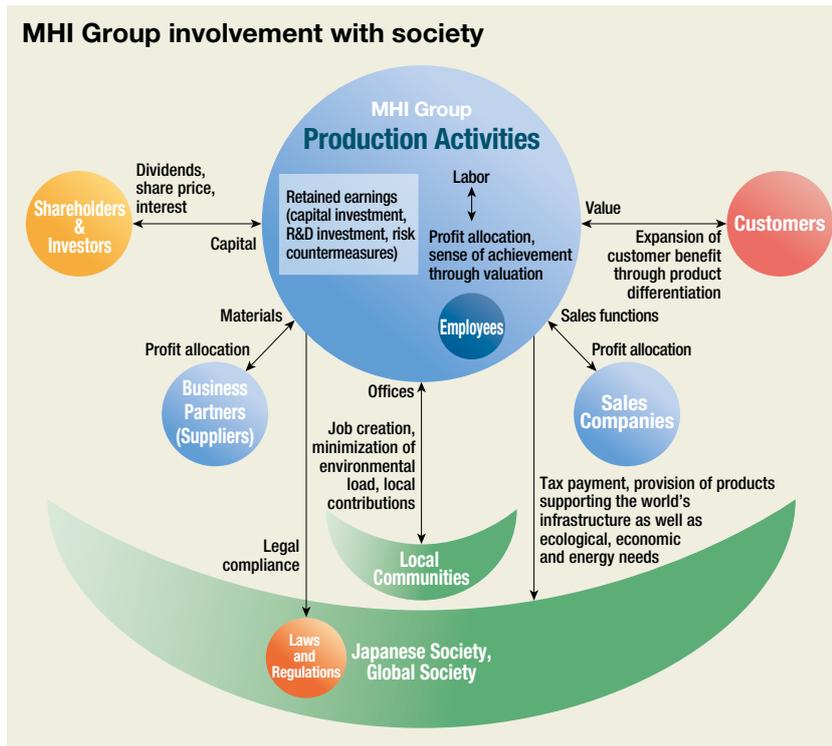
### Continuously improving CSR through PDCA cycles

To fulfill its social responsibilities, MHI set up a CSR Committee, chaired by the President, and a CSR Promotion Department, with the latter handling related office duties from October 2006. A system was thus inaugurated

capable of strategically and comprehensively conducting activities in such areas as compliance, environmental protection, human rights and labor relations.

In July 2007, the company formulated the MHI Group CSR Action Guidelines with three basic vectors: Close ties with the Earth, Close ties with Society, A bridge to the next Generation. We subsequently developed our CSR Action Plan (see p. 25) in April 2008 and have since worked to constantly improve each activity through the application of PDCA cycles.

Then in June 2008, the company formulated representative CSR activities based on the themes in the guidelines for cultivating stronger CSR awareness group-wide and is implementing these activities in every division, headquarters, works and Group company.



CSR Committee

## Outline of Representative CSR Activities

### For “close ties with the Earth”

- Greening of company facilities (e.g., wall greening, symbolic greening of the factory)
- All-hands environmental activities with employees (e.g., recommendation of personal energy-saving declaration by Group employees, recommendation of eco-commuting, volunteer participation in Company Forest Creation Program)

### For “close ties with Society”

- Reinforcing community contribution activities (one event per year by each Group company at home and overseas)
- Providing support for emerging and developing countries with MHI products
- Strengthening information dissemination of MHI environmental technologies and products

### For “a bridge to the next Generation”

- Sending employees to schools (e.g., science classes at local elementary schools)
- Manufacturing classes at MHI facilities (e.g., learning about manufacturing at MHI works, enhancing exhibition facilities)

## Examples of Representative CSR Activities

### Opening Mitsubishi Wind Turbine View Park at Kanazawa Plant, Yokohama Machinery Works

Amid rising concern for energy and environmental issues across society, the Yokohama Machinery Works opened Mitsubishi Wind Turbine View Park at its Kanazawa Plant in October 2009.

The park covers 5,600 m<sup>2</sup> and overlooks the wind turbine of the works. We constructed a gentle hill using waste soil generated at the works, planted a variety of trees, and installed 3-kW photovoltaic facilities.

The works uses the park as a place where people can observe wind and photovoltaic power being generated in a casual, natural setting. It is also the stopping point for works tours and an onsite learning opportunity for children. Employees at the works can also visit the park for a refreshing interlude.



Huge wind turbine seen from the park



Solar panels installed in the park

## Participating in neighborhood cleanups

Since fiscal 2008, MHI has participated in Hometown Cleanup Meetings, a nationwide cleanup campaign hosted by the Mt. Fuji Club to contribute to local communities and raise employee awareness of environmental protection and community contribution.

In fiscal 2009, 5,073 employees from MHI works and 62 Group companies participated in the event and carried out neighborhood cleanup activities during the entire month of October.



Cleanup activity at Ganryujima including employees from the Shimonoseki Shipyard & Machinery Works

## Photovoltaic facility donation and endowment of chair at a university in Vietnam

MHI Aerospace Vietnam Co., Ltd. (MHIVA), a Group aerospace parts manufacturing company in Hanoi, the capital of Vietnam, contracts Japanese language training for local staff of the company to DOWACEN, a neighboring Japanese language school.

In September 2009, MHI decided to donate MHI-brand photovoltaic facilities to the school as a pilot initiative to provide support for emerging and developing countries with MHI products, one of our representative CSR activities. Installation is scheduled to be completed in September 2010. The facility will serve as a power source for classroom lighting and so forth, eliminating the need to suspend classes in the event of a power failure.

To contribute to industrial development in Vietnam, MHI endowed a chair

and scholarship programs in September 2009 at the Hanoi Institute of Technology, from which students graduate before becoming employed by the company.



Commemorative photo after delivery of photovoltaic facility specifications

## Promoting communication with the local community through employee environmental advertisements

MHI inaugurated an advertisement production program for environmental technology and products to improve local community understanding of our product lines and businesses as well as our environmental efforts and thereby reinforce relationships of trust.

In fiscal 2008, the first year of the program, it was implemented at three sites: Nagasaki, Shimonoseki and the Hiroshima/Mihara area and received the Newspaper Advertising Runners-up Prize in the Advertisers' Planning Category organized by the Japan Newspaper Publishers & Editors Association.

In fiscal 2009, 30 young employees of the works and Group companies in the Nagoya area formed a working group. The group completed four advertisements, highlighting the ways that MHI products protect the environment under the theme, “Earth friendly technologies born in Nagoya.”

MHI views the program as an effective means of raising employee CSR awareness and therefore plans to implement the program in the Kansai and Kanto areas starting from fiscal 2010.

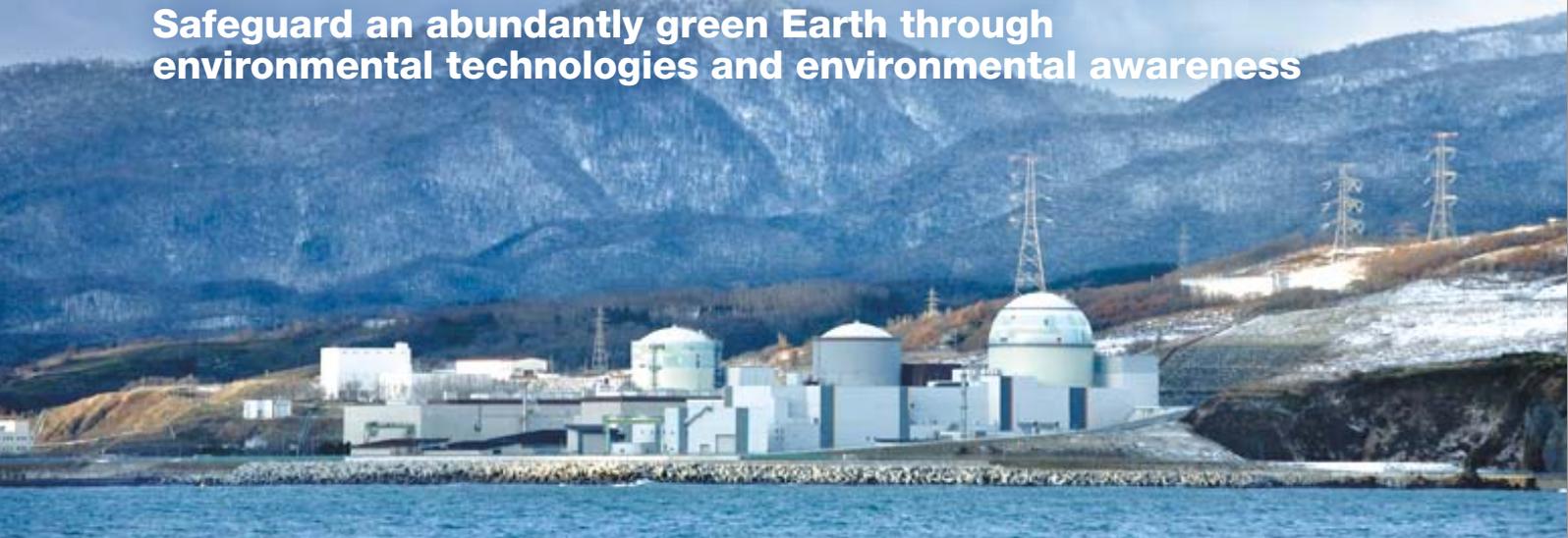
## “Earth friendly technologies born in Nagoya”



2009 Chunichi Shimbun Advertising Grand Prizes—General Paper category “Chunichi Shimbun Advertising Prizes Selected by Readers, Category Prize”

# Close ties with the Earth

Safeguard an abundantly green Earth through environmental technologies and environmental awareness



## Special Feature 1

### Nuclear power plant reduces CO<sub>2</sub> emissions –for safe, secure operation at an improved operating rate

With the planned construction of new nuclear power plants across the world to address the two global concerns of energy and the environment, safety improvements are absolutely required. MHI recognizes that one of its greatest social responsibilities as an integrated nuclear plant supplier involved in the entire process of pressurized water reactor (PWR) power plants, from design to manufacture, construction and maintenance, is to ensure plant safety while boosting operating rates.

#### Nuclear power generation –Addressing both environmental and resource challenges

Driven by the economic growth of developing countries and other factors, global energy demand is expected to rapidly expand, reaching 1.5 times the 2006 level in 2030<sup>\*1</sup>. At the same time, global warming associated with CO<sub>2</sub> emissions released by the burning of fossil fuels such as oil, coal and natural gas is worsening as public concern intensifies over the depletion of those same fossil fuels.

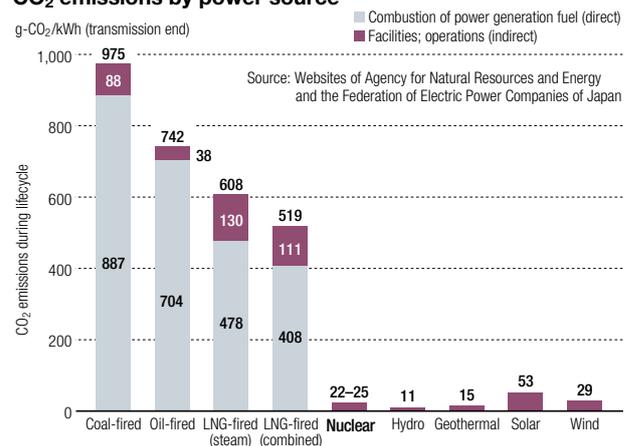
Under these circumstances, interest is turning to the wind, solar and other renewable energies that emit no CO<sub>2</sub> and the scheduled construction of new nuclear power plants. Nuclear power generation has particularly attracted attention as power generation facilities produce zero CO<sub>2</sub> emissions in the power generating process, thereby addressing the challenge of growing energy demand as well as environmental and resource-related concerns. Currently, about 430 nuclear power plants are operating across the world with a total electricity generation capacity of 370 GWe<sup>\*2</sup> per year. Capacity is expected to grow as high as 810 GWe in 2030<sup>\*3</sup>. In Japan, approximately one-third of electric power is generated by nuclear power plants. The Japanese government has adopted a policy calling for about 40% or more of electric power to be generated by nuclear plants in the future.

<sup>\*1</sup> Source: IEA (International Energy Agency) "World Energy Outlook 2009"

<sup>\*2</sup> GWe (gigawatts of electricity) = 1 billion watts

<sup>\*3</sup> Source: Forecast released by the IAEA (International Atomic Energy Agency) in September 2009

CO<sub>2</sub> emissions by power source



Source: Websites of Agency for Natural Resources and Energy and the Federation of Electric Power Companies of Japan

#### An integrated nuclear plant supplier –A wealth of experience and an outstanding track record in all 24 plants in Japan

MHI has accumulated advanced technologies and a wealth of experience as an integrated nuclear plant supplier, involved in the entire PWR power plant business from design to manufacture, construction and maintenance. The company has supplied all 24 of the PWR power plants constructed in Japan. It has also contributed to a reduction in CO<sub>2</sub> emissions<sup>\*4</sup> and the stable supply of electric power in the country.

MHI's technology in this field is widely recognized around

the world. The company has supplied a large volume of major equipment for PWR power plants, such as containment vessels and steam generators, to customers in the U.S., Europe and China. We command the top share (85%) of the export of this equipment among Japanese manufacturers.

In addition, MHI was chosen as a core company for the next-generation fast breeder reactor (FBR) development program in Japan and is also involved in all of the processes at the Rokkasho reprocessing plant. Consequently, we are making a major contribution to the establishment of the nuclear fuel cycle.

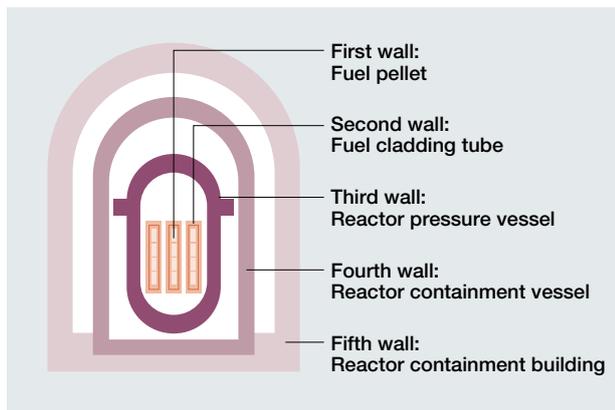
\*4 The volume of reduced CO<sub>2</sub> emissions (equivalent to coal-fired power) achieved in 24 PWR power plants in Japan is 80 million tons.

### Fivefold walls for a nuclear power plant supported by MHI technologies — Contributing to safe, secure operation, from design to construction and maintenance

Extensive safety measures are undertaken in nuclear power plants.

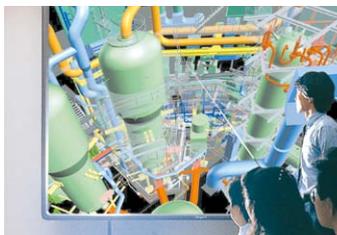
One such measure is defense in depth. Radioactive materials are safely contained to prevent leakage by installing fivefold walls consisting of a pellet containing uranium fuel, a cladding tube to seal the pellets, a reactor pressure vessel, reactor containment vessel, and reactor containment building.

#### Fivefold wall sealing in radioactive materials



MHI contributes to the safe, secure operation of plants, drawing upon its integrated capabilities, including fivefold walls, in all of the areas of a nuclear power plant.

First, in the design stage, design is jointly reviewed by all divisions concerned from its initial stage. The overall designs of hundreds of thousands of parts are reviewed in detail by all divisions, including basic design, detailed design, manufacturing, quality assurance, construction and maintenance, using 3D drawings to visualize parts from every angle. This process facilitates safe, high-precision product design.



3D CAD Design

In the manufacturing stage, we employ advanced facilities and manufacturing technologies. MHI manufactures high-precision products, for instance, by using a large-scale, multi-task machine tool named “Super Mirror,” which facilitates high-precision processing of a huge containment vessel weighing 400 tons while holding it in a standing position to avoid material deformation as well as an electron beam welding tech-

nology that does not use welding material.

In the construction stage, we strive to eliminate human error by improving the efficiency of on-site works by, for example, employing the method of installing the top dome (the upper part of the reactor containment vessel) as a single unit and using modules prefabricated in the factories.



#### Method for installing the top dome as a single unit

We lift the hemispherical upper part of the reactor containment vessel (diameter: 40 m; height: 20 m; weight: over 500 tons) as one unit, using a super-large crane, and install it on the top of the cylindrical part. This shortens the construction period.

In the maintenance stage for plants in operation, MHI helps boost the operating rate of power plants through scheduled preventive maintenance activities (check, inspection, repair and replacement work) in collaboration with electric power companies. Concretely, the company conducts periodic inspections as required under the law and replaces major components, such as reactor internals and steam generators of plants that have operated for a long time, upon confirmation with customers.

MHI also utilizes IT to implement the overall digitalization of advanced control and protection systems, which were introduced in newly constructed plants as well as existing power plants.

As a result of those initiatives, the Sendai Nuclear Power Plant Unit 1 of Kyushu Electric Power Co., Inc. achieved the world's highest operating rate of all 430 plants across the world in 2009. In fact, four PWR power plants constructed by MHI were among the top ten plants\*5.

Training workers to support these technologies is also important. MHI conducts a practical, systematic simulator-based training program at the Maintenance Training Center of our manufacturing sites. This training leads to work being done quickly and more securely while at the same time protecting worker safety, lowering exposure to radiation and reducing the frequency and duration of plant shutdowns.

The company also focuses on research and development to undergird these technologies. R&D initiatives focus on such areas as technologies for regular monitoring, inspection and repair, and technologies and systems for processing radioactive wastes as well as technologies for decommissioning reactors (disassembling and decontamination) to safely discontinue plant operations. These activities reflect our commitment to improve safety across the entire lifecycle of a nuclear power plant.

\*5 Source: Survey by NW (Nucleonics Week)



#### All-in-one-piece replacement work of reactor internals

All-in-one-piece replacement work of reactor internals, which supports fuel assembly and the guiding and positioning of control rods. The company has conducted this replacement operation in four plants in Japan. MHI is the only company in the world with such a track record of replacement.



#### Maintenance Training Center

Facility for demonstrating and training on core internals replacement work

## Responding to society's trust and expectations

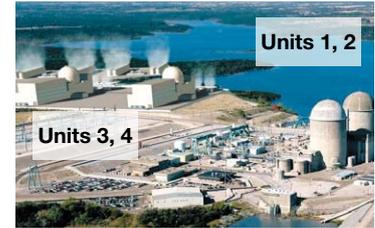
MHI is preparing to construct the world's largest scale PWR power plant for the U.S. market (US-APWR), based on orders from U.S. electric power companies, *Dominion Resources, Inc.* and *Luminant Generation Company*. *Mitsubishi Nuclear Energy Systems, Inc. (MNES)*, an MHI subsidiary in the U.S. was qualified for membership in the Nuclear Energy Institute of the U.S. (NEI) in NEI's "nuclear plant designer" category in 2009. MNES became the first wholly-owned subsidiary of a Japanese company to qualify for NEI membership in this category.

This US-APWR for the U.S. market is a U.S. compliant version of the advanced PWR power plant (APWR) that the company developed for Tsuruga Power Station Units 3 and 4 of the Japan Atomic Power Company. The company also plans to apply for a European safety review for nuclear plants—EUR (European Utilities Requirements) of EU-APWR (European compliant version of APWR).

MHI and the French company AREVA jointly developed ATMEA1™, a mid-sized nuclear power plant for the East European, Middle Eastern and Asian markets. We also teamed up with the Japanese government and electric power companies to accept orders from Vietnam.

In response to these worldwide demands, MHI is building up its manufacturing capacity. In 2008, MHI expanded this capacity for steam generators, a major piece of equipment for PWR power plants, in order to manufacture a higher volume of larger-scale steam generators. Construction of a plant dedicated to steam turbines for nuclear power generation is being completed in 2010. In addition, construction of a plant for containment vessels and reactor internals is scheduled for completion in 2011.

We will continue to contribute to the resolution of energy and environmental problems at a global scale as an integrated nuclear plant supplier that fulfills the trust and expectations of stakeholders worldwide through improved nuclear power plant safety and higher operating rates.



Comanche Peak Power Station of U.S. Luminant Generation Company (Rendering of Units 3 and 4)

## Expectations held toward MHI

### We trust MHI to consistently meet our requirements.

The experience of EDF Group is based on more than 60 years of existence. 72% of electricity generated by EDF on its 127 GWe installed capacity is nuclear, making it the largest nuclear power generation producer in the world.

In the coming decade, EDF will build with its partners, the equivalent of 10 new nuclear generating units in France or abroad and continue the renovation of existing units to extend their life, with the support of highly experienced manufacturers through a spirit of long term cooperation.

In this context, EDF has placed in 2004 an initial order to Mitsubishi Heavy Industries Ltd. (MHI), of 6 RSGs (Replacement Steam Generators) dedicated to two 900MWe French nuclear units, placed subsequent orders to the consortium led by MHI for another 6 RSGs on 2008, and 3RSGs on 2010.

As the Inspection-Department Representative in Japan, I would like to point out some reasons of such award to MHI: high production capacity, long experience in manufacturing and maintenance, competitiveness, commitment for the respect of deadlines, customer-focus, thoroughness of risk analysis, appropriate application of nuclear regulation, transparency and good relationship with French Safety Authorities.

Meanwhile, we have also identified areas for improvement, such as inspection technology, traceability of engineering and manufacturing operation, transportation conditions, and adaptation to new French regulations. We have confidence in the ability of MHI and its partners to meet those requirements.



**Mr. H. Le Maut**  
Inspection  
EDF (Electricite de France S.A.)

## Products and technologies contribute to the realization of a low-carbon society

MHI contributes to the realization of a low-carbon society through the efficient use of energies in such fields as nuclear power, thermal power, renewable energy, energy management, and transportation.

### Nuclear power plants

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



PWR nuclear power plant

### Thermal power generation plants

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



Gas turbine

### Renewable energy

- Wind power
- Geothermal
- Solar
- Solar thermal
- Hydro
- Biomass



Wind turbine

### Energy management

- Lithium-ion rechargeable battery
- Electric bus
- Eco-house
- Alternative fuel
- Hybrid forklift
- Heat pump
- Desalination



Lithium-ion rechargeable battery

### Transportation systems

- MRJ\*1
- LRT\*2
- APM\*4
- Eco-ships
- HSST\*3



MRJ

\*1 MRJ: Mitsubishi Regional Jet

\*2 LRT: Light Rail Transit

\*3 HSST: High Speed Surface Transport

\*4 APM: Automated People Mover

## CSR activities reported by our employees

### Company Forest

Local government and other organizations have recently been increasing their support for the “Company Forest Creation Program,” which is intended to prevent global warming and preserve biodiversity. MHI promotes forest conservation in various regions in collaboration with their respective local governments. The company also views such activities as opportunities for employees to learn about environmental issues and give back to society.

#### General Machinery & Special Vehicle Headquarters

##### 127 employees worked together to thin a forest in March and August

General Machinery & Special Vehicle Headquarters signed a memorandum of agreement with the Kanagawa prefectural government to participate in the Kanagawa Water Source Forest Creation Project in February 2009. A total of 127 employees took part in preserving forestlands in Matsudamachi, Kanagawa Prefecture in March and August 2009.

Having received many comments from participants, such as “I had a great experience and was able to understand thinning,” we will aggressively pursue this effort with due consideration for safety.



**Michio Sato**  
Labor and Safety Section  
General Affairs Department  
General Machinery &  
Special Vehicle Headquarters



Thinning forests to allow for passages of sunlight that facilitates the growth of grasses and trees

#### Air-Conditioning & Refrigeration Systems Headquarters

##### 132 employees and family members planted 900 trees (14 species) in the Company Forest

The Air-Conditioning & Refrigeration Systems Headquarters has participated in the Company Forest Creation Program organized by the Mie prefectural government. In fiscal 2009, we joined a planting event carried out at Kihoku-cho, Mie Prefecture on November 28. A total of 132 MHI employees and family members planted Japanese maple, mountain cherry and other species of trees (14 species; 900 trees). We will be involved in weeding and other maintenance and management activities related to the program and plan to actively engage in other events in this town that contribute to the local community.



**Nobuyuki Kato**  
General Affairs Section  
General Affairs Department  
Air-Conditioning & Refrigeration  
Systems Headquarters



Carefully planting each seedling

### Eco-commuting

“Eco-commuting” refers to traveling to the company by bicycle or on foot, or using public transport instead of driving a car or riding a motorcycle. Central and local governments are actively promoting eco-commuting. MHI sites participating in this campaign include the Nagasaki Shipyard & Machinery Works, Kobe Shipyard & Machinery Works, Yokohama Machinery Works and Nagoya Guidance & Propulsion Systems Works.

#### Nagasaki Shipyard & Machinery Works

##### Six-day campaign involving 9,402 cars and motorcycles

The Nagasaki Municipal Government has organized the “No Private Car Driving” campaign since July 2008 and the Nagasaki Shipyard & Machinery Works participated from its very beginning. In 2009, the three-day campaign was held in July and December, and at the Nagasaki Shipyard & Machinery Works, 7,170 cars and 2,232 motorcycles were involved. We also encourage employees to eco-commute at times other than these campaign days and many of them do.



**Kazuhiko Nakanose**  
Labor and Management Group  
General Affairs Department  
Nagasaki Shipyard &  
Machinery Works



Employees traveling to the Koyagi Plant on a commuter boat



Holding up flags highlighting the campaign

#### Kobe Shipyard & Machinery Works

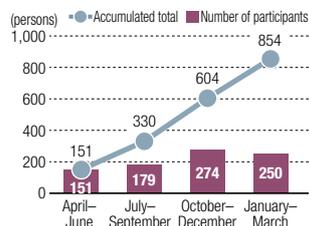
##### Ongoing efforts throughout fiscal 2009 brought the total of participants in the campaign to 854 employees

At the Kobe Shipyard & Machinery Works, we have been demonstrating our shared commitment to the “No Private Car Driving Day” campaign with its organizer, the Kobe City Government, by conducting our own program to encourage employee commuting by public transit on Wednesdays and paydays since April 2009. We carried out the program for 51 days in fiscal 2009 with 854 participants. The program offers participants the benefit of refreshing their minds and bodies at dinner with their colleagues as they return home.



**Rihoko Kakizaki**  
Labor and Welfare Section  
General Affairs Department  
Kobe Shipyard &  
Machinery Works

##### Number of participants in the “No Private Car Driving Day” campaign for fiscal 2009



Every Wednesday, employees use public transit instead of their cars

# Close ties with Society

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



## Special Feature 2

### Advancing to the frontiers of cancer treatment Developing a radiotherapy machine that reduces the burden on patients

MHI entered into the medical equipment field in the hope of helping people who are suffering from cancer. Our contribution centers on reducing the burden on patients and medical staff through collaboration with an academic institution, culminating in the development of the MHI-TM2000\*, a state-of-the-art radiotherapy machine that achieves quick, simple, pinpoint irradiation of cancer cell clusters.

\* Product name: Linear accelerator system MHI-TM2000 (Medical equipment approval number: 22000BZX00028000)

#### Growing population of cancer patients across the world

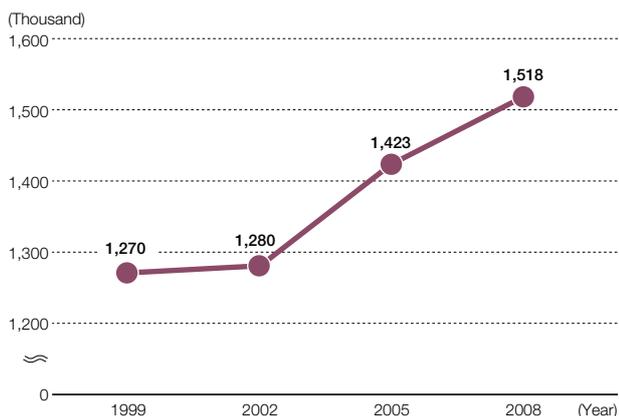
According to a survey by the Ministry of Health, Labor and Welfare, in 2008 the number of cancer patients in Japan was up 95,000 from 2005 and up 238,000 from 2002. Since 1981, cancer has been the top-ranking cause of death among the Japanese, accounting for nearly a third of all deaths.

The number of cancer patients is also rising overseas. The International Agency for Research on Cancer has reported that cancer will become the top cause of death worldwide in 2010.

In this context, throughout the world calls are being heard for early detection of cancer through higher examination rates and for more effective treatment methods.

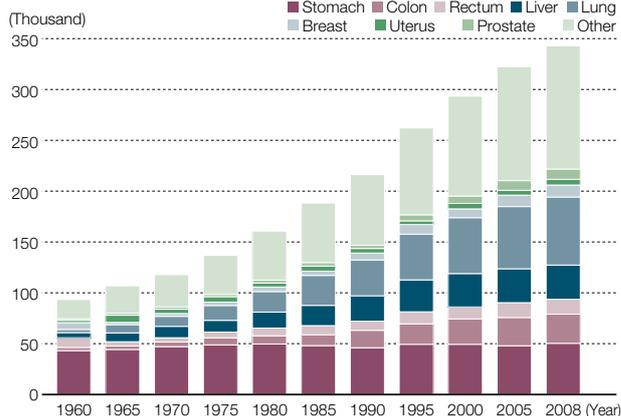
Currently, there are three methods for treating cancer: resection of the affected area by surgical operation; chemotherapy using anticancer agents; and radiotherapy using X-rays to prevent cancer cells from dividing. Compared to surgery, radiotherapy permits maintenance of normal body functions and form and provides such merits as sustained quality of life before and after treatment, painless treatment, and applicability

Number of cancer patients



Source: Ministry of Health, Labor and Welfare, "Overview of Patient Survey Results"

Number of cancer deaths by site



Source: Compiled from statistical data released by the National Cancer Center

to physically weakened, aged patients.

Nevertheless, only 25% of cancer patients in Japan undergo radiotherapy. In contrast, 66% of patients receive this treatment in the U.S. Recently, expectations have been rising for such methods as stereotactic radiotherapy, which achieves accurate, pinpoint irradiation targeting of the tumor, and intensity-modulated radiotherapy, which modulates the intensity of X-ray doses by providing fine control of multiple beams to irradiate the tumor according to its shape. As further advances are made to the machinery, radiotherapy is expected to become widely accepted in Japan as well.

### Targeting a highly advanced radiotherapy machine that achieves quick, simple, pinpoint irradiation

“We want to help those who are suffering from cancer.” Based on that desire, we began research and development on radiotherapy machines in 2001 as part of our New Business Development Project named “Frontier 21” for creating the MHI of the 21st century. We believed that the small-sized accelerating tube\* technology accumulated by MHI would be applicable for such machines.

However, we had never before set foot into the field of medical equipment. Judging that success would depend on the cooperation of experts, we sought the assistance of Kyoto University and gained the participation of Professor Masahiro Hiraoka, an authority on radiation oncology, as our advisor.

After we began researching the current state of radiotherapy under this collaborative framework, several problems arose. Among them, we focused on the fact that conventional machines required significant time and effort to maintain the precise positioning required for accurately irradiating X-rays to the affected area. In particular, when changing the angle of irradiation (non-coplanar irradiation) was required, the bed on

\* A device that accelerates an electron beam to nearly the speed of light. Used in sterilization units and other applications.



Carefully confirming the accuracy of pinpoint irradiation using an anatomical model

which the patient lay had to be rotated, and as the original position of the beam was no longer on target, time was needed to make the necessary adjustment. This placed considerable strain on the patient as well as the medical staff.

To ensure effective treatment of the patient, however, medical staff had to spend a long time adjusting targeting. Medical staff wanted to accurately limit irradiation to only the cancerous cells to avoid damaging normal cells through excessive irradiation.

To realize those hopes and reduce impact on the patient required developing a new, faster and simpler technology for highly accurate pinpoint irradiation. This was the starting point of our development project for a new machine that eventually led team members to develop three innovative technologies.



Accomplishing high-quality manufacturing through ongoing discussions

First, the irradiation system and imaging device were compactly mounted onto a rigid O-ring shaped mechanical structure. This enables rotation of the various devices instead of repositioning the patient’s bed, thereby reducing the strain on the patient while minimizing shifts in positioning.

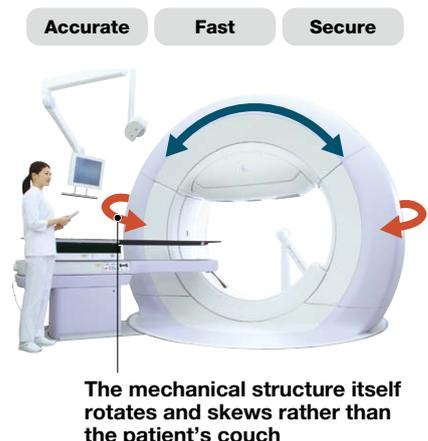
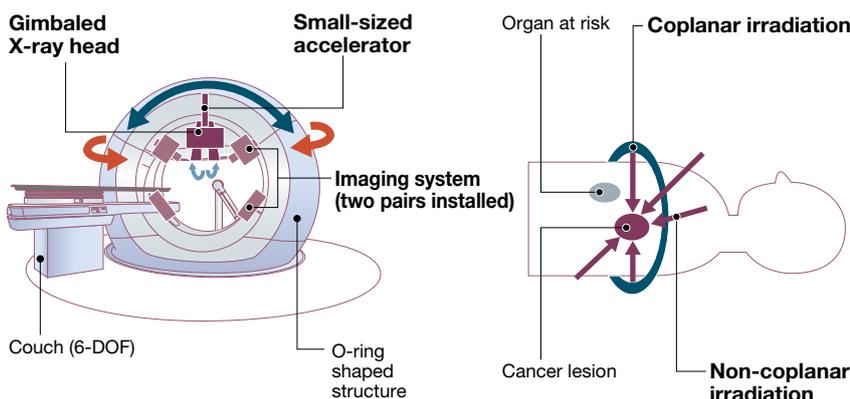
Second, a gimballed X-ray irradiation head with tilt and pan rotation functions, the first of its kind in the world, was incorporated to

enable automatic fine adjustment of the irradiation direction. This mechanism made it possible to automatically correct even minute shifts caused by mechanical deflection, thus maintaining mechanical irradiation accuracy within a range of  $\pm 0.1$  mm.

Third, the number of imaging devices was increased from the conventional single pair to two pairs. This not only enables 3-dimensional information on the patient’s physical situation, but also achieves automatic positioning based on dual-image collation, enabling faster, more accurate irradiation targeting of the affected area.

### Features of the MHI-TM2000 radiotherapy machine

**Enhanced irradiation accuracy + Enhanced positioning precision = Less unnecessary irradiation to normal cells and reduced burden on the patient**



## A machine that not only reduces the burden of treatment but is also innovative in terms of safety measures

Reducing the stress on patients and medical staff was not our only focus in developing this new radiotherapy machine. We were thoroughly committed to securing operational quality (performance) and safety, the most critical aspects of medical equipment.

For example, duplicate sets of sensors and computerized controls for X-ray irradiation were incorporated to configure mechanisms that would continue to operate normally even in the event one set fails. We also devised every safety measure conceivable, including a system of seven countermeasures all for preventing overirradiation.

Furthermore, we installed a new dedicated inspection and testing facility within the manufacturing factory that can actually generate X-rays for inspection and testing purposes. We conducted rigorous quality checks using anatomical models to ensure pinpoint accuracy of X-ray irradiation.

This is how the MHI-TM2000 was completed. The product has enabled highly accurate pinpoint irradiation quickly, simply, safely and securely. This innovative radiotherapy machine lessens unnecessary irradiation of normal cells while reducing the time and effort spent by patients and medical staff.

In recognition of the innovations accomplished through MHI's collaboration with Kyoto University, in June 2008 the MHI-TM2000 received the Industry-Academia-Government Collaboration Contribution Award from the Ministry of Economy, Industry and Trade.



Uncompromising pursuit of precision in the manufacturing process

## Contributing to cancer treatment worldwide through an integrated system of development, manufacturing, sales, maintenance and support

MHI launched sales of the MHI-TM2000 in January 2008, after obtaining approval by the U.S. Food and Drug Administration (FDA), the European CE mark, and manufacturing and marketing approval based on the Japanese Pharmaceutical Law from the Ministry of Health, Labor and Welfare.



Visiting the engineers of BrainLAB in Germany

Two machines are currently being used for clinical treatment at the Institute of Biomedical Research and Innovation in Hyogo Prefecture and at the Joetsu General Hospital in Niigata Prefecture. Installation work is in progress for two more machines. Overseas, one unit is being used for research at UZ Brussel (Universitair Ziekenhuis Brussel) in Belgium. In addition to Japan and Europe, we are planning to launch sales in the United States from 2010, and we have tied up with BrainLAB of Germany to handle marketing in the larger overseas markets. We will also reinforce our maintenance and support systems.

Looking ahead, we intend to more actively exchange information with experts in cancer treatment and other medical fields to raise recognition of the machine and promote its features toward expanding its use, while reflecting feedback from experts and on-site medical staff in future product development and sales support systems. In October 2006, we completed a plant dedicated to the production of MHI-TM2000 in Hiroshima, Japan where MHI's Industrial Machinery Business, Technology & Solutions Division is located.

Under an integrated system that encompasses development, manufacturing, sales, maintenance and support, we will open up new avenues in cancer treatment as our contribution to patients and medical staff throughout the world.

### Expectations held toward MHI

## I hope MHI's entry will revitalize the entire medical equipment industry.

Over the past twenty years, radiotherapy has evolved from 2-dimensional to 3-dimensional treatment based on the stereoscopic identification of affected areas. However, to achieve advanced irradiation treatment that can sustain millimeter-level precision, 4-dimensional treatment will be necessary to track down and irradiate cancer, which is constantly on the move. MHI has developed the world's first radiotherapy machine with functions to irradiate cancer while tracking it, a completely innovative model of medical equipment that enabled us to crack open the door to a new paradigm.

Even with such technological advances already accomplished, several years will still be required for the machine's effectiveness to be recognized and for it to begin generating profit. I hope MHI will maintain a long-term perspective for developing this machine into the top brand sought by every medical expert in the world.

MHI's courageous entry into medical equipment also represented a significant step for revitalizing Japan's medical equipment industry as a whole. I have always lamented the fact that technologies possessed by companies in Japan, a manufacturing giant, were not being sufficiently applied to medical equipment, a field that symbolizes the cutting edge of technology. This forced the nation to depend on imported medical equipment for examination and treatment. If Japan were to seriously apply its technological prowess to medical equipment, we would be able to deliver treatment that is more appropriate to Japanese needs, which would in turn benefit many more patients who are suffering around the world. I hope MHI's entry will encourage Japanese companies' efforts in the medical equipment field to lead to a major leap forward.



**Masahiro Hiraoka M.D.**

Professor and Chairman  
Department of Radiation Oncology and  
Image-Applied Therapy  
Kyoto University Graduate School of Medicine

## CSR activities reported by our employees

### Digging for sweet potatoes

Tamachi Building Co., Ltd., a member of the MHI Group, invited 30 children from the Minato Ward Shiba Nursery School for a sweet potato digging event at the rooftop garden of its Dai Ichi Tamachi Building, a rental building in front of Japan Railway's Tamachi Station.

#### Tamachi Building Co., Ltd.

##### Nursery school children enjoy learning about the importance of greenery

Our most recent event was held with the goal of offering a fun environmental learning opportunity for nursery school children. We exercised significant care to make the event an enjoyable experience, such as by using children's hats as an example to explain the effects of greening building rooftops. The garden was filled with the cheers and laughter of children. We plan to hold a strawberry picking event in the future.



Children enjoy digging sweet potatoes



Explaining the effects of rooftop greening to children



**Toyomi Miyake**

Customer Service  
Engineering Section  
Engineering Department  
Tamachi Building Co., Ltd.

**Chie Sato**

General Affairs Group  
General Affairs Department  
Tamachi Building Co., Ltd.

### Hometown Cleanup Meetings

Launched in 2007, Hometown Cleanup Meetings are held for four weeks around October each year as cleanup activities established using feedback from companies, NPOs and residents of regional communities. A total of 5,073 employees of MHI works and 62 Group companies participated in these activities in fiscal 2009.

#### Machine Tool Division

42 participants including family members collected 306 fish of foreign origin and 20 bags of garbage.

The Machine Tools Division sponsors the Lake Biwa Cleanup and Non-indigenous Fish Extermination Activity. On October 17, 2009, 42 participants collected 306 fish of foreign origin and twenty 45-liter bags of garbage. The large number of foreign fish collected led to a renewed awareness of the importance of protecting the natural environment and the ecosystem. In fiscal 2010, we plan to hold regional cleanup activities in June and the Lake Biwa Cleanup and Non-indigenous Fish Extermination Activity in October.



**Hisaki Shimizu**

General Affairs Section  
General Affairs Department  
Machine Tools Division



Children also participate using easy-to-bait hooks



A commemorative group photograph after exterminating non-indigenous fish

#### Nagoya Aerospace Systems Works

2,046 participants from Group companies collected 69 bags of garbage

The Nagoya Aerospace Systems Works held its Third Voluntary Cleanup Around the Oye Factory on October 23, 2009. We asked employees to participate through company broadcasts the day before and on the day of the activity, leading to 2,046 employees from the Nagoya Aerospace Systems Works and Group companies joining the cleanup. During lunch break, participants collected a total of 37 bags of flammable garbage, 17 bags of nonflammable garbage and 15 bags of cans and PET bottles (all in 45-liter bags).



**Kazunori Suwa**

Security Management Section  
General Affairs Department  
Nagoya Aerospace Systems Works



Working in large numbers to efficiently collect and separate garbage



Separating collected garbage into smaller categories

# A bridge to the next Generation

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

Introducing the mechanical construction and performance of rockets



Children taking a close look at the robotic fish



"Putt Putt steamship" race in a portable pool



Introducing the mechanism of air-conditioners using a demonstration unit



## Special Feature 3

### Our nationwide works participate in children's science classes

We hope Japan will continue to be a nation that produces human resources who contribute to the future of the global community through science and technology. MHI conducts science classes throughout Japan to communicate to children the fascination of manufacturing as well as science and technology.

#### Japan could lose its competitive edge in international society

It has been pointed out that in Japan, children are having fewer opportunities to get involved in the sciences over recent years and are showing less interest in and understanding of the subject. This has raised concerns that Japan might lose its competitive edge in technologies, which has been the very source of its growth.

MHI believes that it is its responsibility as a manufacturer to address this issue by cultivating human resources who can contribute to the global community through science and technology. The company accordingly formulated a Three-year Plan to Support Science Education at Schools in April 2008. Since then, employees at our nationwide works have been visiting elementary, junior high and high schools in neighboring regions to teach science classes.

In fiscal 2009, MHI offered classes on the theme of discovering how scientific knowledge learned at school benefits society, by using products and technologies developed by each works. Over 2,700 children and students have participated.

#### Outline of the three-year plan to support science education at schools

- 2008**
  - Implementation of science classes for elementary schools by all works, using tools such as *wakamaru* (Understanding the needs of schools and gaining the expertise for conducting science classes)
  - Development of science class teaching materials at individual works (Individual works create teaching materials for science classes based on their own products and technologies)
- 2009**
  - Implementation of science classes for elementary schools by all works based on their respective products and technologies (Conducting science classes using the teaching materials created by respective works)
  - Brushing up science class teaching materials (Improving content based on the responses of children and feedback from schools)
- 2010**
  - Continued implementation of science classes for elementary schools based on the products and technologies of respective works (Conducting science classes after reflecting on achievements and areas in need of improvement in FY2009 classes)
  - Consideration toward conducting science classes for junior high schools (Considering teaching materials and presentation methods for operating science classes in junior high schools)

#### List of science classes held in fiscal 2009

Division, Headquarters, Works	Target Grades	Number of Participants (persons) <sup>*1</sup>	Content and Themes
Paper & Printing Machinery Division / Transportation Systems & Advanced Technology Division	Mihara Saizaki Elementary School and Sagiura Elementary School (Hiroshima Pref.)	44	Experiment and workshop using LED lights, tour of the linear motorcar factory and the Operating Control Center
Industrial Machinery Business, Technology & Solutions Division	Hiroshima Minamikanon Elementary School	258	Science class using <i>wakamaru</i>
Industrial Machinery Business, Technology & Solutions Division; MHI Solution Technologies Co., Ltd.	Hiroshima Minamikanon Elementary School	124	Science class using robotic fish
General Machinery & Special Vehicle Headquarters	10 elementary schools in the Sagami-hara City region	19	Mechanical construction of forklift trucks
Air-Conditioning & Refrigeration Systems Headquarters	Kiyosu Nishibiwajima Elementary School (Aichi Pref.)	86	Mechanical construction of air-conditioners, science class using <i>wakamaru</i>
Machine Tool Division	Ritto Hayama Higashi Elementary School (Shiga Pref.)	61 <sup>*2</sup>	Science class using <i>wakamaru</i>
Nagasaki Shipyard & Machinery Works	Elementary School Attached to Nagasaki University Faculty of Education	70	Global warming and wind power generation mechanism
Kobe Shipyard & Machinery Works	Kobe Wada Misaki Elementary School	95	Science class using <i>wakamaru</i>
Shimonoseki Shipyard & Machinery Works	Shimonoseki Enoura Elementary School (Yamaguchi Pref.)	70	Workshop on "Putt Putt steamship"
Yokohama Machinery Works	Yokohama Namiki-cho Elementary School	55	Tour of demonstration wind turbine, wind power generation experiment using models
Takasago Machinery Works	Takasago Iho Minami Elementary School (Hyogo Pref.)	115	Science class using <i>wakamaru</i> , global warming
Nagoya Aerospace Systems Works	Ichinomiya High School, Okazaki High School, Okazaki Kita High School, Toyota Nishi High School, Zuiyoo High School, Asahigaoka High School, Jishukan High School (Aichi Pref.)	88	Lecture on the definition of space and rocket theory, tour of rocket factory, question-and-answer session held as part of the Super Science High School project of the Ministry of Education, Culture, Sports, Science and Technology)
Nagoya Guidance & Propulsion Systems Works	Odate Yamase Elementary School, Hayaguchi Elementary School, (Akita Prefecture), Komaki Minogaska Elementary School, Kitasato Elementary School, Aioika Elementary School, Hikarigaoka Elementary School, Koki Elementary School, Honjo Elementary School, Komakihara Elementary School, Oshiro Elementary School, Komaki Elementary School, Shino-oka Elementary School, Komono Elementary School, Isshiki Elementary School, Mitsubuchi Elementary School, Muranaka Elementary School, Sue Elementary School (Aichi Prefecture)	1,666 <sup>*2</sup>	Mechanical construction of rockets
Mitsubishi Heavy Industries Korea, Ltd., Busan Office	Busan Japanese School, Korea	42	Mechanical construction of rockets
<b>Total</b>	<b>32 classes</b>	<b>2,793</b>	

<sup>\*1</sup> Total numbers are provided for classes held in multiple schools  
<sup>\*2</sup> Includes neighboring nursery school children and parents

## Science Class at the Nagoya Guidance & Propulsion Systems Works

### Nurturing the dream of space development through rockets

The Nagoya Guidance & Propulsion Systems Works began offering classes on rockets in November 2008 at elementary schools in Komaki City, Aichi Prefecture, one year ahead of the FY2009 goal of conducting science classes, using the teaching materials created by respective works, under the Three-year Plan.

To nurture children's dreams of rocket technology and space development, engineers from the works served as teachers to speak about space and introduced the mechanical



Experiment on freezing instant noodles using liquid nitrogen

construction and performance of rockets. The class received enthusiastic support from both children and teachers, and Komaki City has requested the works to conduct the classes in all of the city's elementary schools.

To respond to the request, about 20 employees at the works volunteered through open application and organized themselves into teams of three to share teaching responsibilities and create a system for visiting each school. They conducted classes in 15 elementary schools in Komaki City and 2 schools in Odate City in Akita Prefecture where the works' rocket testing grounds are located, for more than 1,600 participants including parents.

The Delivery Lecture & Experiment for Rocket is a 45-minute program. To attract children's interest, the class starts with an explanation of the size and structure of rockets and the role of satellites using models and projectors. A video is then shown to explain the rocket from launch to separation of the satellite. Children are quizzed on such topics as "How

many people are involved in flying a rocket?" and "Where does the sky end and space begin?" An experiment is also conducted using liquid nitrogen instead of the ultra low-temperature liquid propellant used to fuel rockets.

Children responded with strong interest, their eyes gleaming at visual images of the takeoff and voices crying out in amazement at seeing a rose and rubber ball instantly freeze during experiments. Many have subsequently expressed their desire to participate in this field themselves or work with rockets when they grow up.



Explaining how rubber loses its elasticity at ultra-low temperatures using a rubber ball

### Expectations held toward MHI

### Surprise and excitement broadens children's interest in the sciences.

We were able to familiarize ourselves with rockets, which we had only seen on TV. Experiments conducted by people with expert knowledge generate surprise and excitement for children and broadens their interest in the sciences. I sincerely hope MHI will continue holding classes that touch children's hearts.



**Ms. Misako Okumura**  
Teacher, Komaki Komeno Elementary School

### Delivery Lecture & Experiment for Rocket also held at the Busan Japanese School in Korea

In March 2010, employees at the Busan Office of Mitsubishi Heavy Industries Korea conducted a Delivery Lecture & Experiment for Rocket at the Busan Japanese School.

Educational material developed by the Nagoya Guidance & Propulsion Systems Works was used and arranged according to local needs for this class. Also introduced were plans to launch a Korean satellite on the H-IIA launch vehicle manufactured and launched by MHI.

Afterward, the principal of the school expressed his appreciation by saying the class stimulated children's imagination and interest in rockets and hearing the words directly spoken from an expert perspective provided a valuable experience. Many children asked us to conduct a second class on rockets.



Delivery Lecture & Experiment for Rocket in Korea

## CSR activities reported by our employees

### Nagoya Guidance & Propulsion Systems Works

#### We satisfied children's curiosity through countless creative efforts.

Countless creative efforts went into making the class one in which we ourselves could also share in the children's laughter, surprise and enjoyment. Still gripped by excitement, many children came up to us after the class to ask questions, which assured me that we had been able to satisfy their curiosity.



**Hiroyuki Aihara**  
Liquid Rocket Engine Design Section  
Engine and Control Equipment Engineering Department  
Nagoya Guidance & Propulsion Systems Works

## Science Class at the Shimonoseki Shipyard & Machinery Works

### Using the “Putt Putt steamship” to teach the principles of physics

On November 18, 2009, we conducted a science class for making “Putt Putt steamships” for 70 fifth-graders at the Shimonoseki Enoura Elementary School In Yamaguchi Prefecture.

The program was designed by the Shimonoseki Shipyard & Machinery Works, which develops eco-ships with a low environmental impact, in the hope of teaching children the technology that propels ships and the fascination of manufacturing. The “Putt Putt steamship” is a model boat based on the physics principle that water increases in volume when turned into steam, and the ship moves on the power of steam produced by heating a copper tube containing water with a candle.

The children used styrofoam to create the body of the ships in various shapes of their choice and assembled a steam engine out of a copper tube and a candle. Upon completion, a race was held in a portable pool. When the candles were lighted and the ships began to move, the children cheered loudly.



Making “Putt Putt steamships”

#### Expectations held toward MHI

### Exciting experiences motivate children to take their first steps toward science.

“I understood the mechanism of how things move,” “I made it move myself!”—the eyes of children who attended the class sparkled with delight. I feel that exciting experiences that go beyond the scope of school education motivate children to take their first steps toward science.



**Ms. Manami Maeda**

Teacher, Shimonoseki Enoura Elementary School

## Science Class at the Industrial Machinery Business, Technology & Solutions Division and MHI Solution Technologies Co., Ltd.

### Stimulating interest in machines and controls using robotic fish

On November 24, 2009, a science class was held for 124 sixth-graders at the Hiroshima Minamikanon Elementary School by MHI Group company MHI Solution Technologies Co., Ltd. using its robotic fish.

The robotic fish can swim as freely as a fish through application of a technology developed by MHI that enables simultaneous control of propulsion and direction with a single fin. The technology had been showcased at the Mitsubishi Minatomirai Industrial Museum and the EXPO 2005 AICHI JAPAN and proved very popular.

On the day of the science class, the mechanical construction of the robotic fish was explained to children in simple terms. They also enjoyed first-hand experience controlling the fish. A golden carp robot, sea bream robot and coelacanth robot appeared and children who observed them swimming for the first time responded with comments such as: “They look totally real!”



Children fascinated by the carp robot

#### Expectations held toward MHI

### I have high hopes for science classes that nurture children’s dreams for the future.

Science classes that give children a real sense of the fascination of science and the wonders of nature represent a significant initiative that nurtures the intellectual curiosity of children. I hope MHI will utilize its manufacturing prowess to continue offering science classes that provide children with dreams of the future.



**Mr. Takuya Suga**

Teacher, Hiroshima Minamikanon Elementary School

## Science Class at the Air-Conditioning & Refrigeration Systems Headquarters

### Explaining heat energy displacement using air-conditioners

On February 16, 2010, a science class using air-conditioners (heat pumps) was held for 86 fourth-graders at the Kiyosu Nishibiwajima Elementary School in Aichi Prefecture.

During the science class we explained how displacement of heat energy produces cool or warm air from air-conditioners by pointing out the example of how we all experience a cooling sensation when alcohol is applied as a disinfectant before receiving an injection. We also used a demonstration unit (training material) to actually produce a warm breeze, allowing children to observe and feel the temperature change.

In addition, we introduced *wakamaru*, a communication robot developed by MHI, and set aside time in the latter half of the class for children to shake hands with and talk to the robot. Children gathered around the demonstration unit and *wakamaru* with strong interest, asking many kinds of questions



Children feel wind from a demonstration unit

and listening intently to employees who played the part of the teacher.

#### Expectations held toward MHI

### An experience that connects what children learn at school to daily life is meaningful.

I think the value of an experience-oriented science class lies in encouraging children to realize how what they learn at school is connected to their daily lives and stimulating imaginative thinking. I hope children will achieve further growth by learning the fundamentals and basics we teach as well as their applications through the science classes.



**Ms. Akemi Oshima**

Teacher, Kiyosu Nishibiwajima Elementary School

**Exchange of ideas at the General Machinery & Special Vehicle Headquarters**

# Seeking to further enhance the science classes

On March 29, 2010, the General Machinery & Special Vehicle Headquarters in Sagami-hara City, Kanagawa Prefecture, invited 19 fifth-graders to a science class, which included the use of a forklift truck, one of the products of the headquarters.

Afterward, we also convened an idea exchange with Mr. Toshihiko Nishiyama, a member of the Sagami-hara City Board of Education who attended the class as an observer, and members of the NPO Kodomo Uchu Mirai Association (KU-MA), who provided their expertise in organizing the class.



## Providing children with a lively educational opportunity

On the day of the science class, we explained with help from KU-MA the mechanism that allows a forklift truck to carry or raise objects by conducting experiments illustrating the principles of the lever and pulley and Pascal's principle. We also set aside time for a tour of the forklift truck production factory to offer children a genuine worksite experience. Loud cheers were heard when the forklift truck easily raised a heavy weight that could not be budged with human power alone.

The program was developed as a joint project based on a series of discussions that took place over a half year between KU-MA members and a team from the General Machinery & Special Vehicle Headquarters. Therefore, we sought their opinions in the exchange session on the value of companies and NPOs providing opportunities for experience-oriented education for children in local communities.

Mr. Nishiyama of the Board of Education said the lively engagement of children left a powerful impression and that learning in the worksite setting was an opportunity for real-life education that motivates children to improve in their studies.

Members of KU-MA mentioned the importance of providing children in materially affluent Japan with an approach that lets them enjoy learning for its own sake. They emphasized the need to give them a real sense that what they learn

broadly contributes to society and that the science classes are valuable from that standpoint.

The participants also confirmed that to create lively educational opportunities, it is important for schools, local governments, companies and NPOs to share the same goals of cultivating the next generation, and to communicate with children by cooperating in the areas of their respective strengths.

## Sustaining and enhancing the science class in collaboration with local communities

The MHI team asked what the participants expected of the MHI science class.

Mr. Nishiyama of the Board of Education touched on the current situation, in which not only children but also teachers have been drifting away from the sciences in recent years. He requested MHI to provide an opportunity for observing the enthusiasm with which children learn during the science class to enable young teaching staff to acquire the skills for making science classes fun. He also expressed his gratitude for the learning opportunities provided by a company located in the city, saying it was also fortunate for the children. He hoped MHI would continue conducting these classes.

Members of KU-MA noted the various products handled by each of the MHI works and said KU-MA is always looking for educational material that interests children, expressing their hope of continuing their collaborations with each works to develop quality educational materials and programs in the future.

In response to these comments, MHI staff expressed its gratitude to child education experts for their cooperation on the project, which enabled us to form a connection between our products and technologies and what children learn at school. MHI concluded the idea exchange by speaking about our enthusiasm for sustaining and enhancing the science classes through closer collaboration with the local community.



Experiments using a variety of materials



Forklift truck demonstration



**Mr. Toshihiko Nishiyama**  
Supervisor  
School Education Section,  
School Education Division  
Sagami-hara City  
Board of Education



**Mr. Sumio Endo**  
Director  
Kodomo Uchu Mirai  
Association  
Incorporated Nonprofit  
Organization



**Ms. Reiko Yamamura**  
General Administration  
Department  
Kodomo Uchu Mirai  
Association  
Incorporated Nonprofit  
Organization



**Mr. Yuichi Taguchi**  
General Administration  
Department  
Kodomo Uchu Mirai  
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Incorporated Nonprofit  
Organization



**Kazuhito Hori**  
General Affairs and  
Environment Management  
Section Manager  
General Affairs Department  
General Machinery &  
Special Vehicle Headquarters



**Takeharu Numazaki**  
General Affairs and  
Environment Management  
Section  
General Affairs Department  
General Machinery &  
Special Vehicle Headquarters

## Medium-term targets and action plans for fiscal 2008 to 2010

MHI developed medium-term CSR targets for a three-year period (fiscal 2008 to 2010) as well as action plans for each fiscal year to expand CSR management across the entire Group. The CSR Committee, chaired by the President, reviews the progress of activities every half term to promote strategic and comprehensive CSR initiatives across the Group.

Area	Priority item (responsibility)	Medium-term targets (FY2008–2010)
CSR Promotion	<b>Broadened CSR awareness (CSR Committee / CSR Department)</b>	<ol style="list-style-type: none"> <li>1. Broadened CSR awareness across the Group and promote self-directed activities of individual departments</li> <li>2. Selection and implementation of unified activity themes for the entire Group (representative CSR activities) based on the CSR Action Guidelines</li> </ol>
	<b>Socially beneficial activities (CSR Department)</b>	<ol style="list-style-type: none"> <li>1. Energizing activities in line with the social contribution policy of the entire company (community contribution and nurturing the next generation) and instilling a sense of unity across the Group</li> <li>2. Raising the level of all activities by exchanging information among departments and energizing activities of Group companies</li> <li>3. Building a structure to support participation of employees in social contribution activities</li> </ol>
	<b>Strengthening information dissemination (Corporate Communication Department)</b> <ol style="list-style-type: none"> <li>1. Enhancement of brand value concerning the environment</li> <li>2. Enhancement of company image</li> <li>3. Promotion of IR activities</li> <li>4. Improvement of the Mitsubishi Minatomirai Industrial Museum</li> </ol>	<ol style="list-style-type: none"> <li>1. Gain wider recognition and improve evaluation of the company's environmental protection efforts</li> <li>2. Promote PR to improve the company image</li> <li>3. Increase the number of shareholders who hold the company's stocks longer (fan)</li> <li>4. Attract 140,000 visitors a year</li> </ol>
	<b>CSR procurement (Material Department)</b>	<ol style="list-style-type: none"> <li>1. Penetration of CSR Procurement Guidelines and strengthened PDCA cycle</li> <li>2. Response to REACH Regulation and others</li> <li>3. Deepened activities for further reducing energy use in transportation</li> </ol>
Compliance	<b>Thorough compliance (Compliance Committee)</b>	<ol style="list-style-type: none"> <li>1. Establishment of promotion system across the Group and unified activity content</li> <li>2. Implementation of compliance training that is well-developed in terms of both awareness and knowledge</li> </ol>
	<b>Order compliance (Order Compliance Committee)</b>	Maintaining zero violations of the Anti-Monopoly Act (continued order compliance activities)
	<b>Compliance with the Construction Business Act (Construction Business Act Compliance Committee)</b>	<ol style="list-style-type: none"> <li>1. Improvement of on-site compliance level</li> <li>2. Establishment of the system for compliance</li> <li>3. Support of the Group companies in compliance</li> </ol>
	<b>Compliance with export-related regulations (Export-related Regulations Monitoring Committee)</b>	<ol style="list-style-type: none"> <li>1. Enhancing sure export management at individual departments and training experts in export management</li> <li>2. Further strengthening effective export management by Group companies</li> </ol>
Environment	<b>Reduced CO<sub>2</sub> emissions (Environment Committee)</b>	<p>Ensuring achievement of the voluntary reduction target for CO<sub>2</sub> emissions</p> <ol style="list-style-type: none"> <li>1. Visualization of energy usage and implementation of energy conservation by eliminating waste</li> <li>2. Obtaining necessary emission credits and systematically introducing energy-saving equipment</li> <li>3. Installation of additional photovoltaic facilities to bring cumulative total across the company to more than 2,000 kW</li> </ol>
	<b>Group environmental management (Environment Committee)</b>	<ol style="list-style-type: none"> <li>1. Completing introduction of environmental ISO in Group companies in Japan</li> <li>2. Deployment of environmental management activities by the Group acting as one</li> <li>3. Implementation of regular audits of Group companies and round-table conferences</li> </ol>
Human rights and labor	<b>Raising awareness of human rights (Committee for Raising Awareness of Human Rights)</b>	Broaden understanding and awareness regarding human right issues across the company and implement initiatives to prevent sexual and power harassment
	<b>Promote employment of the handicapped (Committee for Promoting the Employment of the Handicapped)</b>	Maintenance and expansion of employment level exceeding legal mandate, and promotion of systematic employment by individual departments
	<b>Creating a better workplace (Personnel Department)</b> <ol style="list-style-type: none"> <li>1. Enriched education</li> <li>2. Strengthening mental health</li> <li>3. Utilization of retired employees</li> <li>4. Nurturing the next generation</li> </ol>	<ol style="list-style-type: none"> <li>1. Further enhance the environment for carefully nurturing valuable human resources</li> <li>2. Implementation of effective measures, starting from the prevention of mental health disorders to supporting employees in returning to work</li> <li>3. Further increasing the rehiring rate (more than 60%)</li> <li>4. Maintaining Kurumin (next generation nurturing support) certification mark</li> </ol>
Product responsibility	<b>Ensuring quality and safety of nuclear business (Managing Board for Innovation in the Nuclear Business)</b>	<ol style="list-style-type: none"> <li>1. Establishment of an integrated QMS (Quality Management System) across the headquarters and works and construction of an autonomous framework</li> <li>2. Further improvement of plant reliability</li> <li>3. Nurturing a climate that does not allow compliance violations and earning the public trust through ongoing dissemination of information</li> </ol>
	<b>Product safety (Legal Department / Production System Innovation Planning Department)</b>	<ol style="list-style-type: none"> <li>1. Utilization, spread and deployment of accomplishments related to product safety activities (including improved instruction manual models)</li> <li>2. Further reinforcement of product safety system</li> </ol>
Risk management	<b>Risk assessment and management (Internal Audit Department)</b>	<ol style="list-style-type: none"> <li>1. Further strengthening the PDCA cycle for autonomous risk management at the company as well as domestic and overseas Group companies</li> <li>2. Regular implementation of risk assessment</li> <li>3. Thoroughly implementing company-wide horizontal deployment of advanced cases using database</li> </ol>

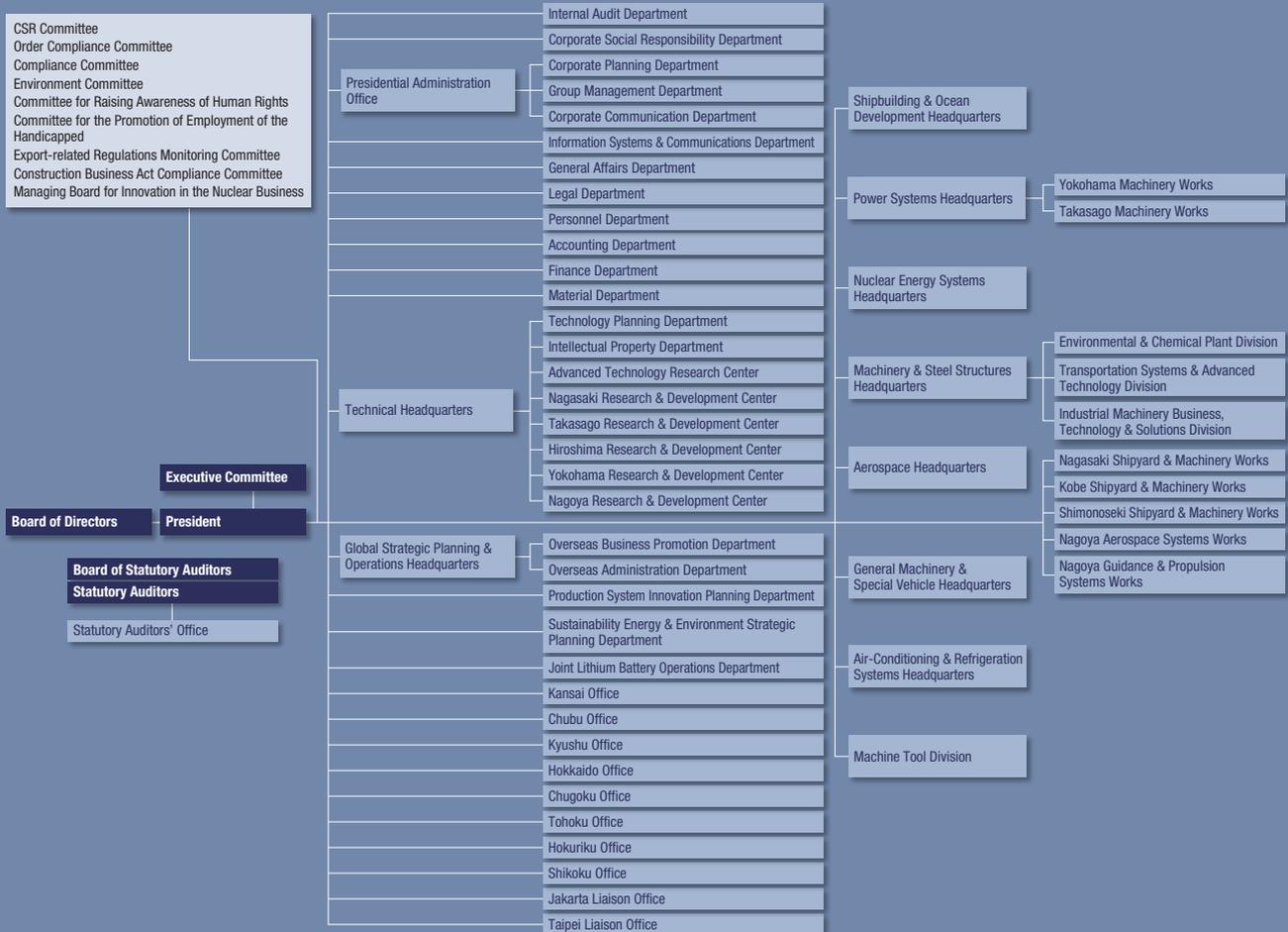
	Achievements of FY2009	Action plans for FY2010
	<ol style="list-style-type: none"> <li>1. Distributed CSR report (digest version) to all employees of our Group companies (87 thousand copies)</li> <li>2. Held President's Town Meeting at 10 locations and "CSR training sessions" at 13 locations</li> <li>3. Implemented representative CSR activities in line with the CSR Action Guidelines almost as planned</li> </ol>	<ol style="list-style-type: none"> <li>1. Distribute CSR report to all employees of domestic Group companies, implement e-learning on CSR</li> <li>2. Multilevel dialogues, broadened CSR awareness through CSR training program and expanded implementation in Group companies</li> <li>3. Continue to carry out representative CSR activities across the Group</li> </ol>
	<ol style="list-style-type: none"> <li>1. Activities were carried out in line with the social contribution policy               <ol style="list-style-type: none"> <li>(1) Community contribution activities: donation of goods to the Shinagawa Church Kindergarten bazaar; donation of photovoltaic facilities; opening of a nursery, etc.</li> <li>(2) Nurturing the next generation: MHI Charity Opera (for audience of 280), science classes (32); Hands-on Manufacturing Class for families, etc.</li> </ol> </li> <li>2. Socially beneficial activities of Group companies               <ol style="list-style-type: none"> <li>Furusato Seiso Undokai (local clean-up effort) hosted by Mt. Fuji Club (total of 5,073 employees of MHI Group participated in the activity), etc.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Develop policy on community contribution and the next generation nurturing activities that are unique to the company</li> <li>2. Revitalize and follow up on activities of Group companies</li> </ol>
	<ol style="list-style-type: none"> <li>1. Disclosed information on business activities for improving the global environment</li> <li>2. Ran corporate ads in newspapers and published periodicals (MHI Graph); ran CSR ads in Nagoya area (newspapers and train station ads)</li> <li>3. Hosted plant tours for individual shareholders (Industrial Machinery Business, Technology &amp; Solutions Division, Nagoya Guidance &amp; Propulsion Systems Works); Held briefings for individual investors (Nagoya, Osaka, Mitsubishi Minatomirai Industrial Museum); ran articles in reports published by securities companies (on high-efficiency gas turbines, MRJ)</li> <li>4. Cumulative number of visitors exceeded 150 thousand following renovations of the Industrial Museum (Ocean Zone, Technology Quest Zone) Number of visitors in FY2009 was 158 thousand (accomplished 113%)</li> </ol>	<ol style="list-style-type: none"> <li>1. Broadly publicize information on company technologies and products that contribute to energy and the environment</li> <li>2. Publish information on content of business through corporate ads and periodicals (MHI Graph, etc.) to enhance the level of awareness of the company's business</li> <li>3. Increase frequency of events for individual investors</li> <li>4. Continue renovation of the Industrial Museum, reinforce management structure</li> </ol>
	<ol style="list-style-type: none"> <li>1. Started CSR procurement promotion project and formulated guidelines</li> <li>2. Gathered information on REACH Regulation and examined policy in response</li> <li>3. Reduced energy use in transportation (97 in unit energy consumption indexed against 2006 as 100)</li> </ol>	<ol style="list-style-type: none"> <li>1. Seek penetration of Guidelines for Promoting MHI Group Supply Chain CSR inside and outside the company</li> <li>2. Continue to gather information on REACH Regulation and promote policies</li> <li>3. Reduce energy use in transportation (96 in unit energy consumption indexed against 2006 as 100)</li> </ol>
	<ol style="list-style-type: none"> <li>1. Checked the status of compliance promotion activities based on in-house rules</li> <li>2. Aggregated and analyzed compliance cases that require improvement and ensured appropriate processing of letters received</li> <li>3. Continued implementation and enhanced theme-setting of compliance promotion training</li> <li>4. Continued implementation of compliance awareness survey (recorded highest scores to date)</li> </ol>	<ol style="list-style-type: none"> <li>1. Continue to implement compliance promotion activities based on in-house rules</li> <li>2. Aggregate and analyze compliance cases that require improvement and ensure steady management of contact points to provide feedback for related measures</li> <li>3. Improve the theme-setting for compliance promotion trainings for on-site employees, seek greater awareness by coordinating measures unique to each company workplace</li> </ol>
	<ol style="list-style-type: none"> <li>1. Order Compliance Committee checked the status of activities</li> <li>2. Carried out monitoring of the company and 19 Group companies that participate in bidding of public sector projects</li> <li>3. Dispatched information on the Anti-Monopoly Act</li> <li>4. Implemented course on order compliance in compliance promotion trainings as requirement for departments in charge of public sector sales</li> </ol>	Prevent forgetfulness by continuously following up on status of order compliance activities
	<ol style="list-style-type: none"> <li>1. Held routine workshops at the works (976 participants)</li> <li>2. Opened an e-learning course (481 participants)</li> <li>3. Held workshops on the Construction Business Act for Group companies</li> </ol>	<ol style="list-style-type: none"> <li>1. Continue routine workshops at the works</li> <li>2. Hold briefings on the Construction Business Act for subcontractors</li> <li>3. Reinforce compliance system across the entire Group</li> </ol>
	<ol style="list-style-type: none"> <li>1. Implemented e-learning (cumulative total of 8,282 participants)</li> <li>2. Carried out audits by primary supervising department</li> </ol>	<ol style="list-style-type: none"> <li>1. Continue implementation of e-learning</li> <li>2. Continue audits by primary supervising department at Group companies</li> </ol>
	<ol style="list-style-type: none"> <li>1. Promoted introduction of energy-saving equipment Reduction of CO<sub>2</sub> sustained at 4.9% against reduction target of 6%</li> <li>2. Introduced additional 220 kW photovoltaic facilities (Kobe Shipyard &amp; Machinery Works, Takasago Machinery Works, Nagoya Guidance &amp; Propulsion Systems Works), making the cumulative total 2,110 kW (target exceeded) Photovoltaic facilities installed in company dormitories, nursery and Wind Turbine View Park Total of 33.5 kW installed</li> </ol>	<ol style="list-style-type: none"> <li>1. Continue to promote introduction of energy-saving equipment; introduce a monitoring system, promote plans for updating in-house air-conditioners</li> <li>2. Purchase and manage the signed emission credits</li> <li>3. Install 101 kW photovoltaic facility in company dormitories</li> </ol>
	<ol style="list-style-type: none"> <li>1. A total of 8 Group companies in Japan and abroad completed their initial acquisition of ISO certification</li> <li>2. Deployed and followed up on common targets for Group companies</li> <li>3. Held an environmental conference with each of the 14 domestic Group companies Held a joint environmental liaison conference for the 14 companies involved in the environmental conference</li> </ol>	<ol style="list-style-type: none"> <li>1. Promote initial acquisition of ISO certification by Group companies in Japan and overseas</li> <li>2. Promote activities for achieving the common targets for Group companies</li> <li>3. Continue to hold environmental conference (of 15 companies)</li> </ol>
	The committee and the respective committees of each works held annual meetings	Continue to hold annual meetings of the committee and the respective committees of each works
	Achieved the employment level of 1.98%, exceeding the legal mandate of 1.8%	Continue aggressive recruitment activities (monthly review of activity status) and enlightenment activities toward achieving employment level of 2%
	<ol style="list-style-type: none"> <li>1. Restructured (improved) company-wide training system</li> <li>2. Developed educational materials for managers and booklet for employees on leave</li> <li>3. Accomplished the rehiring rate of 71%, exceeding the 60% medium-term target</li> <li>4. Set up a Work-Life Support Group based on the overall standpoint of improving the quality of the working environment</li> </ol>	<ol style="list-style-type: none"> <li>1. Implement education based on the new system (practical application of PDCA)</li> <li>2. Deploy education for managers across the entire company and distribute booklet to employees on leave</li> <li>3. Accomplish the rehiring rate exceeding the medium-term target of 60%</li> <li>4. Work to promote in-house understanding of the content of the program for nurturing the next generation in balance with actual working responsibilities</li> </ol>
	<ol style="list-style-type: none"> <li>1. Practiced the Nuclear QMS</li> <li>2. Assessed the utilization level of maintenance information</li> <li>3. Implemented ethics education for engineers</li> <li>4. Proactively worked on information disclosure</li> </ol>	<ol style="list-style-type: none"> <li>1. Seek further reform and innovation in Nuclear QMS</li> <li>2. Implement preventive maintenance by sharing information</li> <li>3. Establish a system for ethics education</li> <li>4. Establish information disclosure policies</li> </ol>
	<ol style="list-style-type: none"> <li>1. Supported product safety (risk assessment, improvement of instruction manuals and guarantee certificates, etc.)</li> <li>2. Conducted product safety awareness survey across the entire company</li> </ol>	<ol style="list-style-type: none"> <li>1. Continue risk assessment, improvement of instruction manuals and guarantee certificates, etc.</li> <li>2. Introduce the company's thinking on product safety activities and advanced cases</li> </ol>
	<ol style="list-style-type: none"> <li>1. Implemented risk assessment across the entire Group and ascertained risks that require enhanced control and risks to be checked by internal audit</li> <li>2. Updated the risk management database to pursue horizontal deployment of advanced cases</li> </ol>	<ol style="list-style-type: none"> <li>1. Enhance control and implement internal audit that takes into account the results of FY2009 risk assessment</li> <li>2. Implement self-check on evaluation results from FY2009 risk assessment to ascertain current status of risk assessment through above-mentioned actions</li> </ol>

# Management

In the course of providing products that support social and economic infrastructures on a global scale, MHI makes every effort to fulfill its social responsibility as a corporation by strengthening and enhancing its corporate governance, internal controls and CSR efforts while acting in full compliance with prevailing laws, rules and social norms in addition to promoting fair and sound management.



Organization Chart (as of July 1, 2010)



# Corporate Governance

In its quest to continuously develop its business operations and fulfill its social responsibilities, MHI is reforming its management structure while promoting fair and sound management rooted in complete legal compliance.

## Current Status of Corporate Governance and Internal Controls

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

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

Currently, 3 of the company's 18 directors and 3 of its 5 statutory auditors are from outside MHI and are engaged in their respective roles of overseeing and auditing management by maintaining an independent standpoint from the management team. The company has also streamlined the Board of Directors, shortened the term of office, and introduced an Executive Officer System. MHI has sought through these measures to reinforce the oversight functions of the Board of Directors and to clarify the roles and responsibilities of the directors who make decisions on key management issues and oversee the overall management of the company as well as the roles and responsibilities of the executive officers who execute business.

MHI has also established an Executive Committee to serve as a forum for

discussing important matters related to business execution. This allows for a more cohesive approach in terms of discussions as part of the operational execution framework centered on the President, and consequently leads to more effective management decisions and business execution.

In accordance with the auditing policy and auditing plan determined by the Board of Statutory Auditors, statutory auditors attend meetings of the Board of Directors, the Executive Committee and other key meetings related to business planning, enabling them to accurately assess and monitor the status of management execution in a timely manner. They also confirm whether the execution of duties by directors complies with laws, regulations and the Articles of Incorporation and whether the business of the company is being appropriately executed. This is done by conducting spot checks and verifying compliance with relevant laws and regulations and by monitoring and conducting follow-ups of the status and operation of internal control systems including internal controls related to financial reporting. Statutory auditors periodically exchange information and opinions with the Internal Audit Department and accounting auditors, and cooperate closely with them in other ways, including receiving their audit results and attending accounting audits. The Statutory Auditors' Office has been set up with its own dedicated staff to support and facilitate

the work carried out by statutory auditors.

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

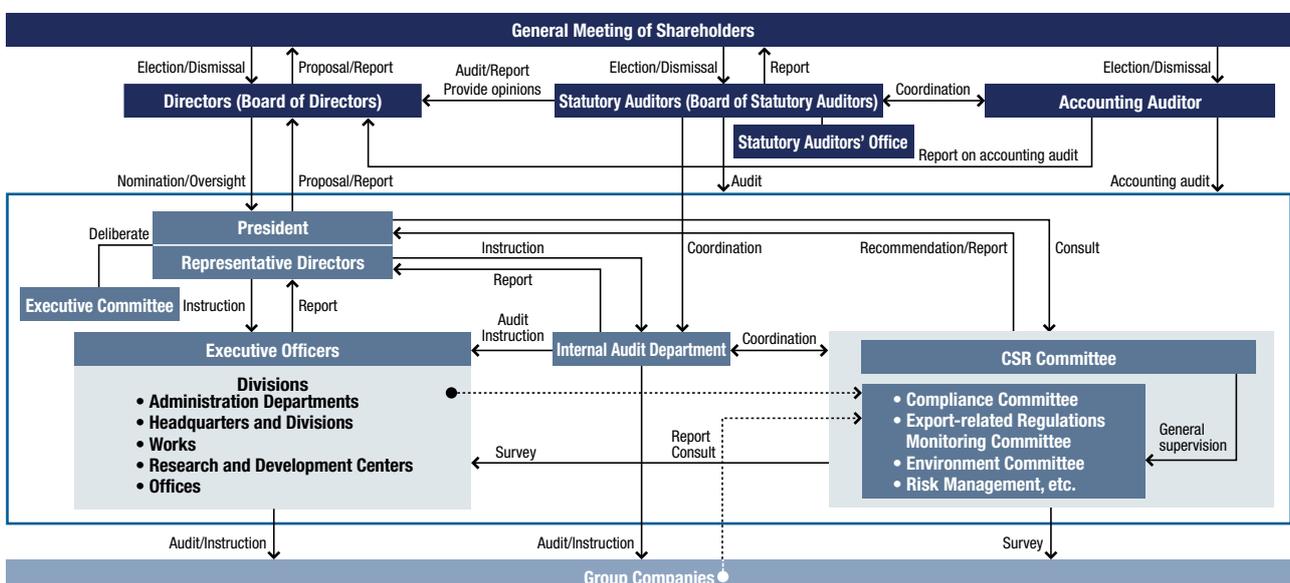
In May 2006, the Board of Directors approved a basic policy for internal control systems. Under this policy, the company has been steadily promoting thorough compliance, reinforcing risk management, and improving the effectiveness of internal audits.

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

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

In fiscal 2009, as in earlier years, the Internal Audit Department and the internal audit divisions of our manufacturing works exercised the initiative in assessing the status and operation of the internal control system and concluded that the MHI Group's internal controls related to financial reporting were functioning effectively.

Corporate Governance Structure (including internal control system) (as of April 1, 2010)



## New Organizations and Measures Concerning Business and Management Inclusively

### Ongoing reinforcement of “Monodzukuri” (production system for value creation) capability through the process innovation across the company

“Monodzukuri capability” is the origin of the competitiveness in the manufacturing industry. Securing and strengthening this capability has emerged as a critical management issue in the face of today’s increasingly severe business climate.

Based on this awareness, MHI established the Production System Innovation Planning Department in 2006 to lead the way in a concerted effort with the product businesses to achieve innovation across the entire process, from marketing, design, and production to service.

In fiscal 2009, the Department focused on procurement, a key factor in our Monodzukuri, and in collaboration with the Material Department promoted activities to maximize the bargaining power of MHI as a whole from the perspective of reinforcing our supply chain. In concrete terms, we developed a company-wide procurement database and analyzing system to support the establishment of strategic procurement in terms of optimal procurement across the entire company.

Keeping up with the increasing proportion of overseas markets in our operations, MHI has launched inter-departmental management for promoting the globalization of its product businesses.

From the perspective of strengthening our global competitiveness, MHI will pursue process innovation focused on efficient asset management and reinforcement of our Quality Management System (QMS), which establishes the quality required in order to sophisticate products and strengthen their international competitiveness.

In addition, the company intends to achieve its goal of building a global supply chain for Monodzukuri through the global development initiatives launched in the previous fiscal year.

### Promoting in-house collaboration to reinforce the energy and environmental businesses

The company established its Sustainability Energy & Environment Strategic Planning Department in April 2008 to position the company as a leader in energy and environmental fields. The Department has taken the lead in establishing and promoting collaboration with other divisions to reinforce the energy and environmental businesses while actively presenting information on business strategy and technologies related to energy and the environment to those outside the company.

As an example of its collaborative efforts with other divisions, the Department is participating in a project in Australia for effectively using coal and reducing CO<sub>2</sub> through the combination of an Integrated coal Gasification Combined Cycle (IGCC) power plant and Carbon Capture and Storage technology. Feasibility studies were conducted under this project in fiscal 2009, and we plan to obtain orders for basic design in fiscal 2010. The Department has also established a development system for electric buses and is preparing to conduct driving tests on public roads during fiscal 2010. The Department also supports the Power Train System Division established within the General Machinery & Special Vehicle Headquarters.

In its external communication efforts, the Department is submitting proposals for realizing a low-carbon society to relevant government agencies, conducting discussions with electric power companies and hosting various lecture seminars. It also participates in joint projects with governments and other companies, such as the smart community development projects in India and the Eco-Town project on Sado Island, Niigata Prefecture.

### Company-wide promotion of the lithium-ion rechargeable battery business

Demand has been expanding worldwide for lithium-ion rechargeable batteries mounted on electric vehicles and hybrid cars amid calls for restraining CO<sub>2</sub> emissions, recognized as a cause of global warming, and more effectively using fossil fuels.

Over the years, MHI had been developing large-volume, high-capacity, com-

pact lithium-ion rechargeable batteries and supplying them as prototypes. The company has decided to fully enter the lithium-ion rechargeable battery business and has been constructing a mass production verification plant within the Nagasaki Shipyard & Machinery Works around autumn this year toward incorporating the batteries into hybrid forklift trucks developed by MHI.

The company established the Joint Lithium Battery Operations Department in October 2009 to promote this initiative as a company-wide effort.

The Department is organized around staff from both the Power Systems Headquarters and the General Machinery & Special Vehicle Headquarters, and oversees projects related to product planning and the mass production of lithium-ion rechargeable batteries. A system for supporting the project has been organized through the collaboration of the Technical Headquarters, Production System Innovation Planning Department, Sustainability Energy & Environment Strategic Planning Department and other departments in a concerted effort to develop and strengthen this business.

### Introducing a business division structure in the Machinery & Steel Structures Headquarters

In October 2009, MHI introduced a business division structure in the Machinery & Steel Structures Headquarters to bolster our global competitiveness.

We established three divisions—Environmental & Chemical Plant, Transportation Systems & Advanced Technology, and Industrial Machinery Business, Technology & Solutions—to facilitate rapid response to emerging market conditions under management teams with a deep understanding of the products and businesses. The overall intent is to boost the efficiency of operations from business negotiations to execution of construction work.

In the same month, the Strategic Business Development Office for the UAE was established within the Machinery & Steel Structures Headquarters. The Office will seek to contribute to the development of social infrastructures in the United Arab Emirates (UAE) centered on the Emirate of Abu Dhabi by supporting projects related to carbon capture and storage along with enhanced oil recovery and by actively submitting proposals for next-generation transportation systems.

# Promotion of CSR

MHI established the CSR Committee to become a company that maintains public trust with CSR at the center of management.

The company is steadily pursuing its initiatives by assigning responsible personnel to each of its divisions, headquarters, works and Group companies in Japan and overseas to grasp, assess and monitor the progress of CSR activities and by implementing followthrough measures.

## Promoting Comprehensive and Strategic CSR Activities

### Key activities categorized under six themes and monitored by the CSR Committee

In October 2006, the company set up the CSR Committee, chaired by the President, and the CSR Department, which reports directly to the President, in order to strengthen management of CSR. The committee currently undertakes activities according to categories based on the CSR Action Plan (Roadmap) covering the fiscal years from 2008 to 2010, and monitors progress on (1) activities by individual committees and groups of managing members and (2) representative CSR activities based on the CSR Action Guidelines.

In terms of (1), the committee has confirmed the current status and issues of activities organized under the six themes (CSR promotion, compliance, environment, human rights/labor, product responsibility, and risk management). Prior to the CSR Committee meeting, the CSR Liaison Conference comprising individual committees and groups of managing members is held to review activity reports and discuss future course

of action.

In terms of (2), the company assigned a CSR Director and CSR Practice Manager in each of its headquarters, divisions, works and spin-off Group companies to broaden CSR awareness throughout the Group and to promote representative CSR activities.

Looking ahead, MHI will continue these efforts in accordance with the CSR Action Plan and by developing specific activities for each department.

### Sustained promotion of PDCA based on the CSR Action Plan

In fiscal 2009, we ran PDCA cycles, including follow-up and evaluation of progress and achievements, and the consideration of next plans for each of the six areas—CSR promotion, compliance; environment, human rights/labor, product responsibility; and risk management—of the CSR Action Plans (see p. 25).

Major activities under the theme of “CSR Promotion” undertaken at each site in fiscal 2009 are summarized below.

#### CSR training

Group discussions were held in 13 works with the goal of broadening CSR awareness. The company also conducted an analytic survey to clarify the challenges

faced by current CSR activities. The results of this analysis will be applied to future CSR activities.

#### President’s Town Meeting

The President met with employees at the general manager level who play a central role in managing the works and visited workplaces to engage in direct dialogues with frontline staff in charge of specific tasks at ten sites to boost employee motivation and revitalization activities.

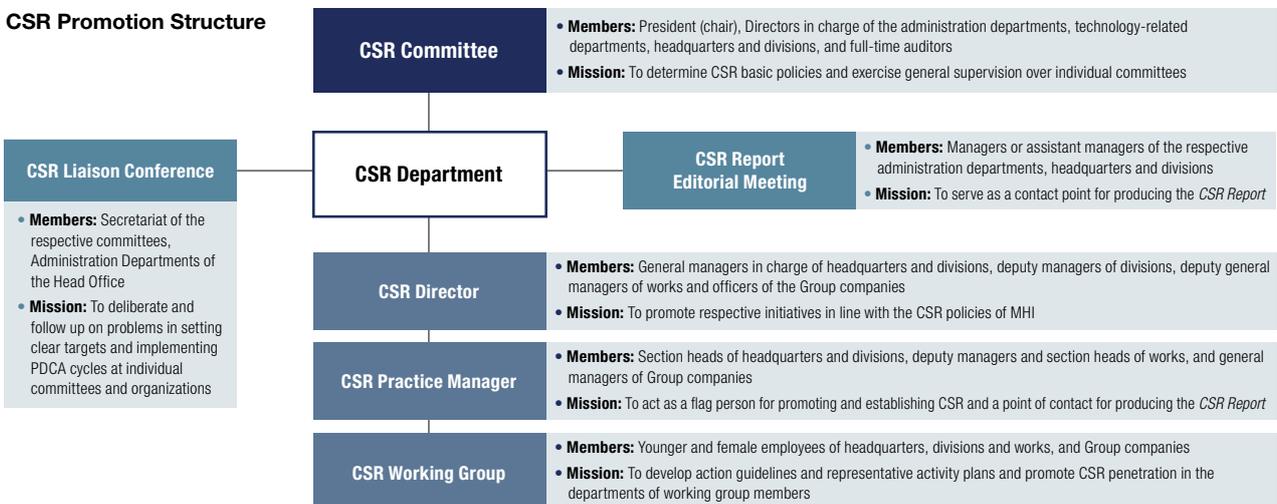
#### Forum 35

Activity for re-energizing the organization through the exchange of ideas and concerns about the company and society involving employees in their mid-thirties. Seven employees in this age group from the Head Office met about twenty times. The activity is already spreading to other works.



Group discussion at CSR training

## CSR Promotion Structure



## Activities of Major Related Committees in Fiscal 2009

### CSR Committee

#### Following up on CSR activities

Having followed up on the status of activities by individual committees and groups of manager members at the sixth session of the CSR Committee held in May 2009 and the seventh session held in December, we confirmed they were working systematically based on their individual roadmaps.

These activities will be continued going forward, and the committee will also consider the direction of CSR activities suitable for MHI, which can be sustained as priority CSR activities.

### Compliance Committee

#### Raising awareness primarily through compliance promotion training

The Compliance Committee was established in May 2001 to ensure compliance with laws and social norms and to promote fair and honest business activities. It plays a central role in deliberating group-wide progress in compliance and other related issues (see p. 33).

The committee is also working to raise in-house awareness of compliance, and has continued to implement com-

pliance promotion training introduced in fiscal 2003 as well as other activities. It has consistently confirmed an increase in compliance awareness among individual employees at each worksite, according to the results of the annual compliance awareness survey (see p. 35).

### Environment Committee

#### Reviewing the approach to promote Group environmental management

The Environment Committee was established in 1996. Each year, the committee plans and proposes environmental actions to be carried out across the company and sets the direction for the year. It also promotes and follows up on the annual environmental protection plans for each headquarters, division and works.

In fiscal 2009, the committee discussed plans to introduce an electronic manifest for fulfilling MHI's responsibility as a waste producer and launched company-wide activities (see p. 42). The committee also implemented measures for CO<sub>2</sub> reduction actions and the promotion of consolidated environmental management across the Group. In addition, continuing efforts from fiscal 2008, the committee carried out activities for accomplishing the major mid- and long-term environmental targets (waste reduction, control of chemical substances, and energy conservation.)

### Committee for Raising Awareness of Human Rights

#### Promoting a workplace in which every employee respects the human rights of others

MHI set up the Committee for Raising Awareness of Human Rights in 1992 to promote the establishment of a sound workplace in which every employee correctly understands the issue and respects the human rights of others. Chaired by the Director in charge of personnel and with the membership of general managers in charge of personnel of each works, the committee is working on raising awareness of human rights, sharing information and promoting human rights training. The committee has also established a system for preventing sexual harassment by establishing a contact point for consultation and by creating an e-mail mailing address dedicated to consultation.

In fiscal 2009, the committee implemented a training program for raising awareness among new recruits, newly appointed managers and supervisors. In addition, the committee distributed a pamphlet on preventing sexual harassment throughout the company and conducted activities for raising awareness, such as incorporating related themes into compliance promotion trainings.

## Topics

### Town Meetings for direct dialogue between the President and employees—organized as a two-part event of meetings with general managers and worksite visits in fiscal 2009

In fiscal 2009, Town Meetings were held in a continued effort from fiscal 2008. These meetings are conducted with the goal of bringing the entire company into alignment by directly communicating the company's management policies and the thoughts of top management behind those policies to increase the employees' sense of participation and motivation.

In 2009, the President conducted meetings with employees at the general manager level who play a central role in managing the works and visited workplaces for direct dialogues with employees at the manager level or in charge of specific tasks.

The President began his meetings with general managers by explaining MHI's goals from the customer's perspective and the internal perspective of sharing and standardizing the operational process based on an understanding of the current status of the company. A question and answer session was then held on issues faced by each department with the participation of general managers.

Worksite visits provide a rare opportunity for employees to meet their president, and employees responded by confirming the value of hearing information directly from the President.

Given the proven effectiveness of Town Meetings as a communication tool between top management and employees, MHI will continue this initiative while devising ways to create an atmosphere that encourages employees to voice themselves.



Meeting with general managers at the General Machinery & Special Vehicle Headquarters held on August 5, 2009



Worksite visit at the Kobe Shipyard & Machinery Works on July 9, 2009

**Committee for the Promotion of Employment of the Handicapped**

**Proactively expanding job opportunities for the handicapped**

This committee was established in 1992 to expand employment opportunities for the handicapped based on the belief that providing opportunities for handicapped persons to utilize their abilities is a significant social responsibility of MHI. Chaired by the Director in charge of personnel and with the membership of general managers in charge of personnel at each works, the committee's duties include formulating basic policies related to employment of the handicapped, drawing up and implementing related plans, raising awareness for promoting employment of the handicapped, sharing information, and contacting and coordinating with related administrative agencies and organizations.

In fiscal 2009, the company proactively advanced recruitment by using its website, "mano a mano," in Spanish or "hand to hand," which was created to support the employment of the handicapped, while partnering with local job-placement offices and skill-building schools for the handicapped and participating in job interview meetings to further expand recruitment activities in advance of the enactment of the revised Law for Employment Promotion, etc. of the Disabled in July 2010. The rate of employment of the handicapped as of April 1, 2010 is 2.01%, which exceeds the statutory employment rate of 1.80%.



"mano a mano" website for handicapped people

**Export-related Regulations Monitoring Committee**

**Reinforcing export control systems for technology following revisions in the Foreign Exchange and Foreign Trade Control Law**

As a company with a high export ratio, MHI is aware of the grave importance of exercising export controls to prevent any possibility of its commodities or technology being diverted to weapons of mass destruction or military purposes by ensuring compliance with export-related laws and regulations, such as the Foreign Exchange and Foreign Trade Control Law, the Export Trade Control Order,

and the Foreign Exchange Order. The Export-related Regulations Monitoring Committee was established in 1987 to reinforce the company's export controls. A responsible person is assigned to each headquarters and division for related matters, and the committee meets on a regular monthly basis to stringently screen exports of controlled items, as well as exports of commodities and technology transactions to nations and regions of concern such as Iran that may be subject to international sanctions. The members also share information on the status of each department, draw up and implement in-house education programs, and provide their respective departments with instruction and supervision as needed.

In fiscal 2009, the Foreign Exchange and Foreign Trade Control Law was revised for the first time in 22 years, resulting in tighter restrictions against transporting technology outside the country. MHI has therefore sought to further bolster its in-house export control system. In addition to educating general employees through e-learning programs, the secretariat of the Export-related Regulations Monitoring Committee convened responsible officers and staff in charge of operations at each department to directly explain major aspects of the revision. The committee will continue to strengthen its activities to further develop MHI's export control systems.



e-learning program on export-related laws and regulations

**Construction Business Act Compliance Committee**

**Building an independent compliance system for enhancing local construction management**

Launched in 2003 to review internal systems and institutions, education and instruction, and supervision to ensure compliance with the Construction Business Act, this committee has been disseminating information on the Construction Business Act while monitoring engineer qualifications, supporting their development and promoting compliance at construction works.

An independent compliance system for enhancing the construction management of local sites was developed in October 2009 and is being implemented throughout the company. In fiscal 2009,

Workshops on the Construction Business Act by external lecturers were held nine times at major works as part of the committee's compliance education activities. A total of 976 employees attended, including representatives from Group companies.

The committee also carried out other activities, including support for compliance at construction sites, provision of information on the Act and implementation of compliance training at partner companies to raise the level of legal compliance.

**Order Compliance Committee**

**Ensuring the appropriateness of order-receiving activities and establishing compliance awareness concerning the Anti-Monopoly Act**

To concretely demonstrate our serious intent to prevent recurrences of past violations of the Anti-Monopoly Act, the company established this committee in August 2005. The committee has sought to ensure transparency in order-receiving activities and to establish compliance awareness concerning the Anti-Monopoly Act by conducting dedicated monitoring and other measures (see p. 34).

**Managing Board for Innovation in the Nuclear Business**

**Continuing internal reforms to ensure the safety and security of nuclear power**

In fiscal 2009, the committee adopted a policy for examining the maintenance and management of manufacturing instructions and for reinforcing activities related to the internal sharing of information on lessons learned from the accident to further solidify inspections of work processes. Based on this policy, the following activities were implemented at the Nuclear Energy Systems Headquarters, and at the Kobe Shipyard & Machinery Works and Takasago Machinery Works, involved in manufacturing equipment for nuclear power plants.

- Quality management activities, including the inspection and improvement of business processes to prevent nonconformity
- Activities related to the internal sharing of information on lessons learned from the accident
- Proposals for preventive maintenance of power companies in response to the aging of nuclear power plants
- Compliance training to further raise the awareness of those involved in the nuclear power business

# Compliance

To promote fair and sincere business activities, each MHI employee is expected to act with an awareness of compliance. The company has established a compliance structure encompassing all Group companies and shares policies and information with Group companies to encourage thorough commitment.

## Promoting Compliance with a Structure Encompassing the Entire Group

### One representative from each department and Group company appointed as contact points to oversee promotion

The company set up a Compliance Committee in May 2001. The committee members are general managers of the related departments, business managers of headquarters and divisions, deputy managers of divisions in charge of managerial matters, branch managers, and deputy general managers in charge of managerial matters of works. The committee meets twice annually to discuss activities such as drawing up

company-wide compliance promotion plans and monitoring progress.

In April 2006, Departmental Compliance Committees were established in all departments of the company. These committees are chaired by members of the Compliance Committee, and compliance measures are implemented for each respective department. At the same time, Compliance Liaison Conferences were set up for regularly exchanging compliance information with Group companies.

Individual departments are required to ensure their own compliance through these committees and conferences and are expected to carry out compliance activities on their own accord as part of their responsibility.

The committee has noted that in fiscal 2009, data indicates a consistent distribution of compliance activities

and an increase in compliance awareness among employees. Appropriate responses were also made for matters requiring improvement.

## Toward Thorough Compliance

### Distributing to all employees the MHI Compliance Guidelines containing specific rules of conduct

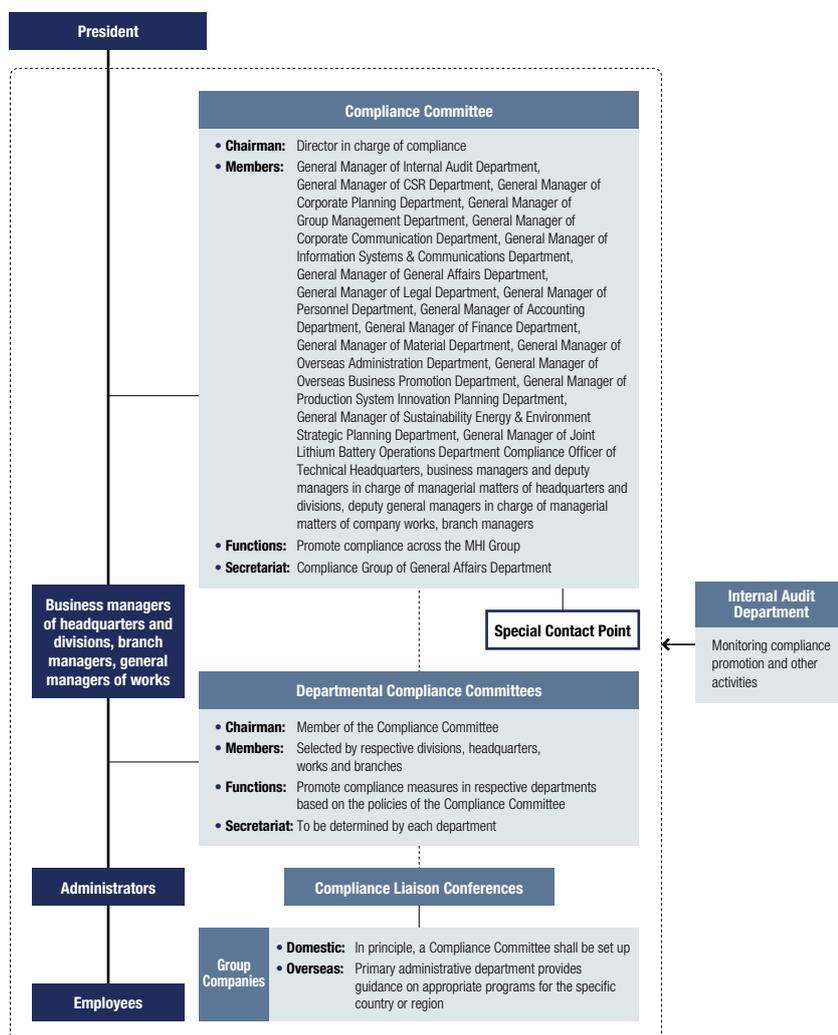
The MHI Compliance Guidelines established in September 2001 define the rules of conduct for thorough compliance and explicitly stipulate that the company shall execute fair and sincere business activities. The guidelines have been summarized into a pocket-sized card format, so they can be carried at all times, and distributed to all employees together with a handbook, *Compliance Guidelines*, which provide easy-to-understand explanations.

With the appointment of the new president in April 2008, MHI completely revised the President's Message for the MHI Compliance Guidelines. This was done as a call for all employees to recognize the importance of compliance and to conduct fair and sincere business activities.



Compliance Guidelines

## Compliance Promotion Structure



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

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

The MHI Compliance Guidelines also prohibit improper business dealings. In conjunction with these aims, the company established the Guidelines for the Prevention of Bribery Involving Foreign Civil Servants in April 2005 to define the rules of conduct based on the Unfair Competition Prevention Law. These doc-

uments have been posted on the intranet to ensure thorough understanding by all involved in MHI's overseas business.

### Operation of the contact point for reporting and consultation

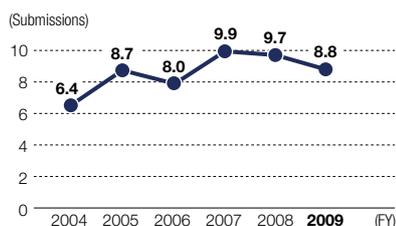
The Compliance Committee operates a Hot Line as a special contact point for consultation and reporting on any illegal or inappropriate activity involving MHI employees, employees at Group companies or suppliers. Consultation and reporting are accepted directly via e-mail, phone or facsimile, and the Compliance Committee quickly investigates each report and effectively addresses the issues.

Instructions for reporting have been disseminated by inclusion in the MHI Compliance Guidelines distributed to all employees and the monthly corporate newsletter.

### Clearly establishing rules for protecting the rights of internal reporters

The Hot Line is being operated under rules for protecting the rights of reporters as set out in the Compliance Promotion Rules established as internal rules in 2007, which stipulate that individual names shall not be disclosed without prior agreement by the reporter and that the reporter shall not be treated unfairly under any circumstances based on the report.

### Submissions to the Special Contact Point (monthly average)



Protection of the rights of internal reporters has been widely disseminated along with information on reporting contact points. Periodic investigations are undertaken twice a year to ensure that reports bearing individual names have not resulted in unfair treatment.

### MHI Shall Reject All Contact with Organizations Involved in Activities in Violation of the Law or Accepted Standards of Responsible Social Behavior

The order and safety of civil society continue to be threatened by antisocial forces. In this context, the company has clearly stipulated its stance in the MHI Compliance Guidelines in the statement, "The company will respond firmly to any forces working counter to the interests of society."

In concrete terms, the company established a department at each business site that oversees corporate response to undue claims from forces working counter to the interests of society, to fully ensure that in case MHI is faced with such undue claims, the department will take the lead in collaborating with other related departments to enable MHI to deal with the issue organization-wide. In addition, the company has publicized the ideal mindset and essential concepts for responding to undue claims through compliance promotion training and other actions.

The company also maintains close contact with the police, lawyers and specialized institutions, even in the absence of emergencies, to receive advice and support in dealing with undue claims from forces working counter to the interests of society.

### Compliance with Japan's Anti-Monopoly Act, and Other Rules for Fair Competition

#### Establishing guidelines and special monitoring procedures to improve compliance

In 2005 and 2006, MHI was subject to investigations by Japan's Fair Trade Commission on suspicion of violating the "Act on Prohibition of Private Monopolization and Maintenance of Fair Trade" (the "Anti-Monopoly Act"). These investigations were related to certain orders for bridge construction projects and raw sewage treatment facilities, respectively.

To prevent recurrence of breaches, the company set up an Order Compliance Committee chaired by the Director in charge of compliance and took other measures such as establishing guidelines and implementing compliance checks for bidding on public sector projects. These initiatives aim to improve transparency in MHI Group companies' tender processes for such projects and compliance with the Anti-Monopoly Act.

Since fiscal 2006, MHI has also conducted special monitoring with respect to public sector procurement rules.

In fiscal 2007, special monitoring related to the Anti-Monopoly Act was carried out across MHI as well as in 24 MHI Group companies that regularly bid on public sector projects.

In fiscal 2008, personnel in charge of compliance in the department that oversees Group companies, joined the Order Compliance Committee to reinforce guidance of Group companies, and special monitoring was expanded further to all MHI Group companies that participate in bidding for public sector projects.

In fiscal 2009, continued special monitoring efforts by MHI confirmed that compliance was being maintained and that awareness of legal compliance issues had improved within the sales teams involved in public sector procurement. MHI also made public procurement rules part of mandatory compliance training for such sales teams.

While there have been no violations of the Anti-Monopoly Act since the establishment of the Order Compliance Committee, MHI remains vigilant and committed to maintaining a firm awareness of legal compliance in all of its businesses taking part in public sector procurement.

#### Fiscal 2009 compliance

In fiscal 2009, MHI was not subject to any on-site inspections or orders from government agencies responsible for enforcing anti-monopoly rules.

### MHI Compliance Guidelines

#### I. Business activities

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

#### II. Relationship between the company and society

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

#### III. Relationship between the company and employees

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

## Compliance Education and Awareness Raising

### Training in a discussion format for all employees

The company has been conducting compliance promotion training in a discussion format for all employees at their respective worksites since 2003.

These training sessions are intended to raise participant awareness so that correct compliance judgment can be made to avoid violations under any condition. During the training, participants discussed what they would do and what would be the right thing to do in the area of compliance when they are unsure about their own actions or when they feel pressured by superiors in response to

difficult cost or delivery requests.

In fiscal 2009, more than 33,000 employees, over 96% of the entire workforce, participated in this training. The company will continue offering training based on topics that are directly related to the daily operations of many employees.

### Conducting the annual Compliance Awareness Survey

The Compliance Committee has conducted annual surveys on compliance awareness since fiscal 2004 to determine the extent to which various initiatives have changed the awareness of compliance among the company's employees and influenced their everyday behavior.

In fiscal 2009, a questionnaire was sent to 13,724 employees (a random sam-

ple of approximately 40% of all employees) of whom 11,379 (82.9%) responded.

About 97% of respondents answered that they were aware of compliance, enabling us to confirm that the awareness of compliance has been steadily increasing.

Furthermore, all indicators have improved over the previous year for "level of compliance awareness," "violation potential," "recognition of the MHI Compliance Guidelines," and "workplace environment regarding compliance." We believe this indicates positive results from our compliance promotion efforts.

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

### Comments by a Compliance Promotion Training Participant



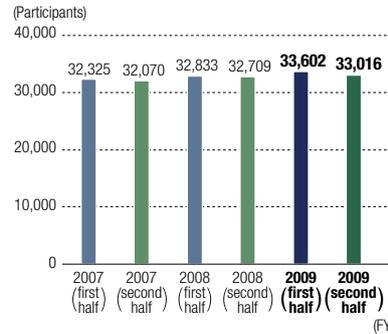
**Ryosuke Hoshina**

Machinery & Assembly Shop, Machinery Production Department, Yokohama Machinery Works, Power Systems Headquarters

In September 2009, I attended training led by government agencies on preventing collusive bidding and a session on order compliance. Knowing the rules is the essential part of maintaining compliance, that is, observing the rules. The training was extremely valuable in that sense. I also learned the importance of maintaining a strong commitment to observing the rules. Since taking part in the training, I have been making a conscious effort, based on what I learned, to respond responsibly by observing the rules while paying due consideration for the circumstances of my counterpart.

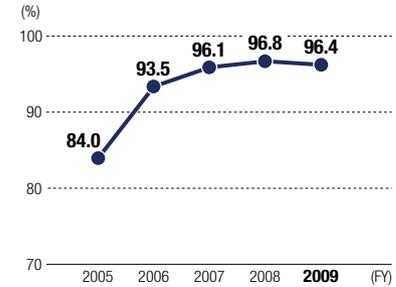
I hope to acquire more knowledge and practical experience on compliance so that in time compliance will no longer require a special effort but will come naturally to me.

### Number of participants at compliance promotion trainings



\* Number of participants over the past three years

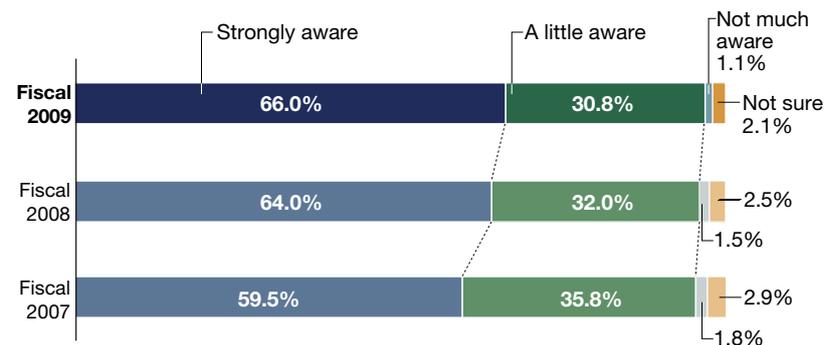
### Participation rates for compliance promotion trainings



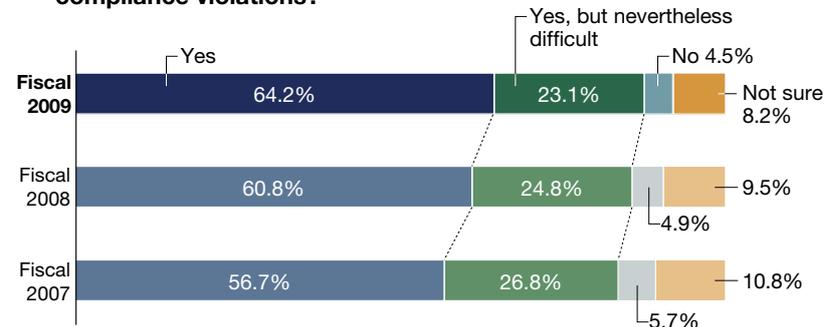
\* Trainings have been held twice a year (first and second halves) since 2005. Figures represent the average participation rates for the first and second halves.

### Results of Compliance Awareness Survey

#### Q How much are you aware of compliance?



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



## Information Security

### Information Systems & Communications Department and General Affairs Department take the lead in protecting confidential information

To protect confidential information, such as data on corporate management and technology as well as information on customers and suppliers, MHI established a company-wide system led by the Information Systems & Communications Department and General Affairs Department to effectively manage information, including paper-based documents and electronic data, and enhance information security.

### Using the manual and database to thoroughly protect personal information

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

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

 [Privacy Policy  
http://www.mhi.co.jp/en/  
privacy.html](http://www.mhi.co.jp/en/privacy.html)

### Constantly reinforcing measures to protect confidential information

Over the years, MHI has managed confidential information by establishing in-house rules on managing confidential data, documents and other information. Standards on information security management were set down in 2001 in response to the growing volume of electronic data and in an effort to more effectively manage electronic information. The company has also sought to raise employee awareness of how to manage confidential information by preparing and distributing a manual on the management of confidential information as well as an MHI guide on how to prevent leakage of confidential information.

However, in 2005 and 2006, PCs owned by an MHI employee and an employee at a company that collaborates with MHI were infected by a computer virus that resulted in the leakage of product information, causing significant inconvenience to customers. To prevent the recurrence of such information leaks, the company reinforced its prohibition against using privately owned PCs for business and installing software that is not required for company operations. In addition, to prevent information leakage resulting from theft or loss of PCs and external storage media, the company has provided thorough instructions on encrypting data on PCs, external storage media and e-mail, and clarifying procedures for taking these devices outside the company.

In regard to domestic Group companies, MHI provides instruction in the development of information security management rules, information management training and internal audits to ensure the effective management of information across the entire Group. The company also exchanges confidentiality agreements with service agents to ensure thorough management of confidential information.

In fiscal 2009, MHI sought to establish information security management rules at overseas Group companies and confirmed that about 90% of them have in fact formulated such rules.

### Implementing employee training to enhance awareness of management of confidential information

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

In fiscal 2009, the company implemented training for employees at MHI and domestic Group companies who use PCs with the goal of developing an awareness of circumstances that may result in incidents or accidents related to information security and to thoroughly disseminate preventive measures.

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

To guarantee information security, it is important to continuously assess and

review the implementation status of security measures. Once a year, the company conducts a regular internal audit for employees at MHI who use PCs based on a common check list for all departments. Steps are taken to fix problems discovered by the audits and the status of remedial actions is evaluated during audits undertaken the following year.

### Future efforts

Following the establishment of information security management rules at overseas Group companies, the company will expand in fiscal 2010 the internal audits that have been conducted at MHI and domestic Group companies to overseas Group companies. We will strive to further strengthen information security through PDCA cycles on information security management across the Group.

## Risk Management and Crisis Management

MHI undertakes risk and crisis management across the Group under the basic policy for internal control systems established in May 2006.

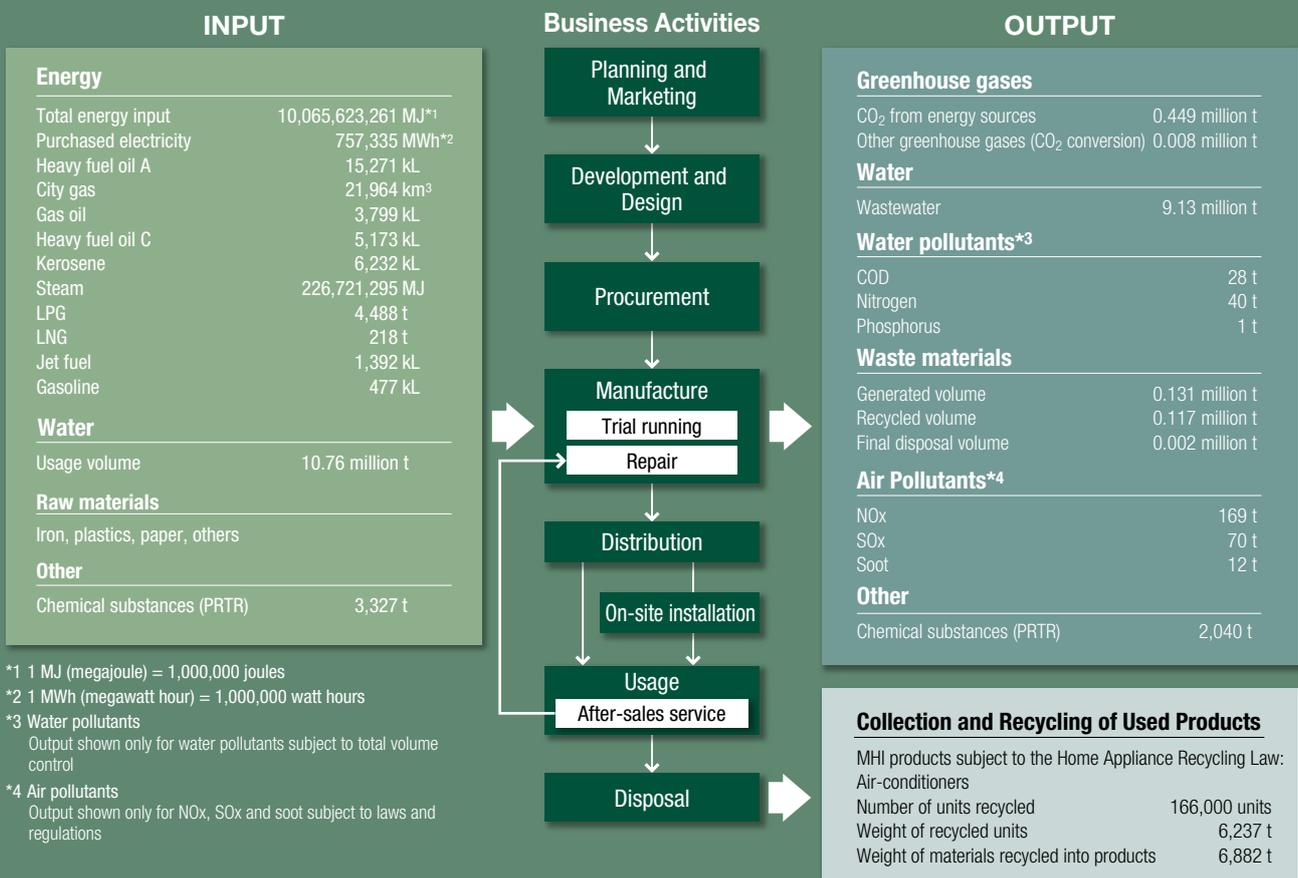
While the company has been implementing risk assessment over the years, it expanded the scope of assessment in fiscal 2009 to include the entire Group. It also identified higher priority risks after assessing risks affecting overall operations. The company plans to reinforce internal control activities starting in fiscal 2010 and implement internal audits based on the results of this risk assessment.

The company has also established a crisis management information system that enables general managers within MHI and presidents of Group companies to directly relay risk-related information to top management, including the President, so that rapid and accurate response can be taken in the event a risk is realized.

Under the company's crisis management system, the Executive Vice President in charge of Risk Management is responsible for risk management for the entire company, a risk management officer has been assigned to each department, and a task force is set up in case of an emergency.

# Commitment to the Global Environment

MHI is working to alleviate the increasing environmental burdens across the globe by providing environmentally friendly products and technologies in diverse fields as well as by deploying environmental preservation activities throughout the product lifecycle, from development and design to procurement of raw materials, production, on-site installation and final disposal.



# Environmental Management

**MHI established an environmental management structure and is committed to conducting unified environmental management across the MHI Group.**

## Environmental Management Structure for the MHI Group

**Fortifying management through a company-wide committee and promotion entities at each division, headquarters and works**

The company set up the Environment Committee chaired by the director in charge of the environment to plan annual environmental actions for the entire company.

The decisions made by the Committee are communicated to the entire company and all Group companies. Environment Committees set up at each division, headquarters and works and other entities performing environmental promotion carry out the policy and environmental management activities corresponding to the specific features of each division, headquarters and works.

In fiscal 2009, MHI focused on environmental protection measures, a mid- and long-term plan for environmental activities,

and unified environmental management activities for the entire MHI Group. Under environmental protection measures, we conducted environmental audits of works as planned and achieved the objectives. In situations where any environmental reg-

ulation requirements have not been met, we will take thorough preventive measures and implement training and drills for emergency response at each division, headquarters and works.

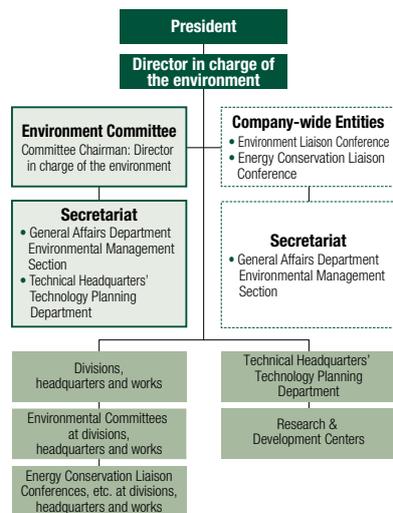
## Promoting mid- and long-term targets for the entire Group

The MHI Group formulated the MHI Group mid- and long-term environmental targets, which set common targets for all Group companies in April 2008. Under this plan, special focus is on reducing CO<sub>2</sub> emission by an average of 3% from 2008 to 2012 compared to fiscal 2007; promoting zero emissions\*; and acquiring, maintaining and renewing certifications such as ISO environmental management.

In fiscal 2009, we once again explained these mid- and long-term targets to Group companies at the Environmental Meeting (see p. 39) and other gatherings. Group companies incorporated these mid- and long-term targets into their individual environmental management promotion plans and will work to achieve the targets. The MHI Group will further strengthen its efforts to work in an integrated manner toward achieving the targets.

\* For MHI, zero emissions is defined as limiting landfill waste to less than 2% of total waste.

**Environmental Management Structure**



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

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

### Action Guidelines (Established 1996)

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

## Conducting environmental audits at the works to ascertain the status of compliance

Since fiscal 2007, MHI has conducted environmental audits at the works in 13 domestic sites (the divisions, headquarters and works). The goal of the audits is to review the system for ensuring compliance with environmental laws and regulations and its operation by inspecting documents and activities on site. During the audits, the Environment Section of the General Affairs Department of the Head Office serves as a secretariat, and inspectors dispatched from works other than the audited works constitute the audit team. The audit, in principle, takes one day, with a document review in the morning and a site review in the afternoon. Audit results are reported to the Environment Committee and audit information, including corrective actions taken, is to be shared across the company.

In fiscal 2009, the company audited four sites: Nagoya Guidance & Propul-

sion Systems Works, Takasago Machinery Works, Nagoya Aerospace Systems Works, and Kobe Shipyard & Machinery Works and confirmed that their environmental management was being properly carried out.

In fiscal 2010, the company also plans to audit four sites: Air-Conditioning & Refrigeration Systems Headquarters, Machine Tool Division, Iwatsuka Area\*, and Nagasaki Shipyard & Machinery Works.

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

**Initiating Environmental Meetings with Group companies**

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

In fiscal 2009, MHI held Environmental Meetings at 14 domestic Group companies that had acquired Japanese standards for environmental management, EcoAction 21 (promoted by the Ministry of Environment), K-EMS (Kobe Environmental Management System), and Kamakura EcoAction 21. The company received reports on actions taken for environmental management at each company and collected information on best practices while providing guidance for improvement.

In addition, the company held the Environmental Liaison Conference with 14 Group companies that had participated in the Environmental Meeting in February 2010 to share best practices and information reported at the Environmental Meeting across the Group. Starting in fiscal 2010, the company plans to hold the second round of Environmental Meetings for 15 companies, consisting of the Group companies that had attended the Meeting held from fiscal 2007 to 2009 for Group companies that had independently acquired environmental ISO certification and other Group companies.

**Establishing and operating an Environmental Management System Based on its Own Standards**

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

MHI created two environmental standards

of its own to promote the introduction of environmental management systems across the Group and reduce costs: M-EMS and M-EMS EcoAction. Both are based on ISO 14001 and EcoAction 21, a set of guidelines developed in Japan.

In fiscal 2009, 5 Group companies (7 sites) in Japan acquired environmental ISO and other certifications.

Out of MHI's 125 domestic consolidated Group companies, 99 now have in place environmental management systems as of March 31, 2010.

**Raising environmental awareness among all employees through environmental education by position**

MHI developed environmental education curricula, including e-learning, to be implemented by each works.

In addition to a semiannual internal environmental auditor training course organized by the Head Office, the company also conducts special training for employees who paint or handle hazardous materials to learn the proper procedures in daily management and the appropriate actions for dealing with emergency situations.

**Registered ISO 14001 Internal Auditors (as of April 1, 2010)**

FY	2005	2006	2007	2008	2009	2010
Number	497	593	684	687	815	847

**Controlling and Improving Response to Potential Environmental Impact Risks**

**Clarifying the risks at each works and addressing them through daily management**

The company has prepared and uses an ISO-based manual for each works, encompassing such issues as risk identification methods, daily management procedures and contingency plans.

At each works, emergency response drills are carried out regularly to confirm the effectiveness of response procedures for emergencies such as oil spills and earthquakes.

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

**Remediation of contaminated soil and groundwater**

When the company sells or modifies land, it reports in advance to the relevant local government authorities, local communities or their associations under the Soil Contamination Countermeasures Law and applicable local regulations, while thoroughly investigating and

identifying any contamination present in soil or groundwater.

In fiscal 2009, in conjunction with the land modifications, the Nagoya Aerospace Systems Works conducted soil tests at the Komaki Minami Plant (Toyoyama-cho, Nishikasugai-gun, Aichi Prefecture) in April and at the Oye Plant (Minato-ku, Nagoya) in July. The testing revealed soil contamination from lead. Test results were promptly reported to local government authorities and publicly released. Although there was no adverse impact on the surrounding environment, the company took action by excavating and removing the contaminated soil.

**Promoting green purchasing**

MHI established its internal green purchasing policy in March 2002. Based on this policy, MHI purchases environmentally friendly office supplies and other goods. In fiscal 2009, the company issued an instruction at the Environment Committee meeting across the company to promote green purchasing.

In fiscal 2010, MHI continues to promote green purchasing across the entire Group.

**State of environmental-related accidents and noncompliance with laws**

**Intensifying measures to prevent recurrence across the company, in response to noncompliance with wastewater standards**

On June 30, 2009, the company discovered that the hydrogen-ion concentration (pH) of wastewater discharged from the comprehensive wastewater treatment facility at the Matsusaka Plant of the Air-Conditioning & Refrigeration Systems Headquarters (Matsusaka-shi, Mie Prefecture) exceeded the lower limit of 5.8 by 0.2.

The Plant promptly carried out neutralization treatment and returned the pH value of the wastewater to a normal level and reported the situation to the local government. The incident was also reported to the President through the in-house crisis management information system. In response, each division, headquarters and works took measures under the instruction of the Head Office to prevent the recurrence of such problems, focusing on (1) inspection and review of wastewater treatment facilities, (2) review of emergency response capabilities, and (3) implementation of training and drills for workers at these facilities. An environmental audit organized by the Head Office was conducted on site to follow up on and review implementation of these measures.

# Environmental Management Systems Adopted at MHI and Its Subsidiaries

As of August 1, 2010

## ISO 14001 certification at MHI works and research & development centers

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

## ISO 14001 certification at MHI Group companies

	Location or company name	Date of issue (or registration)
Domestic Group companies	MHI Solution Technologies Co., Ltd.	Aug. 28, 1998
	Mitsubishi Agricultural Machinery Co., Ltd.	Jul. 24, 2001
	Nagoya Ryoju Estate Co., Ltd.	Mar. 14, 2002
	Nishinohon Ryoju Estate Co., Ltd.	Jul. 12, 2002
	Chubu Jukan Operation Co., Ltd., Head Office	Jan. 13, 2004
	Ryoju Co., Ltd., Printing Division, Tokyo Plant (including Head Office)	Apr. 23, 2004
	Ryoju Co., Ltd., Printing Division, Chubu Plant	Jul. 22, 2004
	Shimonoseki Ryoju Estate Co., Ltd.	Mar. 14, 2005
	Ryoju Estate Co., Ltd.	Mar. 17, 2005
	Mitsubishi Heavy Industries Food & Packaging Machinery Co., Ltd.	Mar. 17, 2005
	Seibu Jukan Operation Co., Ltd.	Mar. 22, 2005
	Kusakabe Co., Ltd.	Mar. 24, 2005
	Tamachi Building Co., Ltd.	Mar. 25, 2005
	Hiroshima Ryoju Estate Co., Ltd.	Apr. 9, 2005
	Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd. (Head Office and Branch Office)	Apr. 12, 2004
	Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd. (Engineering Division)	Feb. 17, 2005
	Ryoju Cold Chain Co., Ltd.	Apr. 22, 2005
	Mitsubishi Heavy Industries Precision Casting Co., Ltd.	May 11, 2005
	Tokiwa Machinery Works Ltd.	May 18, 2005
	Jukan Operation Co., Ltd., Head Office	Aug. 1, 2005
	MHI Aerospace Logitem Co., Ltd.	Jan. 5, 2007
	Mitsubishi Heavy Industries Air-Conditioning & Thermal Systems Corporation, System Production Department	Sep. 14, 2007
	Mitsubishi Heavy Industries Printing & Paper Converting Machinery Sales Co., Ltd.	Jun. 26, 2008
	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd., Chiba Plant	Mar. 25, 2010
	Overseas Group companies	Mitsubishi Heavy Industries-Haier (Qingdao) Air-Conditioners Co., Ltd.
MHI Equipment Europe B.V.		Nov. 9, 2001
Mitsubishi Caterpillar Forklift Europe B.V.		Jul. 25, 2002
Mitsubishi Heavy Industries Climate Control Inc.		Jun. 12, 2003
Mitsubishi Power Systems, Inc., Orlando Service Center		Feb. 18, 2004
MHI Automotive Climate Control (Shanghai) Co., Ltd.		Jul. 11, 2005
CBC Industrias Pesadas S.A.		Dec. 1, 2005
Mitsubishi Heavy Industries Korea Ltd.		Dec. 17, 2005
Mitsubishi Heavy Industries Mahajak Air Conditioners Co., Ltd.		Dec. 21, 2005
Mitsubishi Heavy Industries-Jinling Air-Conditioners Co., Ltd.		Jan. 24, 2006
MHI Machine Tool (Hong Kong) Ltd.		Mar. 30, 2006
Mitsubishi Heavy Industries (Hong Kong) Ltd.		Apr. 5, 2006
MLP Hong Kong Ltd.		May 25, 2006
Mitsubishi Heavy Industries, (Shanghai) Co., Ltd.		Jul. 5, 2006
MHI-Pornchai Machinery Co., Ltd.		Jul. 17, 2006
Mitsubishi Heavy Industries India Private Ltd.		Dec. 7, 2006
Mitsubishi Heavy Industries Singapore Private Ltd.		Jan. 21, 2007
Mitsubishi Heavy Industries America, Inc. Headquarters		Oct. 15, 2007
Mitsubishi Heavy Industries America, Inc. Tire Machinery Division		Oct. 15, 2007
Mitsubishi Caterpillar Forklift America Inc.		Dec. 6, 2007
Mitsubishi Heavy Industries (Thailand) Ltd.		Dec. 31, 2007
MHI Equipment Alsace S.A.S.		Mar. 17, 2009
Thai Compressor Manufacturing Co., Ltd.		Jun. 27, 2003

## EcoAction 21 certification at MHI Group companies

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

## K-EMS certification at MHI Group companies

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

## Kamakura EcoAction 21 certification at MHI Group companies

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

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

	Location or company name	Date of issue (or registration)
Domestic Group companies	Kensa Kenkyusho Inspection Co., Ltd.	Apr. 25, 2005
	Ryoju Co., Ltd., Shinagawa Branch	Apr. 26, 2005
	Mitsubishi Heavy Industries Air-Conditioning & Refrigeration Systems Corporation	May 13, 2005
	Mitsubishi Heavy Industries Engine Systems Co., Ltd.	Jul. 12, 2005
	Aomori Daiya Co., Ltd.	Jul. 12, 2008
	Kagoshima Daiya Co., Ltd.	Jul. 12, 2008
	Mitsubishi Engine North America, Inc.	Jan. 19, 2007
	MLP U.S.A., Inc.	Jan. 19, 2007

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

	Location or company name	Date of issue (or registration)
Domestic Group companies	Ryoju Co., Ltd., Sagami Branch	Apr. 25, 2005
	Shunjusha Ltd.	Apr. 26, 2005
	MHI Sagami High-tech, Ltd.	May 9, 2005
	Ryosen Engineers Co., Ltd.	May 10, 2005
	Hiroshima Dia System Co., Ltd.	May 11, 2005
	MHI Marine Engineering, Ltd.	May 16, 2005
	Churyo Engineering Co., Ltd.	May 16, 2005
	Ryoju Co., Ltd., Minatomirai Branch	May 16, 2005
	MHI Aerospace Systems Corp.	Jul. 12, 2005
	MDS Corporation	Jul. 22, 2005
	Mayryoko Foodservice Co., Ltd.	Mar. 25, 2009
	Ryosei Service Co., Ltd.	Jun. 10, 2009
Diamond Travel Co., Ltd.	Mar. 1, 2010	

## Group companies incorporated into ISO 14001 certification at MHI works or Head Office

	Location or company name	Date of issue (or registration)	MHI division or works
Domestic Group companies	Mitsubishi Heavy Industries Plastic Technology Co., Ltd.	Apr. 1, 2000	Iwatsuka Area (former Industrial Machinery Division)
	Ryoju Co., Ltd., Nagoya Branch	Oct. 22, 2004	Nagoya Aerospace Systems Work
	MHI Aerospace Production Technologies, Ltd.	Oct. 22, 2004	Nagoya Aerospace Systems Work
	Diamond Air Service Incorporation	Oct. 22, 2004	Nagoya Aerospace Systems Work
	Ryoju Co., Ltd., Shimonoseki Branch	Nov. 22, 2004	Shimonoseki Shipyard & Machinery Works
	Kanmon Dock Service, Ltd.	Nov. 22, 2004	Shimonoseki Shipyard & Machinery Works
	Shimonoseki Ryo-Jyu Engineering Co., Ltd.	Nov. 22, 2004	Shimonoseki Shipyard & Machinery Works
	Ryoju Co., Ltd., Nagoya Nishi Branch	Jan. 6, 2005	Iwatsuka Area (former Industrial Machinery Division)
	MHI Machine Tool Engineering Co., Ltd.	Feb. 25, 2005	Machine Tool Division
	Ryoju Co., Ltd., Kyoto Branch	Feb. 25, 2005	Machine Tool Division
	MHI Aero Engine Service Co., Ltd.	Apr. 11, 2005	Nagoya Guidance & Propulsion Systems Works
	MHI Logitec Company Limited	Apr. 11, 2005	Nagoya Guidance & Propulsion Systems Works
	MHI Diesel Service Engineering Co., Ltd.	May 12, 2005	Kobe Shipyard & Machinery Works
	Nuclear Plant Service Engineering Co., Ltd.	May 12, 2005	Kobe Shipyard & Machinery Works
	Sanshin-Tec. Ltd.	May 12, 2005	Kobe Shipyard & Machinery Works
	Mitsubishi Heavy Industries Parking Co., Ltd.	May 14, 2005	Yokohama Machinery Works
	Ryoju Co., Ltd., Yokohama Branch	May 14, 2005	Yokohama Machinery Works
	Ryoju Estate Co., Ltd., Yokohama Branch	May 14, 2005	Yokohama Machinery Works
	MHI Energy & Service Co., Ltd.	May 14, 2005	Yokohama Machinery Works
	Koryo Inspection & Service Co., Ltd.	May 14, 2005	Takasago Machinery Works
	Mitsubishi Heavy Industries Plant Construction Co., Ltd., Power Systems Service Headquarters	May 14, 2005	Takasago Machinery Works
	Koryo Engineering Co., Ltd.	May 14, 2005	Takasago Machinery Works
	Ryoju Co., Ltd., Takasago Branch	May 14, 2005	Takasago Machinery Works
	Nuclear Plant Service Engineering Co., Ltd., Takasago Division	May 14, 2005	Takasago Machinery Works
	MEC Engineering Service Co., Ltd.	Jun. 23, 2005	Industrial Machinery Business, Technology & Solutions Division (Hiroshima)
	Hiroshima Ryoju Engineering Co., Ltd.	Jun. 23, 2005	Industrial Machinery Business, Technology & Solutions Division (Hiroshima)
	Mitsubishi Heavy Industries Plant Construction Co., Ltd.	Jun. 23, 2005	Industrial Machinery Business, Technology & Solutions Division (Hiroshima)
	Mitsubishi-Hitachi Metals Machinery, Inc.	Jun. 23, 2005	Industrial Machinery Business, Technology & Solutions Division (Hiroshima)
	Ryoju Co., Ltd., Hiroshima Branch	Jun. 23, 2005	Industrial Machinery Business, Technology & Solutions Division (Hiroshima)
	Sagami Logistics & Service Co., Ltd.	Sep. 13, 2005	General Machinery & Special Vehicle Headquarters
	Choryo Senpaku Kouji Co., Ltd.	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	Ryoju Co., Ltd., Nagasaki Branch	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	Choryo Inspection Co., Ltd.	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	MHI Oceanics Co., Ltd.	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	Kowa Kogyo Co., Ltd.	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	Choryo Control Systems Co., Ltd.	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	Choryo Designing Co., Ltd.	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	MHI Maritech, Ltd.	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	Choryo Software Co., Ltd.	Sep. 22, 2005	Nagasaki Shipyard & Machinery Works
	Mitsubishi Heavy Industries Machine Tool Sales Co., Ltd.	Jan. 13, 2006	Machine Tool Division
	Ryoju Estate Co., Ltd., Department of Facilities Management Service	Apr. 6, 2006	Head Office
	Tamachi Bldg. Co., Ltd., Shinagawa Building Management Center	Apr. 6, 2006	Head Office
	MHI Personnel Staff, Ltd.	Apr. 6, 2006	Head Office
	MHI Tourist, Ltd.	Apr. 6, 2006	Head Office
	MHI Accounting Service, Ltd.	Apr. 6, 2006	Head Office
	MHI Finance Co., Ltd.	Apr. 6, 2006	Head Office
	Dia Food Service Co., Ltd.	Apr. 6, 2006	Head Office
	Daiya PR Co., Ltd.	Apr. 6, 2006	Head Office
	Diamond Air Service Incorporation, Tokyo Office	Apr. 6, 2006	Head Office
	E-Techno, Ltd.	May 12, 2006	Kobe Shipyard & Machinery Works
	Choryo Engineering Co., Ltd.	Aug. 21, 2006	Nagasaki Shipyard & Machinery Works
	Foods Ryowa Co., Ltd.	Nov. 27, 2006	Shimonoseki Shipyard & Machinery Works
	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd.	Aug. 2, 2007	Industrial Machinery Business, Technology & Solutions Division (Hiroshima)
	MHI Solution Technologies Co., Ltd. Takasago Branch	Apr. 9, 2008	Takasago Machinery Works
	Shinryo System Corp.	May 1, 2008	Kobe Shipyard & Machinery Works
Nagasaki Diamond Staff Co., Ltd.	Jun. 16, 2009	Nagasaki Shipyard & Machinery Works	
Nagasaki Ryoko Service Co., Ltd.	Jun. 16, 2009	Nagasaki Shipyard & Machinery Works	
Ryoju Estate Co., Ltd., Yokohama Building Service Department	Oct. 19, 2009	Head Office	
Ryoju Co., Ltd., Mihara Branch	Jan. 20, 2010	Mihara Area (former Paper & Printing Machinery Division)	

## Targets and Progress

MHI led the way among shipbuilders and heavy-equipment manufacturers as one of the first to establish medium- to long-term environmental activity goals in 2002. The entire organization is pursuing environmental activities to accomplish the target. Progress through fiscal 2009 is summarized below.

### Targets and progress in FY2009

○ = Target achieved or progressing on schedule    △ = More effort required    X = Target not yet achieved

Item	Medium or long-term goals	Progress through FY2009	Evaluation
Reduced waste generation and emissions	By FY2010, reduce total generated waste to 170,000 tons (greater than 20% reduction from FY1992 level): to be achieved by conserving resources and reducing the purchase of materials	Total emissions: 131,000 tons 39.4% reduction from FY1992 level	○
Reduced landfill waste disposal	By FY2010, achieve zero landfill waste disposal at all works through reuse and recycling	Zero emissions achieved by Kobe Shipyard & Machinery Works (April 2009): Number of works meeting goal increased to 12 (1 works remaining)	○
Elimination of equipment using PCBs and detoxification treatment	<ul style="list-style-type: none"> <li>By FY2010, completely eliminate lighting ballasts and high-voltage equipment using PCBs</li> <li>Request Japan Environmental Safety Corporation (JESCO) to render the used transformers, condensers and oils harmless now stored or being used in MHI, toward completing the task by FY2011 (excluding ballasts, smaller equipment and equipment that uses low-concentration PCB)</li> </ul>	<ul style="list-style-type: none"> <li>Replacement gradually progressing as planned</li> <li>Eight MHI works outsourced treatment and disposal of equipment using high concentrations of PCBs to JESCO.</li> </ul>	○
Reduced emissions of organochlorides	Zero atmospheric emissions of dichloromethane, trichloroethylene and tetrachloroethylene by FY2010: to be achieved through total management and reduced release of organochlorides	Atmospheric discharge: 27.3 tons 89.6% reduction from FY1996 level	△
Reduced VOC emissions	More than 30% reduction of atmospheric emission of VOC with focus on xylene, toluene and ethylbenzene (reduced by 704 tons from 2,268 tons in FY2000 to 1,564 tons in 2010)	Total emission of xylene, toluene and ethylbenzene: 1,958 tons Reduced by 13.7% from the FY2000 level	△
Reduced CO <sub>2</sub> emissions from business activities	6% reduction of the average CO <sub>2</sub> emission amount for the five years from FY2008 to 2012 (from FY1990 level): to be achieved through reduction efforts at all production plants	CO <sub>2</sub> emissions: 449,000 tons 4.9% reduction from FY1990 level	△
	By FY2010, introduce photovoltaic facilities capable of generating a total of 2,000 kW	Completed introducing additional 50 kW to Kobe Shipyard & Machinery Works in Dec. 2009, 70 kW to Takasago Machinery Works in Feb. 2010 and 100 kW to Nagoya Guidance & Propulsion Systems Works in Feb. 2010. Achieved cumulative total of 2,110 kW against 2,000 kW target.	○
	More than 13% reduction of the average CO <sub>2</sub> emission amount for the five years from FY2008 to 2012 (from FY2005 level): to be achieved through reduction efforts at offices and operations divisions (Head Office, domestic offices and research & development centers)	Head Office (Shinagawa and Yokohama) reduced by 13.1%* from FY2005 level * According to data reported to the Tokyo Metropolitan Government and the Bureau of Economy, Trade and Industry	○
Reduced energy usage and CO <sub>2</sub> emissions from product transportation	More than 4% reduction of energy consumption in transportation in FY2010 (from FY2006 level) by promoting efforts to reduce transportation energy (unit energy consumption of FY2006: 50.7 → 48.7 by FY2010)	Transportation energy consumption: (continuing from FY2008) Exceeded the legal target of more than 1% reduction per year; also in FY2009	○
Reduced fluorocarbon usage	By FY2010, completely replace potentially ozone-depleting HCFCs with 100% ozone-safe HFCs, etc.	Emissions in FY2009: 16.7 tons Efforts underway toward complete elimination in FY2010	△
Consolidated environmental management system	Ongoing ISO14001 renewal by domestic works, Head Office, branch offices and research & development centers	Ongoing renewal of ISO 14001 by 15 domestic works (including research & development centers), Head Office and branch offices	○
Utilization of environmental management information system	Promoting effective use of environmental management information systems and disclosure of information	Tabulation of environmental performance data, environmental accounting, and so forth was conducted using the database system leading to the information disclosed in this report	○
Promotion of consolidated environmental accounting	Promoting collection of environmental accounting data through use of environmental management information system and disclosing information through <i>CSR Report</i>		
Ongoing issuance of Group <i>CSR Report</i> (Social and Environmental)	Ongoing issuance of <i>CSR Report</i> (Social and Environmental Report) that includes Group company information	Issuance of <i>CSR Report</i> (Social and Environmental Report) in June 2009. Includes some information from Group companies.	△
Promotion of green purchasing	Promoting the purchase of environmentally friendly products based on the company's own green purchasing guidelines	Green purchasing rate: 92.6%	△
Development and provision of environmentally friendly technologies and products	<ul style="list-style-type: none"> <li>Efforts to develop and provide innovative technologies and products that help society reduce environmental degradation through "Basic Guideline on Production of Environmentally Friendly Products" (established in 2005)</li> <li>Special efforts to develop and provide innovative technologies and products that address global warming and create a low-carbon society</li> </ul>	Efforts made to develop and provide products that address global warming; including a wide variety of high-efficiency power generating facilities, photovoltaic facilities, wind power generation systems and CO <sub>2</sub> recovery systems	○

# Environmental Accounting

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

## 6.6 billion yen in investments and 15.6 billion yen in costs

Total investments amounted to 6.6 billion while total costs were 15.6 billion yen for fiscal 2009. Both figures represented slight increases over fiscal 2008.

Economic advantages valued at 1.6 billion yen were gained during the year, consisting mainly of revenues from recycling and reduced costs for purchasing electricity due to energy savings.

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

(Millions of yen)

Cost category	Activities in FY2008	Investment		Cost		Economic benefit		Environmental protection benefit
		2008	2009	2008	2009	2008	2009	
1. Production activities		4,656	5,280	5,842	6,723	3,932	1,522	
(1) Pollution control	Maintenance and operation of wastewater and flue-gas treatment systems	2,157	3,590	3,587	4,051	1	—	Reduced emissions of air and water pollutants
(2) Global environmental protection	Energy savings	2,278	1,380	188	510	134	188	Cost reduction from energy savings Reduced energy input
(3) Recycling	Reduced waste generation, recycling	221	310	2,067	2,162	3,797	1,334	Income derived from recycling, cost reduction from reduced waste generation
2. Upstream and downstream costs	Recycling of household electrical appliances and container packaging	0	0	39	10	60	44	
3. Management activities	Development of environmental management systems, ISO Office, publication of <i>MHI Social &amp; Environmental Report</i>	86	22	1,345	1,222	—	—	
4. R&D	Development of environmentally friendly products	822	937	7,359	7,204	13	—	Development of diverse environmentally friendly products
5. Public and social activities	Support of environmental protection initiatives, greening activities	16	6	249	285	—	—	
6. Environmental remediation	Soil remediation measures	662	398	516	145	—	—	Prevention of oil and chemical spills
	<b>Total</b>	<b>6,242</b>	<b>6,643</b>	<b>15,350</b>	<b>15,589</b>	<b>4,005</b>	<b>1,566</b>	

\* Total capital investments in FY2009: 128.3 billion yen. Portion related to the environment: 6.6 billion yen (5.1%).

\* Total R&D outlays in FY2009: 104.6 billion yen. Portion related to the environment: 8.1 billion yen (7.7%).

## Topics

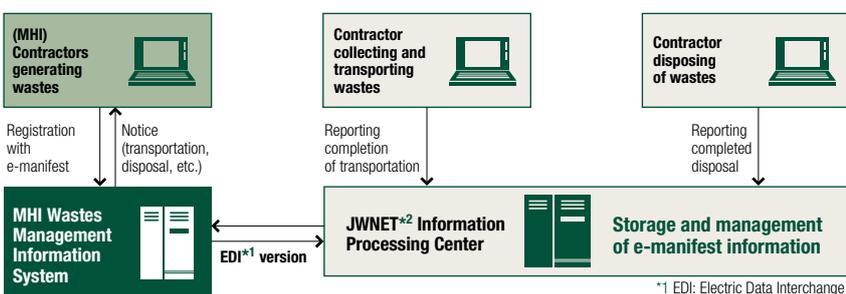
### Introduction of e-manifest

In the course of implementing Reform of Operational Processes related to waste treatment, MHI focuses on introducing e-manifests (electronic manifests) at the Head Office and all of the MHI works over three years (fiscal 2009–2011), thereby supporting the government's policy of promoting a wider use of e-manifests.

The company set fiscal 2009 as the pilot year for this program and designated the Kobe Shipyard & Machinery Works as the model works. After completing several preparatory tasks for introducing e-manifests, such as a one-time registration of all of the works with the Japan Industrial Waste Technology Center, the company began officially using e-manifests in the main plant of the Kobe Shipyard & Machinery Works in November 2009.

In fiscal 2010, the company plans to introduce e-manifests at seven additional works. The introduction of e-manifests to all MHI works will be completed during fiscal 2011 ending March 31, 2012).

### Conceptual scheme of e-manifest



\*1 EDI: Electric Data Interchange

\*2 JWNET: Japan Waste Network

### Preserving Biodiversity

Under the philosophy of contributing to the development of a sustainable society in the Basic Policy on Environmental Matters, MHI promotes programs on biodiversity, which plays a vital role in conserving ecosystems and the natural environment. For instance, the killifish and crawfish that live in the factory drain of the Industrial Machinery Business, Technology & Solutions Division in Hiroshima are endangered species. The works ensures that drain water is always clean to protect these species. MHI also endorses the Declaration of Biodiversity by Nippon Keidanren.



# Countermeasures against Global Warming

To contribute toward achieving Japan's target on a reduction in CO<sub>2</sub> emissions under the Kyoto Protocol, MHI focuses on further reducing CO<sub>2</sub> emissions while continuing to adopt equipment enabling outstanding energy saving and superlative operating efficiency.

## Promoting Measures to Conserve Energy and Reduce CO<sub>2</sub> Emissions

### Implemented additional reduction measures at individual divisions, headquarters and works

MHI's CO<sub>2</sub> reduction target is set at an average of 6% against 1990 levels for the five years from fiscal 2008 to 2012, as defined for the first commitment period of the Kyoto Protocol.

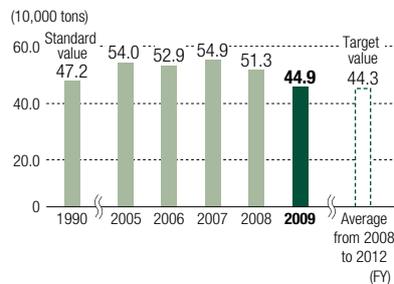
In fiscal 2008, to achieve this target, the Executive Committee formulated and adopted a CO<sub>2</sub> emissions reduction acceleration and enforcement action plan. In fiscal 2009, based on the plan, MHI implemented additional measures to reduce emissions, such as installing highly efficient lighting and converting boiler fuel.

### Further reductions of CO<sub>2</sub> emissions from energy use

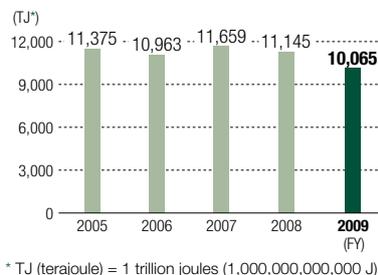
In fiscal 2009, MHI's CO<sub>2</sub> emissions resulting from energy use were 449,000 tons, reduced by 12.5% over the previous year, as a result of CO<sub>2</sub> reduction measures and decreased operation of several plants particularly for mass and medium-lot manufacturing affected by the global recession starting in fall 2008.

In fiscal 2009, we reduced CO<sub>2</sub> emissions by 4.9% compared to the base year (1990), nine years after we had achieved such reduction from the base year in fiscal 2000. Further improvement, however, will be required to achieve the target of an average 6% reduction over the five-year period (fiscal 2008–2012) from fiscal 1990 levels. The company will continue reducing CO<sub>2</sub> emissions by thoroughly implementing the CO<sub>2</sub> emissions reduction acceleration and enforcement action plan.

Change in CO<sub>2</sub> emissions

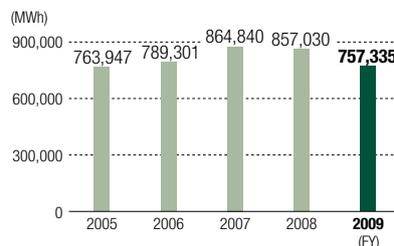


Change in gross energy input



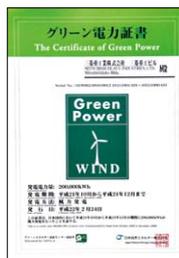
\* TJ (terajoule) = 1 trillion joules (1,000,000,000,000 J)

Change in electricity purchases



### 1 M kWh of green power used each year

MHI has contracted with Japan Natural Energy Co., Ltd. (JNE) to purchase 1 M kWh of wind-generated power from JNE each year for a period of 15 years starting April 2002. In fiscal 2009, MHI used 0.495 M kWh of this clean power at its Head Office and 0.498 M kWh at the Mitsubishi Minatomirai Industrial Museum.

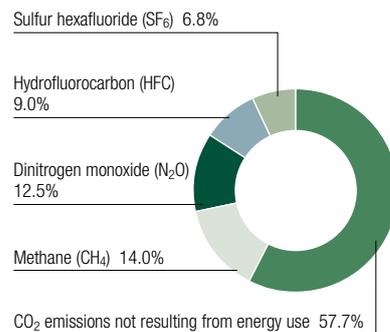


Green power certificate

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

MHI has been compiling data on greenhouse gas emissions (excluding CO<sub>2</sub> emissions from energy use) since fiscal 2006 under the system enforced in fiscal 2006 for calculating, reporting and publishing emissions of greenhouse gases. The actual emission record of fiscal 2009 was 8,000 tons, a reduction from the previous fiscal year (13,000 tons).

### Breakdown of greenhouse gas emissions (excluding CO<sub>2</sub> emissions from energy use)



### Arranging purchase of emission credits

MHI determined the total emission credits to be purchased mainly through JI (Joint Implementation)\*<sup>1</sup> and CDM (Clean Development Mechanism)\*<sup>2</sup> of the Kyoto Mechanism. This is to offset the increased emissions up to 2012 based on the policy of using emission credits to compensate for increases and shortfalls due to such factors as construction of a new plant.

Purchased emission credits will be included in Japan's greenhouse gas reduction plan, as they are transferred without compensation from the company's own dedicated management account to the redemptive account of the government. MHI applied for its own dedicated management account and was granted approval in October 2007.

\*<sup>1</sup> System in which a company invests in greenhouse gas reduction projects in advanced countries and applies the reduced emissions to achieve its own goals.

\*<sup>2</sup> System in which a company invests in greenhouse gas reduction projects in developing countries and applies the reduced emissions to achieve its own goals.

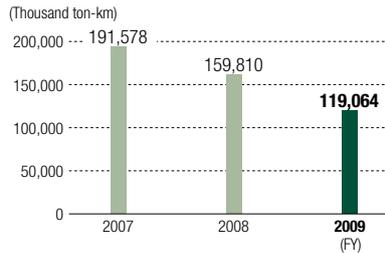
## Measures to Curb Energy Use in Transport

### Transportation energy consumption reduced by 1.5% from fiscal 2008

The amended Act Concerning the Rational Use of Energy enforced in April 2006 requires shippers to reduce energy consumption in transport by a total of 5% over the five years ending fiscal 2010. As a company subject to the Act, MHI set the target of reducing annual transportation energy consumption by a minimum average of 1% from each preceding year.

In fiscal 2009, the company focused on improving transportation efficiency through modal shift, higher loading ratio and "milk runs." The company also enforced cooperation with cargo receivers and promoted mixed loadings of small-lot cargos by establishing a joint delivery center. These activities were regularly discussed in company-wide meetings and actions taken at each site were shared across the company.

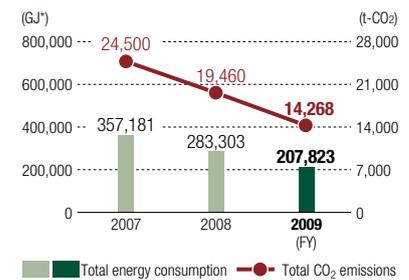
### Total traffic volume



As a result of these efforts, transportation energy consumption in fiscal 2009 was reduced by 1.5% from fiscal 2008, and the company was able to achieve its target for the fiscal year.

In fiscal 2010, the deadline for achieving the target under the amended Act Concerning the Rational Use of Energy, we plan to further reduce transportation energy consumption by using environmentally friendly transportation systems and introducing proven efforts at every site across the company.

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



\* GJ (gigajoule) = 1,000 MJ (megajoules)

### Energy-saving Activities in Offices

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

### Comments from staff at works who are actively engaged in reducing CO<sub>2</sub> emissions



Everyone at our works is actively involved in energy-saving activities.

#### Yusuke Miyaji

Works Technology Section  
Engineering Department  
Nagoya Guidance & Propulsion Systems Works

At the Nagoya Guidance & Propulsion Systems Works, we take action to achieve energy-saving targets, focusing on two main themes for energy saving: efforts by everyone to save energy in our daily operations and the adoption of equipment enabling outstanding energy saving.

To save energy in our daily operations, every employee takes actions such as switching off personal computers during break times and turning off lighting during lunch hour. For the adoption of equipment enabling energy saving, we converted the lighting system in the factory from mercury lamps to high-intensity fluorescent tubes. By replacing the lighting, we saved energy and improved the working environment by reviewing the existing luminance levels to provide well-lit worksites in the factory. In addition, we installed a 100-kW photovoltaic facility on the roof of the factory. We also applied a thermal insulating coating on the roof and walls of the factory to improve the efficiency of factory air-conditioning. As a result of these measures, we expect to reduce future CO<sub>2</sub> emissions by approximately 390 tons per year.

We will gradually replace aging factory facilities with equipment that saves more energy, with due consideration for cost-effectiveness and replacement priority.

### Topics

#### MHI-brand amorphous solar cell panels were also installed at the works.

Progress is continuing in our plan to install solar cell panels at our works. In fiscal 2009, MHI installed 50-kW panels at the Kobe Shipyard & Machinery Works, 70-kW panels at the Takasago Machinery Works and 100-kW panels at the Nagoya Guidance & Propulsion Systems Works (a total of 220-kW panels installed in fiscal 2009), expanding the company's cumulative introduction of solar power to 2,110 kW.

Consequently, MHI achieved the CSR Action Plan's fiscal 2009 target of introducing more than 200-kW photovoltaic facilities across the company. The company also achieved its medium-term target of installing over 2,000 kW photovoltaic facilities one year in advance of the originally scheduled deadline of fiscal 2010.

In addition, MHI installed a total of 33.5-kW photovoltaic facilities in the company dormitory for unmarried employees, company nursery school and Mitsubishi Wind Turbine View Park at the Yokohama Machinery Works.



Solar cell panels installed at the Nagoya Guidance & Propulsion Systems Works

# Resource Conservation and Waste Management

MHI is taking the initiative to achieve zero emissions\*1 at all company facilities (the divisions, headquarters and works) by 2010. The company vigorously sorts all recyclables, identifies new recycling contractors and encourages the sharing of information on recycling operators across MHI divisions, headquarters and works, while at the same time holding company-wide meetings on how to achieve zero emissions.

\*1 For MHI, zero emissions is defined as limiting landfill waste to less than 2% of total waste.

## Curbing Waste Generation, Release and Disposal

### Achieved target once again for curbing waste generation

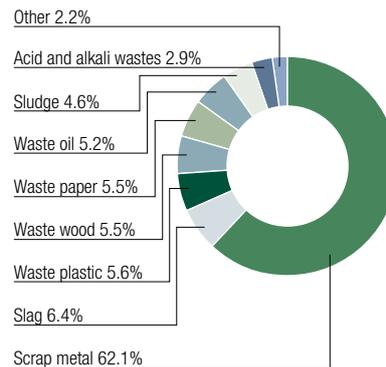
The target for reducing the volume of the company's waste to less than 170,000 tons by 2010 was achieved in fiscal 2009 with a waste output of 131,000 tons, a fiscal year target we once again reached.

In terms of its target to achieve zero waste emissions at all 13 MHI sites (the divisions, headquarters and works) by 2010, the Kobe Shipyard & Machinery Works already accomplished the goal in April 2009, bringing the total to 12. The Nagoya Aerospace Systems Works, the only MHI site that has not achieved its target, is also aggressively looking for new recycling operators and will meet its target in the first half of fiscal 2010.

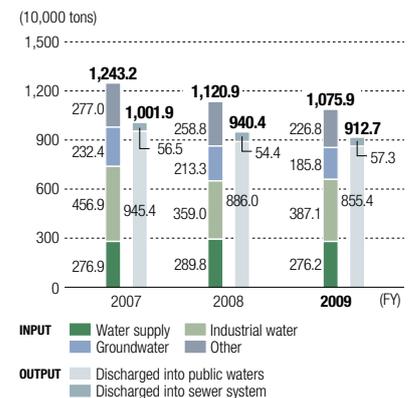
### Waste generation/landfill disposal volumes and recycling rate



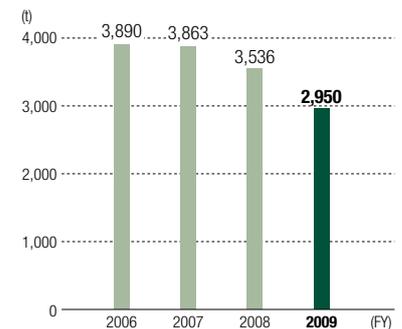
### Waste generation by material



### Water usage and discharge



### Paper usage



## Topics

### Corporate target in sight as the Kobe Shipyard & Machinery Works achieves zero emissions in fiscal 2009

With the target to achieve zero emissions in fiscal 2009, the Kobe Shipyard & Machinery Works has taken action to identify recycling operators, more strictly separate wastes and curb waste generation. When the Works started its efforts, the recycling rate was rising steadily until high costs for recycling incombustible wastes impeded the achievement of the target. To address this problem, the Works set up a Waste Reduction Sectional meeting, consisting of representatives of the departments that generate wastes and a secretariat and promoted the strict separating of wastes at the emission source level and the recycling of all recyclables. Through these efforts, the Works was able to curb the increase in waste treatment costs and achieved zero emissions. It will continue its efforts to maintain zero emissions while focusing on curbing waste generation and reducing waste treatment costs.



Members of the Waste Reduction Sectional meeting at the Kobe Shipyard & Machinery Works

### \*2 Sites that have achieved zero emissions

March 2001	Yokohama Machinery Works
March 2004	Takasago Machinery Works
November 2004	General Machinery & Special Vehicle Headquarters
February 2006	Nagoya Guidance & Propulsion Systems Works
August 2006	Air-Conditioning & Refrigeration Systems Headquarters
September 2006	Machine Tool Division, Watsuka Area
May 2007	Paper & Printing Machinery Division (including Transportation Systems & Advanced Technology Division, Mihara)
January 2008	Shimonoseki Shipyard & Machinery Works
October 2008	Industrial Machinery Business, Technology & Solutions Division
January 2009	Nagasaki Shipyard & Machinery Works
April 2009	Kobe Shipyard & Machinery Works (including Transportation Systems & Advanced Technology Division, Kobe)

# Management of Chemical Substances

MHI takes every possible action to manage the chemical substances required for its production processes in ways that guarantee safe usage and storage. All works effectively use MSDS to ensure complete safety for both customers and company employees. Efforts are also being taken to curb the use and emissions of organochlorides by developing alternative manufacturing processes and switching to alternative substances.

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

### Emissions of substances subject to PRTR

In fiscal 2009, MHI released a total of 2,040 tons of substances subject to PRTR\*1 compliance.

Roughly 95% of these emissions consisted of xylene, toluene and ethylbenzene, which are primarily used in painting and cleaning applications. Although the company is working to reduce these emissions, the task is proving to be a significant challenge, particularly for xylene, which is used for painting ships and its use is typically specified by shipowners. This preference is making it difficult to reduce the use of this substance.

The number of substances subject to PRTR increased substantially from 354 to 462 from fiscal 2010 under the amendment to the enforcement rule of the Law enacted in fiscal 2008. MHI has been systematically preparing in fiscal 2009 to begin including these additional substances in calculation and disclosure starting in fiscal 2010. Actions included notifying the entire company of this change through the Environment Liaison Conference and other channels and obtaining MSDS sheets from suppliers in conformity with the new requirement.

\*1 PRTR (Pollutant Release and Transfer Register)

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

### Reducing organochlorides

The company had reduced emissions of tetrachlorethylene, trichloroethylene and dichloromethane by 89.6%, up 3.3 points year-on-year, as of the end of fiscal 2009.

For dichloromethane, which is used as a removal agent, MHI completed an evaluation of replacing its use with non-dichloromethane removal agents in fiscal 2008. The company implemented the required facility improvements for this replacement in fiscal 2009 and will complete conversion in fiscal 2010.

### Setting targets for reducing and controlling VOCs (Volatile Organic Compounds)

MHI has incorporated voluntary reduction targets for three organochlorides into its mid-and-long-term plan.

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

In fiscal 2009, as in fiscal 2008, MHI held a VOC Reduction Promotion Sectional meeting to explore specific reduction plans while sharing information among its divisions, headquarters and works.

### Plan for disposal of equipment using PCBs

As of March 2006, MHI had already registered the disposal of equipment that uses PCBs (polychlorinated biphenyls), either currently in use or stored at its domestic sites, with the Japan Environmental Safety Corporation (JESCO), a special entity wholly funded by the Japanese government. The company also signed a consigning contract for disposal in January 2007. In fiscal 2009, MHI began consigning disposal at 7 sites\*2.

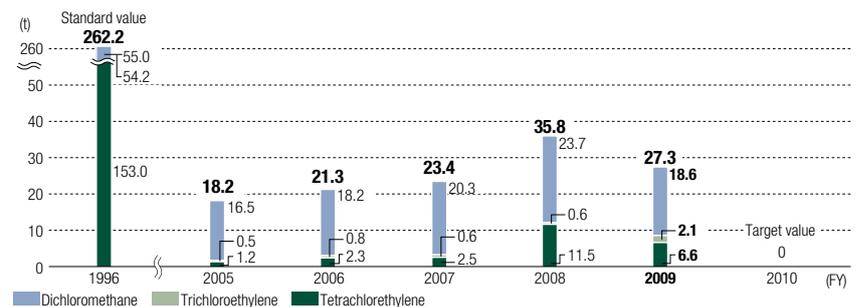
Today the company is systematically replacing equipment using PCBs to completely eliminate their use by 2010.

\*2 Head Office, Industrial Machinery Business, Technology & Solutions Division, Nagasaki Shipyard & Machinery Works, Takasago Machinery Works, Nagoya Aerospace Systems Works, Nagoya Guidance & Propulsion Systems Works and the Iwatsuka Area.

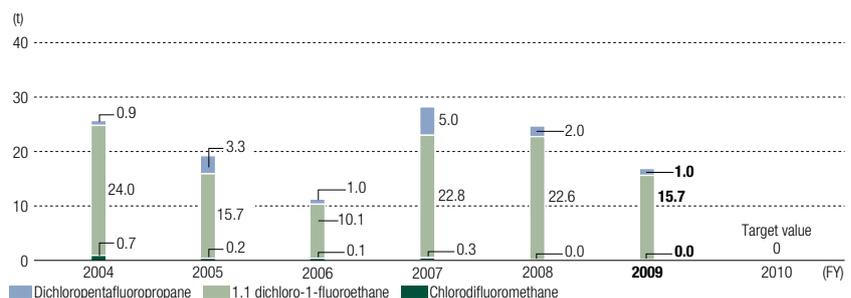


Status of PCB Storage

### Atmospheric emissions of organochlorides



### Change in HCFC\*3 emissions



\*3 HCFCs (Hydrochloro-fluorocarbons):

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

## Products and Technologies that Reduce Environmental Impact

### CO<sub>2</sub> recovery system that reduces CO<sub>2</sub> emissions from power stations and large plants

Thermal power plants account for about two-thirds of the world's total power output and is expected to play an important role in ensuring a stable supply of power. Power plants, however, emit a massive volume of CO<sub>2</sub>.

Large industrial plants also emit large volumes of CO<sub>2</sub>. Given the emergence of global warming, power stations and large industrial plants are expected to take extensive measures to reduce CO<sub>2</sub> emissions.

Under these circumstances, MHI and Kansai Electric Power Co., Inc. have jointly developed a technology for recovering CO<sub>2</sub> generated through the combustion of fuels without releasing it into the atmosphere. The companies successfully developed a special solvent that chemically absorbs 90% of the CO<sub>2</sub> contained in flue gas with high efficiency. MHI has commercialized the process and system to separate and recover CO<sub>2</sub> while reducing energy consumption, utilizing characteristics of this solvent. MHI supplied the system to seven sites, mainly overseas chemical and other plants, as a CO<sub>2</sub> recovery system.

MHI is now commercializing a larger-scale CO<sub>2</sub> recovery system with a capacity of several thousands of tons of CO<sub>2</sub> recovery per day. The company has already started operations to demonstrate the system's reliability and operability at coal-fired power

plants in the U.S. and Germany and plans additional large-scale demonstration operations across the world. At the IGCC (Integrated coal Gasification Combined Cycle) plant in Australia, MHI is developing a technology for separating and recovering CO<sub>2</sub> prior to the combustion of gasified coal fuel by gas turbine. System operation is slated to begin in 2015.

In addition to these methods, other technologies are being developed for use and sequestration of recovered CO<sub>2</sub>. These include EOR (Enhanced Oil Recovery), which injects CO<sub>2</sub> into an oil field and reduces the viscosity of crude oil to attain higher fluidity for increasing the recovery ratio in the production of crude oil and a technology for the sequestration of CO<sub>2</sub> by injecting it into aquifers, depleted oil and gas fields and coal beds. MHI contributes to the prevention of global warming through CO<sub>2</sub> recovery in collaboration with other companies involved in developing the related technologies.



MHI-delivered CO<sub>2</sub> recovery system in Malaysia

### Centrifugal Heat Pump ETW produces hot water using only electricity and exhaust heat

Hot water at 80–90°C is generally used in such processes as sterilization, food processing and cleaning semiconductors. The required water is typically produced by boilers using fossil fuels such as oil and gas. Excess heat generated is often not used. In recent years, however, reducing the consumption of fossil fuels for boilers and effectively using the exhaust heat generated from boilers have become necessary from the viewpoint of preventing global warming.

In response to these needs, MHI was the first in the industry to develop a centrifugal compression hot water supply system, Centrifugal Heat Pump ETW, which reuses exhaust heat from boilers to produce hot water with electricity alone, using MHI's heat pump technology. MHI began selling the system in May 2009.

Heat pumps can produce three to six times the thermal energy of electric energy input and achieve superior energy efficiency. They are widely used in EcoCute and other systems found in ordinary houses and their technology is expected to contribute to the prevention of global warming. Centrifugal Heat Pump ETW extracts heat from exhaust (10–50°C) and heats up

the water temperature that had fallen during sterilization, cleaning and drying processes, up to a maximum of 90°C using heat pump principle. The heat exchanger, centrifugal compressor and motor that comprise the system are controlled by an inverter device to reduce power consumption. Since the system uses exhaust heat that usually dissipates and consumes little power during operation, its COP\* (energy consumption efficiency) is a high 4.5. This innovative product can reduce CO<sub>2</sub> emissions up to 71% and reduce operating cost up to 27% compared with oil-fired boilers with the same capacity (1 ton/hour).

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



Turbo compressor hot water supply system  
Centrifugal Heat Pump ETW

## Offshore wind turbine project to convert offshore wind into energy

The wider use of natural energy is eagerly sought for power sources that produce zero CO<sub>2</sub> emissions. In Europe, the U.S. and China, where wind power is gaining popularity, wind turbines are being constructed in coastal areas. Offshore installations face virtually no obstacles and offer an effective option for wind turbines due to the presence of stable, strong winds with little turbulence in wind flow. A further advantage allowing for large-scale wind turbine installation is the relative absence of issues related to scenery or noise.

MHI therefore focuses on manufacturing offshore wind turbines and is the first Japanese manufacturing partner with the U.K. in offshore wind turbine development projects. The company has manufactured and supported wind turbines for power generation for more than 30 years. As of the end of December 2009, we had supplied 331 units (total output 323 MW) in Japan and 3,705 units (total output 3,282 MW) overseas. We have also gained valuable experience and knowhow in manufacturing and constructing offshore structures, piers and bridges and are capitalizing on these strengths to further promote the technological development

of offshore wind turbines.

In the U.K. project, for which mass production is targeted to begin in 2015, the company will carry out the project through several stages, including manufacturing and testing a 5–7 MW demonstration offshore wind turbine; establishing the Offshore Wind Turbine Advanced Technology Center (tentative name); and designing and developing large-scale composite turbine blades. MHI will accumulate experience and expertise in the design, development and manufacturing of wind turbines through participation in this project, constructing them where strong demand is expected and thereby contributing to the prevention of global warming.



Offshore wind turbines (rendering)

## CO<sub>2</sub> reduction with MHI product usage (FY2009)

Sector	CO <sub>2</sub> reduction (thousand tons)	Basis of calculation	Remarks
Power plant	98,700	Estimates based on MHI's actual delivery record in FY2009, compared with FY1990. Estimate for nuclear power is based on actual output generated in FY2009 by plants built by MHI.	Thermal plants (combined, conventional and biomass), nuclear plants, photovoltaic, wind turbine and geothermal power generation, etc.
Transportation	1,600	Estimates based on MHI's actual delivery record in FY2009, compared with FY1990.	Vessels, transportation systems, etc.
Mass and medium-lot manufactured machinery	1,000	Estimates based on MHI's actual delivery record in FY2009, compared with FY1990.	Air-conditioners, centrifugal chillers, gas engines, forklift trucks, etc.

Data for fiscal 1990 is calculated based on the IEA's (International Energy Agency's) "World Energy Outlook 2009"

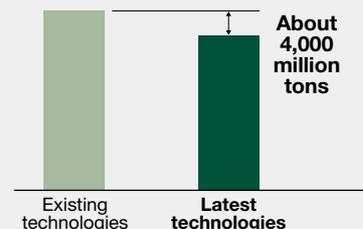
MHI is working to create a low-carbon society across a broad spectrum of fields, including: large-scale power generation technologies such as thermal power plants and nuclear power plants, renewable energy including that from wind turbines and solar power, vessels and transportation systems for improving the efficiency of the transportation sector, and heat pumps and forklift trucks that assist energy management on the demand side.

CO<sub>2</sub> reduction from the 1990 level through the use of the company's products in fiscal 2009 came to about 100 million tons.

The power generation sector, which accounts for nearly 30% of CO<sub>2</sub> emissions, has the potential for reducing emissions by about 4,000 million tons, assuming Japan's latest technologies at the top international level would be deployed across the world.

Going forward, MHI will continue to

conduct business by maximizing its collective strengths to further reduce the global environmental load.



# Commitment to People and Society

MHI maintains relationships with diverse populations in various regions and communities in the course of developing and manufacturing products and technologies that are essential for social infrastructures and industry as well as the day-to-day lives of people across the world. To fulfill its corporate responsibility as a social and public entity, MHI has been pursuing its business operations with due consideration for its diverse stakeholders.



## Commitment to Our Customers

MHI laid out in its creed: “We strongly believe that the customer comes first and that we are obligated to be an innovative partner to society.”

To establish production system capabilities and serve as a genuinely global corporation, MHI is contributing to society by offering products and services that place priority on safety and quality.

### Enhancing Product Safety

#### Promoting the product safety project

MHI is reinforcing activities to promote the product safety throughout the company. The product safety project is one effort that started in fiscal 2005, with the Legal Department and the Technical Headquarters Production System Innovation Planning Office (currently the Production System Innovation Planning Division) serving as the secretariat. In this project, the company's products are grouped into three categories—mass and medium-lot manufactured products, build-to-order components, and build-to-order plants. Individual works conduct training activities based on these categories to improve product safety, including risk assessment and improving instruction manuals.

MHI also shares across the company information relevant to product safety,

such as guidance relating to new laws and regulations.

#### Ongoing efforts to ensure safety at nuclear power plants

On August 2004, a break occurred in the MHI-installed secondary piping of Unit 3 in the Mihama power station of Kansai Electric Power Co., Inc. MHI set up the Managing Board for Innovation in the Nuclear Business, chaired by the President, in December 2004. The company is striving to implement continuous internal reforms to prevent accidents and ensure safety at nuclear power plants. Individual works thoroughly inspect and continuously strive to improve design, manufacturing, and procurement processes as well as the quality management system. At the same time, the Managing Board for Innovation in the Nuclear Business monitors the progress of improvement.

At the Board meeting held in fiscal

2009, members confirmed that the maintenance and management of manufacturing instructions and activities related to the internal sharing of lessons learned from the accident have been implemented. The Board also confirmed that suitable safety management proposals have been put forward as a result of sharing information with power companies. Based on these findings, the Board also decided on a policy for reinforcing interface control and change control.

#### Comments from a nuclear power quality control manager



We are striving for highly reliable quality assurance and control, ever-aware of our responsibility for safe nuclear power generation.

#### Koichiro Masumoto

Component Quality Control Section  
Quality Assurance Department  
Kobe Shipyard & Machinery Works

The Component Quality Control Section of the Kobe Shipyard & Machinery Works is aiming the quality control plans for the design, manufacturing and installation of components and pipes for nuclear power plants. Since the quality control in these facilities is critical, we all share a desire to improve quality and raise the level of danger prediction among all employees to ensure the safety and security of nuclear power plants. Therefore, our duties go beyond inspecting products to encompass operational processes, such as monitoring on manufacturing and analyzing root causes of nonconformance.

With over 40 years of experience, MHI has established a systematic quality assurance program for nuclear power plants for taking precautions against potential problems. This program is supported by close cooperation with the design and manufacturing departments. We will continue to share information with these departments while striving to improve and pass on the quality assurance and control technology we have gained over the years.

### Topics

#### Accident Exhibit and Materials Room established inside MHI's Technology Training Center —Deeply ingraining the significance of safety and quality

Safety and quality have the highest priority for the MHI Group, whose very livelihood is based on manufacturing.

We organized information on past accidents and established an Accident Exhibit and Materials Room in April 2010 so all employees involved in development, production and after-service operations could refresh their awareness of the significance of safety and quality and prevent the recurrence of serious mishaps and failures.

News articles and panels are displayed in addition to video coverage for serious disasters such as the fire on the cruise ship Diamond Princess.

MHI wants this archive to serve as a place in which Group employees gain a deeper understanding of the true significance of safety and quality by ensuring that employees across the company know about the exhibit and incorporating it into the employee training curriculum.



Entrance to the Accident Exhibit and Materials Room



Displays inside the exhibit room

## Enhancing Customer Satisfaction (CS)

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

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

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

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



Basic CS training

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

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

As of April 2010, we are supporting three plants in Japan and 25 plants overseas, thereby safeguarding the stable power generation operations of our customers.



Remote monitoring center

### Promoting Nuclear Power PA\* activities

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

The Kobe Shipyard & Machinery Works, where nuclear power equipment is manufactured, offers plant tours at the request of clients and partner companies. It also provides enjoyable opportunities for learning about energy through hands-on activities targeting elementary school students. Approximately 3,000 guests participated in fiscal 2009, sharing comments such as, "After touring the production sites, I deeply understood how advanced technology is used to manufacture nuclear power equipment." MHI will continue to offer information and tours to build up trust in nuclear power.

\* Nuclear Power PA (public acceptance) activities  
Activities conducted to encourage a clearer understanding of nuclear power



URL Nuclear power page  
<http://www.mhi.co.jp/atom/>  
(in Japanese)

## Maintaining and Strengthening the Defense Production and Technological Bases

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

With the basic stance of ensuring the peace and safety of Japan through cutting-edge technology, MHI, as a leading enterprise in the Japanese defense industry, endeavors to maintain and strengthen the defense production and technological bases. We are also involved in the development, manufacture, and operational support for a vast array of defense equipment requested by the government, such as jet fighters, helicopters, missiles, destroyers and tanks.

The defense environment surrounding Japan has been dramatically changing over recent years. It is now more vital than ever to maintain and strengthen the production and technological bases to meet the needs of the

nation amid financial difficulty and rapid technological progress. Therefore, MHI is focusing on the technology and systems research to deal with new threats and diverse situations. For example, we are researching the operation and systems of new equipment using modeling and simulation facilities and methods.\*

On the other hand, we believe we are also able to contribute to long-term technological progress, given the far-reaching nature of state-of-the-art technology of defense and the expectation for ripple effects to the civilian sector in the fields of materials, components, and process technology.

\* Simulations that use numerical models to acquire decision-making data



F-2 jet fighters ©JASDF

### Ratio of Ministry of Defense sales to total sales

FY	Ratio (%)	Amount (100 million yen)
2008	11.0	3,714
2009	11.8	3,483

# Commitment to Our Shareholders and Investors

MHI works to forge relationships of trust with shareholders and investors in and outside of Japan by increasing the soundness and transparency of its management, accurately and promptly disclosing information, and expanding opportunities to communicate with shareholders and investors.

## Disclosure Principles and IR Activities

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

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

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

### Actively disseminating information through our website and other channels

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

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



**URL** Investor Relations  
<http://www.mhi.co.jp/en/finance/>

## Business and planning briefings

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

We conducted a briefing on the settlement of accounts for fiscal 2008 and emergency measures for fiscal 2009 in April 2009 with 195 participants. In June, business presentation briefings were held for the overall Sustainability Energy & Environment Strategic Planning Department, and nine divisions over three days with a total of 491 attendees.

In addition, under new efforts, MHI took part in briefings held by securities firms for individual investors. The company also earned high marks for holding a briefing combined with a tour of our exhibition facility, the Mitsubishi Minatomirai Industrial Museum in Yokohama. We intend to regularly hold briefings at this facility as opportunities for communicating with individual investors.



Plant tour at the Industrial Machinery Business, Technology & Solutions Division, Hiroshima



Plant tour at the Nagoya Guidance & Propulsion Systems Works

## Inviting investors for plant tours

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

During fiscal 2009, we held tours at the Hiroshima Machinery Works (currently the Industrial Machinery Business, Technology & Solutions Division) in September. Participants closely observed the assembly processes of our cutting-edge radiotherapy machine, a centrifugal compressor and a mechanical drive turbine for chemical plants, and body panels for aircraft. In March, we held tours at the Nagoya Guidance & Propulsion Systems Works to share the production process for aerospace engines and other equipment. Participants responded with such comments as, "I was able to experience firsthand the high level of MHI's industrial technology," and "By participating in this tour, I was able to understand how MHI provides cutting-edge products to the world." We intend to further enrich the content of our tours in light of participant feedback.

## Recent Dividend Disbursements

For fiscal 2009, a 2 yen per share year-end dividend was distributed.

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

## Dividend disbursements over the past five years

FY	Dividend per share
2005	4 yen
2006	6 yen
2007	6 yen
2008	6 yen
<b>2009</b>	<b>4 yen</b>

## Commitment to Our Business Partners (Suppliers)

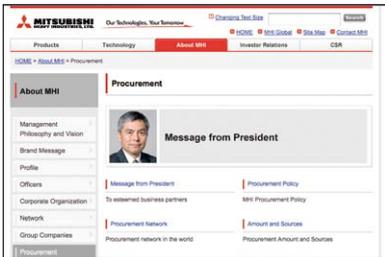
As a corporation that strives to be a premier innovator, MHI views its suppliers as key partners who provide the company with materials and services for producing products and who share the same desire for mutual prosperity. To remain competitive in a rapidly changing business environment, the company will work with its business partners to effect improvements throughout the entire value chain.

### Fair Dealing

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

MHI, which procures various materials from inside and outside Japan, opens the door wide to creative and competitive suppliers. While complying with related laws and social norms, we evaluate and select with fairness to establish trust that leads to mutual prosperity. This concept is stipulated in MHI's Procurement Policy (released in 2002), which is posted on the "Procurement" page of our website.

This page also includes guidelines for applicant companies and contact information for material procurement for the benefit of companies that are interested in doing business with MHI.



**URL** MHI's Procurement Policy on the corporate website  
<http://www.mhi.co.jp/en/company/procurement/>

#### Global Procurement Manual designed to reinforce relations with business partners

The Global Procurement Manual (GPM) was published in fiscal 2009. The GPM was drawn up with the goal of more conveniently sharing procurement information with partners, ensuring that MHI's quality management system philosophy is incorporated into the actual procurement process.

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

#### Internal audits for preventing illegal and unfair dealings

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

Furthermore, MHI is endeavoring to comply with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and the Construction Business Act, which prohibits large companies from forcing unfair business practices on small- and medium-

sized companies. In fiscal 2009, legal compliance was confirmed by an internal audit of all departments involved with procurement.

#### Training for employees engaged in procurement activities

Our procurement departments provide various training programs on procurement as a safeguard against inappropriate ordering. In fiscal 2009, as in the preceding fiscal year, two compliance training programs were conducted targeting young employees in material procurement departments—in July at MHI's Shinagawa Head Office and in March at the Kobe Shipyard & Machinery Works, with 28 and 25 participants, respectively. The program structure and time distribution were reconsidered for both sessions based on the results of a questionnaire survey of participants in the preceding year. The two-day program included compliance issues related to material procurement operations, an explanation of domestic laws, an exchange of ideas among participants based on case studies, and a comprehension test. The company intends for these programs to further improve employee awareness of compliance.

In addition, we have provided an e-learning program on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors for all Group employees since fiscal 2005. In fiscal 2009, a total of 948 MHI employees and 235 employees from 14 MHI Group companies in which MHI holds a majority share participated in this program. We also created a new learning program on import-export procedures for raising the level of employee knowledge about global procurement. By the end of fiscal 2009, 1,575 MHI employees and six employees from two Group companies had participated in the program.



Compliance training

### MHI's Procurement Policy

#### 1. Openness

We strive to openly provide business opportunities to suppliers throughout the world, and welcome creative and competitive suppliers.

#### 2. Fairness

We provide competitive opportunities to qualified suppliers, and evaluate and select suppliers fairly based on criteria such as the suppliers' product quality, price, delivery schedule, technology and financial conditions.

#### 3. Partnership

We regard our suppliers as partners based on the mutual understanding that both parties should benefit from the relationship.

#### 4. Compliance

We comply with rules, regulations and social norms based on our compliance management policy, and all information submitted to MHI will be kept and used properly.

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

### Toward even stronger collaborative ties with business partners

At the first Business Partners Conference held in 2008, we declared that MHI will connect business partner comments, requests, and recommendations with management process reform and cost-cutting measures. Having established a specialized task force in the Material Department at the Head Office for this purpose, we are moving ahead with activities to reinforce manufacturing capability.

At the second Business Partners Conference held in November 2009 with 282 partner companies invited, our president conveyed MHI's intentions to establish a stronger supply chain through multi-faceted communications. In addition, we presented certificates of gratitude to 13 partner companies that have significantly contributed to our business. Among these companies, three shared presentations on their improvement activities.

In the course of planning and hosting similar partner conferences, such as the first Power Systems Headquarters Col-

laboration Meeting with partners in June 2009 and Shipbuilding and Ocean Development Supplier Conference 2009 in July, each division, headquarters and works is striving to share information for further reinforcing collaboration with business partners.



Business Partners Conference

### Toward Implementing CSR Procurement

#### Creation of Supply Chain CSR Promotion Guidelines

CSR procurement was identified as a critical issue for the material procurement divisions in the CSR Action Plan for the entire

company from fiscal 2008 to fiscal 2010. In fiscal 2009, we clarified our views on CSR toward business partners with the goal of promoting CSR throughout the entire supply chain; we are also moving ahead with the drawing up of MHI Group Supply Chain CSR Promotion Guidelines.

Preparation of the guidelines involved selected members from the material procurement divisions of each works and setting up a CSR Procurement Promotion Project to reflect the results of the dynamic discussions that were held twice in four regions. The discussions surfaced various thoughts on activities the company has emphasized in procurement operations, including compliance, quality, and environmental actions as well as ideas for activities we need to focus on in the future, such as work safety and human rights. Referring back to the company creed that states our obligation to be an innovative partner to society, MHI has renewed its recognition of the highly public aspects of our business, the technological capability required by society, and the importance of quality and product safety.

In fiscal 2010, we will continue to move forward with these activities toward completing these guidelines and their dissemination both inside and outside the company.

## Topics

### Activities of the CSR Procurement Promotion Project

In fiscal 2009, we held two discussions in each of four regions (Kanto, Chubu, Kinki, and Chugoku/Kyushu). During the first sessions, the practice managers of CSR promotion divisions spoke about more deeply embedding the concept of CSR and basic knowledge of MHI's CSR activities in the minds of project members. After the lecture, the speaker and members engaged in a lively discussion about efforts to maintain and build trust with partners. At first, there were comments such as, "I don't understand the relationship between CSR and procurement operations." Participant understanding of this relationship, however, deepened over the course of the discussions.

During the second session, the perception and thinking of members steadily changed as they discussed MHI efforts that are required by society and enthusiastically expressed their ideas on key CSR activities the company should tackle.

We believe empathy and cooperation are vital for an essential understanding of CSR. We will continue activities for instilling CSR with this in mind.



Participating in a discussion



CSR practice manager giving a lecture

## Commitment to Our Employees

Believing that human resources are the company's most important asset and that their growth leads to the development of the entire company, MHI is actively working to utilize and cultivate diverse human resources and build a better working environment in which employees can fully demonstrate their abilities.

### Utilizing and Cultivating Diverse Human Resources

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

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

Recently, however, survival in an increasingly competitive market has required the ability to utilize diverse human resources. MHI is therefore actively promoting the hiring of mid-career workers. (In fiscal 2009, approximately 450 mid-career workers were hired in addition to about 1,500 new graduates.) The company treats new graduates and mid-career workers equally. Mid-career workers play an active role in their respective fields as members of the company, making full use of the skills they have cultivated.

MHI is also actively working to hire personnel to deploy overseas for the global development of its business. The

company is hiring overseas students and foreign students through aggressive recruitment efforts and hired about 30 new graduates in fiscal 2009.

In addition, MHI is actively hiring and utilizing female workers. The numbers of new female workers and managers have been increasing each year. In fiscal 2009, approximately 30% of new white-collar recruits with bachelor's degrees were women.

#### Promotion of rehiring seniors across the Group

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

As of April 1, 2010, MHI alone (excluding Group companies) has rehired more than 1,700 employees. These workers are assigned important roles for transferring their skills and expertise as experienced professionals. MHI is vigorously promoting their participation in the workplace.

#### Expanded job opportunities for the handicapped

Since 1992, MHI has been pursuing efforts to expand job opportunities for handicapped individuals and create a suitable working environment for all workers by establishing a Committee for Promotion of Employment of the Handicapped (see p. 32).

In fiscal 2009, the company further intensified its efforts to expand employment of the handicapped by utilizing its website for recruiting handicapped individuals and partnering with local job-placement offices. As a result, the rate of employment of the handicapped as of April 1, 2010 was 2.01%, exceeding the statutory employment rate of 1.8%. Those that were hired actively participate in various workplaces, including white-collar settings and production departments.

#### Skills upgrading through training

To be a global company capable of dealing with dramatic changes in the market, MHI is striving to assist employees in upgrading their skills and enhance training content in line with the basic policy of practical human resource development.

### Basic Data

#### Breakdown of employees by age (FY2009)

	Under 30	30-39	40-49	50-59	60 and over
Male	8,141	9,592	5,605	7,478	497
Female	737	972	661	439	17
<b>Total</b>	<b>8,878</b>	<b>10,564</b>	<b>6,266</b>	<b>7,917</b>	<b>514</b>

#### Number of new graduates hired

	University	Vocational school and junior college	High school, other	Total (females in brackets)
Joined the company in April 2009	820	168	817	<b>1,805 (146)</b>
Joined the company in April 2010	672	124	676	<b>1,472 (136)</b>

#### Number of female managers

(section manager and above; excluding medical staff)

	2006/4	2007/4	2008/4	2009/4	2010/4
	142	158	182	219	<b>248</b>

#### Use of annual paid holidays

	Number of paid holidays granted	Number of paid holidays used	Usage rate (%)
FY2007	22.0	15.6	70.9%
FY2008	22.0	15.8	71.8%
FY2009	22.0	15.8	71.8%

#### Number of employees who resigned of own volition (FY2009)

Male	201
Female	88
<b>Total</b>	<b>289</b>

#### Number of mid-career workers hired

	University graduates	Other than university graduates	Total (females in brackets)
Joined the company in FY2008	547	358	<b>905 (85)</b>
Joined the company in FY2009	229	223	<b>452 (23)</b>

#### Number of rehired employees

(excluding those from Group companies)

	2008/4	2008/10	2009/4	2009/10	2010/4
	934	1,127	1,365	1,591	<b>1,720</b>

#### Number of employees who took child-care leave

FY	2005	2006	2007	2008	2009
Male	1	3	6	4	8
Female	88	99	106	100	115
<b>Total</b>	<b>89</b>	<b>102</b>	<b>112</b>	<b>104</b>	<b>123</b>

MHI has established an array of training programs, starting from human resource development based on on-the-job training (OJT) for new employees to programs targeting individual levels or functions for current employees. We are also endeavoring to improve training content from the perspective of hardware, such as by aggressively digitizing training information.

### Efforts to develop junior technicians

Even as more baby boomers retire, the number of young technicians is increasing at MHI. Therefore, fostering technicians who are active at the forefront of manufacturing is a pressing need. To this end, we strive to standardize and unify training throughout the entire company by holding skills contests and creating manuals, textbooks and other materials. We are quickly facilitating the transfer of skills from veteran technicians and steadfastly training junior technicians.

### Common training for the entire Group

To reinforce the management and overall constitution of MHI Group business operations, we promote training operations for the entire Group. In addition to having employees of Group companies participate in MHI training sessions, we are moving forward with the establishment of an e-learning site exclusively for Group companies and have already set up group training.



Common training for Group companies

### Mutual understanding through dialogue and encouraging the enhancement of personal capabilities

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

By providing opportunities for regular dialogues between supervisors and subordinates at their request, MHI ensures the effective sharing of business targets and a common awareness of issues. Supervisors communicate with subordinates about the roles and tasks individual employees are expected to fulfill while

also paying attention to their requests and business improvement suggestions. For example, for those working in white-collar positions, MHI adopts an MBO (Management by Objectives) system with annual performance targets and progress evaluations twice a year. Blue-collar employees and their respective supervisors hold discussions once a year to maintain a common understanding.

### 360° research: A program for middle managers

MHI is carrying out 360° research, involving the assessment of middle-managers' daily behavior by their supervisors, colleagues and subordinates. Results are shared with managers. This program is intended to encourage the further growth and self-improvement of managers by keeping them better informed of the feedback and evaluation of others while enabling them to identify their strengths and areas for improvement. The program is conducted once every two years, with the next one slated for 2010.

### Building a Better Working Environment

#### Supporting a proper balance between work and family life

To create an environment that helps employees effectively balance their work

#### Feedback from employees who have used the Career Return Plan

After leaving my job to have a child, the Career Return Plan helped me apply my experience to return to full-time work.



#### Michiko Sakurai

Yokohama Power Plant Construction Department  
Power Systems Plant Engineering & Construction Division  
Power Systems Headquarters

I left the company in 2005 to have a child and for reasons related to my husband's job. When I learned about the Career Return Plan, I registered. I decided to rejoin the company because I would be able to leave the office at a fixed time, I would retain my rank and salary conditions at the time I left, and I could apply my previous work experience. My daughter was two years old when I first received the offer in 2008, and it was difficult to work full-time. The company agreed to let me work part-time, four hours a day, three days a week. When my daughter entered daycare the following spring, I was able to start working full-time.

Since, unlike before, I am expected to finish work within regular office hours, I can fully concentrate on my job with efficiency at the top of my mind.

and family life, MHI is working to improve systems for raising the next generations and supporting a healthy work-life balance.

The following programs exceed legal requirements.

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

In addition, the company is adding to its array of unique systems. The Career Return Plan, established in 2007, offers opportunities for employees who have left after marriage or childbirth to rejoin the company and continue their previous career. In fiscal 2009, five individuals (for a total of 12 individuals since 2007) rejoined the company as full-time employees.

In April 2009, the Work-Life Support Group was set up in the Personnel Department to comprehensively improve work environment quality from the perspective of raising the next generations and supporting a healthy work-life balance.

Looking ahead, this group will lead our continued efforts to build a better working environment that fully takes work-life balance into consideration.

#### Programs that focus on work-life balance

Child care and childbirth	Child-care leave system
	Using accumulated paid holidays for child care purposes*1
	Child-care work shift system (shortened work hour system)
	Work leave to care for a sick child
	Special grants for working employees who place their child in daycare*2
Family care	Next generation nurturing support grants*3
	Family-care leave system
	Using accumulated paid holidays for family care purposes*1
Others	Family-care work shift system (shortened work hours system)
	Work leave to care for a family member
	Flex-time system
	Paid holiday system by half day
	Trips and time off for longtime employees

\*1 Accumulated paid holidays is a system in which up to 50 days paid holidays can be accumulated to use for illness, injury, child care, family care, and other purposes.

\*2 Special grants for working employees who place their children in daycare provide ¥5,000 per month to working employees who place children in daycare until the end of the fiscal year in which the child reaches three years of age. (In fiscal 2009, 783 employees received grants.)

\*3 Next generation nurturing support grants provide ¥100,000 per employee with three or more children. (In fiscal 2009, 473 employees received grants.)

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

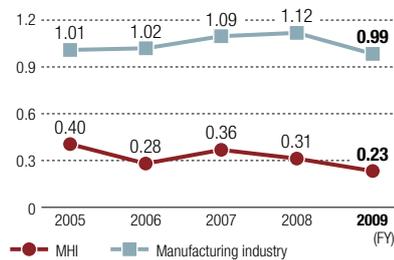
Since setting up the Committee for Raising Awareness of Human Rights (see p. 31) in 1992, we have been moving ahead with raising awareness of human rights across the company. MHI has promoted human rights education and training every year. In fiscal 2009, approximately 1,800 new recruits and 1,700 newly appointed managers and supervisors participated in the training program.

Also, MHI is striving to prevent sexual harassment, such as by establishing a contact point for consultation at each workplace and distributing pamphlets internally. In addition, the company is working to raise awareness by incorporating related content for compliance promotion trainings.

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

MHI embraces a basic policy for employee safety and health founded on the following

**Industrial accident frequency rate\***



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

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

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

To reduce damage that could result from worker accidents, each office and works is conducting risk assessments and carrying out measures based on the results. MHI is also focusing on safety training using videos and simulation equipment for new employees who are not familiar with operations.

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

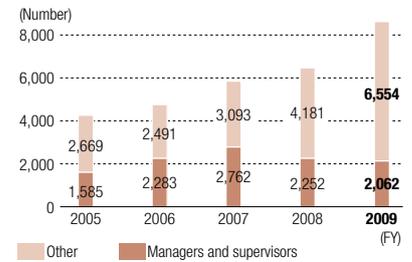
**Maintaining and improving physical and mental health**

To proactively support employees in maintaining their physical and mental well-being, MHI has established health management departments at each works. These departments offer health checkups and diagnostic screenings, and provide guidance based on the results of tests, including consultation and treatment by specialized physicians and support for

employees on leave to return to the workplace. This enables employees to maintain their top physical and mental condition.

The company also sponsors various events and provides training to promote sound health and prevent lifestyle-related diseases.

**Number of participants in mental health training**



**Promoting communication between management and labor**

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

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

**Topics**

**Established an in-house nursery at the Nagasaki Shipyard & Machinery Works to reinforce support for employees with children**

In April 2010, the Nagasaki Shipyard & Machinery Works opened the first MHI in-house nursery, MHI Kira Kids Nursery. Pre-school age children of MHI Group employees at the Nagasaki Shipyard & Machinery Works and the Nagasaki Research & Development Center can stay at this facility from 7 a.m. to 8 p.m. The nursery operation is a contracted social welfare entity in Nagasaki City with experience in managing in-house nurseries and providing services equivalent to certified nursery facilities. Its location on the premises of the Nagasaki Shipyard & Machinery Works enables employees to come to work with their children, reducing the burden of dropping them off and picking them up. Since employees can pick up a child who has suddenly come down with a fever or become ill, we expect the nursery to be a helpful support service for employees who would like to continue working while raising children.



MHI Kira Kids Nursery



Children playing in a sandbox

# Contributions to Society

Based on its social contribution policy for communities, MHI is enthusiastically taking part in cultivating local prosperity and nurturing the youth who represent the next generation.

## Fulfilling our Policy on Socially Beneficial Activities

### Taking action in line with our social contribution policy

MHI used the opportunity of publishing the *Social and Environmental Report* in 2004 to formulate the basic concepts for social contribution, stated as, "We are obligated

to be an innovative partner to society" and "We place importance on relationships with local communities based on mutual trust."

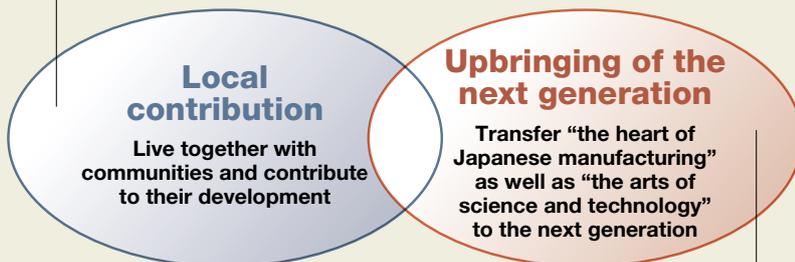
We then held a series of discussions and studies into what society expects. As we sought the opinions of those outside the company, we drew up our policy for social contribution and have since carried out a vast array of activities based on this policy.

## Expenditures on socially beneficial activities

MHI endorses the goals of the "One Percent Club," a program initiated by Nippon Keidanren (Japan Business Federation) in which participating members pledge to use at least 1% of their ordinary profits or disposable incomes to fund activities for the public benefit, and we enthusiastically engage in social contribution activities as a member. MHI has been a member since the Club's founding in 1990. The company reports its expenditures for such purposes every year; we spent an amount equivalent to 2.12% of ordinary profit in fiscal 2008.

### MHI policy for social contribution

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.



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

### Change in expenditures on socially beneficial activities

(Millions of yen)

	FY2006	FY2007	FY2008
Academic research	223	138	128
Education	630	665	766
Community activities	126	155	131
Sports	121	118	112
Other	770	276	463
<b>Total</b>	<b>1,870</b>	<b>1,352</b>	<b>1,600</b>
Percentage of ordinary profit	3.25%	1.98%	2.12%

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

\* Group companies under consolidated accounting are included starting with fiscal 2008.

\* Figures for FY2009 are now being prepared.

## Robust recovery assistance to areas hit by natural disasters

The MHI Group has long embraced a humanitarian perspective and offered assistance and support across the world in the aftermath of large-scale natural disasters. After earthquakes struck Haiti in January 2010, Chile in March, and Qinghai in China in April, we donated lighting towers with generators and relief funds to help victims recover from the severe damage following the tremblers.

### Major support activities in recent years

(Millions of yen)

Year	Disaster	Scale of support	Type of support
2010	China Qinghai Earthquake	10	Cash donation
	Chile Earthquake	5	Cash donation
	Haiti Earthquake	10	Donation of lighting towers with generators
2009	Indian Ocean Earthquake and Tsunami	3	Cash donation
	Damage from Typhoon Morakot	2.54	Cash donation
	L'Aquila Earthquake in Italy	2.54	Cash donation
2008	China Sichuan Earthquake	210	Cash donation
	Cyclone in Southern Burma	3	Cash donation
	Extraordinarily heavy snow in Southern China	1.5	Cash donation
2007	Iwate-Miyagi Nairiku Earthquake	2	Cash donation
	Niigata Chuetsu-oki Earthquake	10	Cash donation
	Noto Hanto Earthquake	1	Cash donation
2006	Mid Java Earthquake, Indonesia	10	Donations of gasoline generators and cash
2005	Northern Pakistan Earthquake	5	Cash donation
	Hurricane in the southern U.S.	30	Donations of light towers and cash
	Typhoon in China's Liaoning Province	0.44	Cash donation

## Contribution to Communities

### Matching Gift Program

Money collected by employees was matched by the company and donated to charitable causes. In fiscal 2009, continuing from the previous year, eating utensils manufactured with MHI's shape memory technology for use by those in special care were donated to welfare facilities in Tokyo and Osaka.



### Tag Rugby Clinics

The MHI Sagamihara Dynaboars rugby club at the General Machinery & Special Vehicle Headquarters participates in activities with children in the local community, such as coaching tag rugby at local elementary schools in Sagami-hara City.



### Civil Emergency Medical Technician Class

The Kobe Shipyard & Machinery Works held civil emergency medical technician training for teachers at elementary schools in the neighborhood in July 2009. MHI employees served as instructors and explained CPR (Cardio Pulmonary Resuscitation) to teachers and how to use AED devices to prepare for emergencies involving students.



### Ship Naming and Launching Ceremonies Opened to the Public

To convey the outstanding nature of manufacturing and to help people better understand the shipbuilding industry, MHI makes naming and launching ceremonies for ships open to the public. In 2009, the Kobe Shipyard & Machinery Works held naming and launching ceremonies that were open to the public for three large container ships, which are easy on the sea and the Earth due to a variety of equipment that protects the environment.



### Charity Concert

The Takasago Machinery Works has been holding charity concerts every year since 2003. All proceeds of the concert are donated to Takasago City to promote welfare and cultural programs. For 2009, the concert was held in September with proceeds amounting to 1.59 million yen.



### Children's Sketch Event

Since 2008, the Nagasaki Shipyard & Machinery Works has held a sketch event for elementary schools around Nagasaki at the city's Mizubonomori Park. Approximately 250 children drew scenery of Nagasaki Port at the second event, held under blue skies in October 2009.



## Topics

### Contributing to a local eco-friendly event by donating photovoltaic facilities

As a social benefit conducted through its businesses, MHI donated photovoltaic facilities to a boathouse in Chidorigafuchi Park, Chiyoda Ward, Tokyo, in March 2009. We were responding to a request from the Chiyoda Ward Office, which stated their belief that MHI's solar panels, with exterior color matching the surrounding environment, would be ideal for a power generation facility that uses natural energy while at the same time fitting in with the landscape.

The Cherry Blossom Festival is well received by visitors every year. Since Chiyoda Ward considers the illumination of the cherry blossoms at their peak as an eco-friendly event, halogen lamps have been replaced by energy-saving LED lighting since last year. For this year's illumination, held for 12 days from March 26 to April 6, CO<sub>2</sub> emissions were reduced by approximately five tons using power generated by MHI's photovoltaic facility over the one-year period since LED lighting installation. MHI earned high marks from Chiyoda Ward for contributing to this environmentally friendly event because the level of reduction is equivalent to the CO<sub>2</sub> absorbed by 350 cedar trees in a year.



Illumination of the Cherry Blossom Festival



Photovoltaic facility installed on a boathouse roof

## Development of Future Generations

### Endowment of Chair at a University in Vietnam

Since 1997, MHI has jointly endowed a chair with UNESCO at the Hanoi University of Technology in Vietnam. In 2009, approximately 100 students and researchers participated in lectures on nuclear power, transportation systems, and marine diesel engines for ships.



### MHI Cup Elementary School Students Football Competition

The Power Systems Headquarters has sponsored the MHI Elementary School Students' Football Championship since 2008. Three representative teams that had won regional tournaments in Yokohama, Takasago and Nagasaki gathered again in 2009 for heated competition at Ajinomoto Stadium.



### Science Class

The Paper & Printing Machinery Division and the Transportation Systems & Advanced Technology Division held science classes for fifth-graders in Mihara City, Hiroshima Prefecture. In the class, children conducted experiments on color and light and took test rides on next-generation transportation systems, among other activities.



### Supporting Internships

MHI's works across the nation support internships that enable students, representing future generations, to concretely consider their career paths and ascertain their abilities through vocational experiences. In fiscal 2009, the company accepted a total of 289 students.



### Hands-on Manufacturing

The Machine Tool Division held a Hands-on Manufacturing Class for elementary school students (grades 3-6) and their parents. MHI employees explained the mechanism of power generation by solar cell batteries by making solar cars. We received many comments, such as "I learned a lot since it was so easy to understand."



### Softball Tournament

The Nagasaki Shipyard & Machinery Works holds the MHI Pennant Boys Softball Championship, in which members of the MHI Nagasaki baseball team take charge of preparations and run the tournament. For fiscal 2009, 3,000 players from inside and outside Nagasaki Prefecture and a total of 70 teams competed for the championship.



## Topics

### Annual visitors to the Mitsubishi Minatomirai Industrial Museum exceed 150,000

The annual number of visitors to the Mitsubishi Minatomirai Industrial Museum, which marked its 15th anniversary, exceeded 150,000 annual visitors in March 2010 for the first time. Since the opening of the museum, 1.5 million people have visited. The museum was established by MHI to provide opportunities for youth, who represent future generations, to experience the fascination of science and technology. In addition to six exhibition areas that explain MHI's cutting-edge products and technology (Space, Ocean, Transportation, Daily Life Discovery, Environment/Energy, and Technology Quest), experience-based exhibits allow students to learn manufacturing first-hand through simulations of vehicle design, production and operation. We also run the museum so that adults as well as children can enjoy activities such as craft workshops and movies, making it fun for the whole family.

Open hours: 10:00 a.m. to 5:00 p.m. (admission until 4:30 p.m.)  
Closed days: Every Monday (the following day if Monday is a national holiday); at year-end and New Year, and as specified  
Tel: 045-200-7351

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



The refurbished Ocean Zone opened in January 2010.



Craft workshops are very popular with children, who enjoy the direct, hands-on experience.

## Socially Beneficial Activities by Group Companies

**MHI Group companies engage in various social contribution activities in line with the characteristics of their respective businesses and the local communities they serve.**

### Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd.

#### Joint experiments for the regeneration of coral

Coral bleaching has emerged as an issue due to rising sea water temperatures caused by global warming. Therefore, Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd. has been conducting research and pilot projects for the regeneration of coral reefs in Okinawa Prefecture in collaboration with the University of Tokyo and other institutions and companies since 2004.

In the past, the method of transplanting coral grown in a water tank was common. In our joint experiments, however, bases with micro-currents are immersed into tanks. These micro-currents have a significant propagational effect on coral. The company hopes to support the rapid regeneration of coral reefs by promoting the implantation and growth of coral.

Research in 2009 proved that the bases we developed have a five to seven times higher implantation effect compared to existing bases. Looking ahead, we intend to provide this technology to local fishery cooperatives who are working hard to recover coral reefs.



Propagational bases for coral reefs

### Mitsubishi Heavy Industries Air-Conditioning & Thermal Systems Corporation

#### Environmental classes for elementary school students

In February 2010, as part of efforts to nurture future generations, Mitsubishi Heavy Industries Air-Conditioning & Thermal Systems Corporation conducted environmental classes at the elementary school alma maters of our employees. In the classes, our employees served

as instructors and explained the mechanisms of global warming and the latest global warming mitigating technology to 70 fourth-graders.

After the classes, teachers offered such comments as, "The use of charts and demonstrations made the lesson very easy to understand. It was a good opportunity for students to deepen their interest in environmental issues."



Environmental class

### Dia Food Service Co., Ltd.

#### Offering dishes with bitter melon harvested from green curtains

Once a week in August 2009, Dia Food Service Co., Ltd. offered set meals using bitter melons harvested at Takatsu Ward Office, Kawasaki City at Restaurant Takatsu, which the company operates under contract with the Takatsu Ward office.

The office has installed green curtains using bitter melons as a measure for preventing global warming. Dia Food Service helped promote the green activities of the office by using the bitter melons grown here as an ingredient for set meals. In addition, a ¥5 per set meal was donated to "Eco City Takatsu," Takatsu Ward's environmental action project.



Bitter melon green curtains

### Mitsubishi Heavy Industries America, Inc.

#### Mitsubishi Heavy Industries America, Inc.'s support activities following the Haiti Earthquake

Mitsubishi Heavy Industries America, Inc. (MHIA), along with Mitsubishi Heavy Industries, Inc. in Japan, conducted relief operations valued at ¥10 million for the victims of the earthquakes that first struck Haiti on January 12, 2010.

Civil relief activities were extremely challenging due to the closing of port facilities and to the widespread devastation and turmoil generally.

MHIA, however, cooperated with various NPOs, and took advantage of its own vast resources, including its airplane and



Relief supplies bound for Haiti

aviation-related businesses, enabling the company to charter a large cargo plane and to establish a much needed transportation relief route. MHIA also provided vital lighting towers (powered by MHI-manufactured generators), as well as other crucial supplies and equipment.

It is gratifying to know that the relief supplied by MHIA was put to good use to ease the suffering of earthquake victims and to improve their daily lives.

### Mitsubishi Caterpillar Forklift Europe B.V.

#### Job training opportunities for students

Mitsubishi Caterpillar Forklift Europe B.V. in the Netherlands established a company school that has provided students with job training opportunities since 1997.

The school offers a one-year training curriculum to students free of charge and two dedicated instructors who teach welding, painting, assembling and other skills. There are always about ten students enrolled in the program, and they gain valuable work experience while continuing their academic studies.



The company school

### CBC Industrias Pesadas S.A.

#### Plant tours for students

Since 2006, CBC Industrias Pesadas S.A. in Brazil has offered plant tours for students from vocational schools, elementary schools, high schools and universities.

In 2009, the company hosted 20 students from a Japanese school in Sao Paulo as well as a total of 116 students from other schools.



Students from a Japanese school on a plant tour

## Commendation List

Year Awarded	Month Awarded	Award Name	Organization/Item	Awarded by
2009	April	Certificate of Appreciation for cooperating in the City of Yokohama's "1.5 Million Tree Planting Actions"	Yokohama Machinery Works, Power Systems Headquarters, Mitsubishi Heavy Industries, Ltd.	City of Yokohama
	April	Certificate of Appreciation for cooperating in the City of Yokohama's "1.5 Million Tree Planting Actions"	Ryonichi Engineering Co., Ltd.	City of Yokohama
	April	Certificate of Appreciation for cooperating in the City of Yokohama's "1.5 Million Tree Planting Actions"	MHI Energy & Service Co., Ltd.	City of Yokohama
	May	Chairman's Commendation for Excellent Company for prevention of Explosion Disasters	Nagoya Guidance & Propulsion Systems Works, Mitsubishi Heavy Industries, Ltd.	Aichi Prefecture Explosives Safety Association
	May	The Most Outstanding Office, 26th Fukuoka Prefecture Safe Driving Management Committee Traffic Accident Prevention Contest	Product Support Group, Kyushu Office, Mitsubishi Heavy Industries Engine Systems Co., Ltd.	Fukuoka Prefecture Safe Driving Management Committee, Fukuoka Prefectural Police
	June	Commendation for Good Office of Safe Driving Management	Nagasaki Shipyard & Machinery Works, Mitsubishi Heavy Industries, Ltd.	Nagasaki Prefecture Safe Driving Management Conference Corp., Nagasaki Prefectural Police
	July	Engineering Special Encouragement Award	Development of Advanced Natural Gas Storage, Project Team consisting of the Japan Gas Association and 12 other companies	Engineering Advancement Association of Japan
	July	Engineering Special Encouragement Award	Mitsubishi Heavy Industries, Ltd. CO <sub>2</sub> Capture Project	Engineering Advancement Association of Japan
	July	2008 Ship of the Year, Best Ship Award in Large Cruise Ship Category	Mitsubishi Heavy Industries, Ltd.	The Japan Society of Naval Architects and Ocean Engineers
	July	Certification of Appreciation for PR and enlightenment activities for Selenological and Engineering Explorer "KAGUYA" (SELENE)	Mitsubishi Heavy Industries, Ltd.	"Japan Aerospace Exploration Agency JAXA Space Exploration Center"
	August	Silver Order of Merit, Japanese Red Cross Society	Machine Tool Division, Mitsubishi Heavy Industries, Ltd.	Japanese Red Cross Society
	September	Silver Prize, "No Accident, No Violation Challenge Contest," Osaka Prefectural Police Department	MHI Airport Environment Co., Ltd.	Osaka Prefectural Police Department
	September	2009 Global Environmental Technology Award (for the construction of an electrodeposition base for coral increases)	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd.	Japan Society of Civil Engineering Global Environment Committee
	October	2009 Governor's Commendation for Excellent Business with Global Warming Countermeasures	Shimonoseki Shipyard & Machinery Works, Mitsubishi Heavy Industries, Ltd.	Yamaguchi Prefecture
	October	Newspaper Advertising Prize Runners-up in Advertisers' Planning Category	Mitsubishi Heavy Industries, Ltd. environmental advertisement	Japan Newspaper Publishers and Editors Association
	October	Non-Accident Record Certificate (Type 1) established by Ministry of Health, Labour and Welfare	Nagoya Guidance & Propulsion Systems Works, Mitsubishi Heavy Industries, Ltd.	Ministry of Health, Labour and Welfare Safety Standard Bureau
	October	Certificate of Appreciation for providing parking at Air Festival, Komaki Air Base	Nagoya Guidance & Propulsion Systems Works, Mitsubishi Heavy Industries, Ltd.	Komaki Air Base, Japan Air Self-Defense Force
	October	Certificate of Appreciation for providing parking at Air Festival, Komaki Air Base	Nagoya Aerospace Systems Works, Mitsubishi Heavy Industries, Ltd.	Komaki Air Base, Japan Air Self-Defense Force
	November	Environmental Special Prize in 3rd Environment Awards	Machine Tool Division, Mitsubishi Heavy Industries, Ltd.	Japan Solid Cutting Tools Association
	November	29th Takasaki City Award as a contributing company for promoting industry	Materials Department, Paper & Printing Machinery Division, Mitsubishi Heavy Industries, Ltd.	City of Takasaki, Gunma Prefecture
	November	1st Place, Other Products Manufacturing Category, Nikkei Personal Computing Business Website Rankings, by industry	Website, Mitsubishi Heavy Industries, Ltd.	Nikkei BP Marketing, Inc.
	November	1st Place, Machinery Sector, Best-practice corporate website 2009, of all Listed Companies in Japan	Website, Mitsubishi Heavy Industries, Ltd.	Nikko Investor Relations Co., Inc.
	November	4th Place, Machinery and Transportation Equipment Category, Corporate Communication Website Rankings, by industry	Website, Mitsubishi Heavy Industries, Ltd.	Japan Brand Strategy, Inc.
	November	5th Place, IR Information Category, Corporate Communication Website Rankings, by content	Investor Relations website, Mitsubishi Heavy Industries, Ltd.	Japan Brand Strategy, Inc.
	November	Good Office for Trash Separation, Yokohama Environmental Action Awards (5th consecutive year)	Kanazawa Plant, Yokohama Machinery Works, Mitsubishi Heavy Industries, Ltd.	Resources & Waste Recycling Bureau, City of Yokohama
	November	Good Office for Trash Separation, Yokohama Environmental Action Awards (4th consecutive year)	Honmoku Plant, Yokohama Machinery Works, Mitsubishi Heavy Industries, Ltd.	Resources & Waste Recycling Bureau, City of Yokohama
	November	Certificate of Appreciation for Cooperation in "Children's Campaign for Energy Savings"	Yokohama Machinery Works, Power Systems Headquarters, Mitsubishi Heavy Industries, Ltd.	Director, Japan Office, World Food Programme, United Nations
	November	Grand Prize, Client Category, 19th Nagasaki Shimbun Advertising Awards	Environmental advertisement, Nagasaki Shipyard & Machinery Works, Mitsubishi Heavy Industries, Ltd.	Nagasaki Shimbun
	December	Web Grandprix Award, For Students under 15 Award, 3rd Japan Web Grandprix Award, by Web Grandprix	"Kids Land" website, Mitsubishi Heavy Industries, Ltd.	IBM Japan, Ltd.
	December	Web Grandprix Nominee, Contents Planning & Writing for B to B Award, 3rd Japan Web Grandprix Award, by Web Grandprix	"The Story of Manufacturing" website, Mitsubishi Heavy Industries, Ltd.	IBM Japan, Ltd.
December	Web Grandprix Nominee, Corporate Information & Corporate Citizenship Award, 3rd Japan Web Grandprix Award, by Web Grandprix	Website, Mitsubishi Heavy Industries, Ltd. Mitsubishi Minatomirai Industry Museum website, Mitsubishi Heavy Industries, Ltd.	IBM Japan, Ltd.	
December	Certificate of Appreciation for Contribution to Economic Development by Mitsubishi Heavy Industries-Haier (Qingdao) Air Conditioners Co., Ltd. through its business	Mitsubishi Heavy Industries, Ltd.	City Government of Qingdao, People's Republic of China	
December	Grand Prize, 13th Japan Stainless Steel Association Awards (D runway of Haneda Airport stainless steel lining jacket)	Mitsubishi Heavy Industries, Ltd. and 13 other companies	Japan Stainless Steel Association	
2010	January	Certificate of Appreciation for understanding of and cooperation with police activities	Nagoya Guidance & Propulsion Systems Works, Mitsubishi Heavy Industries, Ltd.	Komaki Police Station, Aichi Prefectural Police
	January	Certificate of Appreciation for Relief Funds for 2004 Indian Ocean Earthquake and Tsunami, Japanese Red Cross Society	Mitsubishi Heavy Industries, Ltd.	Ministry of Health, Labour and Welfare
	February	Nikkei Business Daily Awards for Superiority in the 2009 Nikkei Superior Products and Services Awards (Hybrid forklift "GRENDA EX Hybrid")	Mitsubishi Heavy Industries, Ltd.	Nikkei Inc.
	February	Fiscal 2009 Good Plant for Energy Management, Commendation from Director, Chugoku Bureau of Economy, Trade and Industry	Shimonoseki Shipyard & Machinery Works, Mitsubishi Heavy Industries, Ltd.	Chugoku Bureau of Economy, Trade and Industry
	February	Outstanding Safety Award	Shipbuilding & Ocean Development Headquarters, Yokohama Plant, Mitsubishi Heavy Industries, Ltd.	The Shipbuilding Association of Japan
	February	2009 Award for Urban Landscape in Nagasaki City (Large Structure Category)	Nagasaki City Library and Nishinihon Ryoju Estate Co., Ltd. in cooperation with other companies	Nagasaki City Award Conferring Committee for Urban Landscape Competition
	March	Shimonoseki Pika Pika Grand Prize	Shimonoseki Shipyard & Machinery Works, Mitsubishi Heavy Industries, Ltd.	City of Shimonoseki, Yamaguchi Prefecture
	March	Japan Industrial Technology Awards (for development of the HTV/H-IB launch vehicle)	Mitsubishi Heavy Industries, Ltd., 11 other companies	Nikkan Kogyo Shimbun, Ltd.

MHI's Activities (● Society ■ Environment)	Year	Major Events in Japan and Abroad (● Society ■ Environment)	
		Japan	World
	1970	1970	1948
1970 ■ Completion of Japan's first PWR power plant.		1967 ■ Institution of Basic Law for Environmental Pollution Control.	1972 ■ United Nations Conference on the Human Environment convenes in Stockholm.
1973 ■ Inauguration of Environment Management Department.		1971 ■ Establishment of Environment Agency.	■ Adoption of Statement for Human Environmental Quality.
1977 ● Development of "Basic Guidelines for Safety & Health Management."			■ Establishment of United Nations Environment Programme (UNEP).
1978 ■ Creation of Environmental Manager Conferences.			1976 ● OECD Guidelines for Multinational Enterprises issued.
1980 ● Establishment of Committee on Promotion of Training in the Dowry Issue.	1980		1981 ● Convention on the Elimination of All Forms of Discrimination against Women went into effect.
1987 ● Establishment of Export-related Regulations Monitoring Committee.		1985 ● Enactment of Equal Employment Opportunity Law.	● International Year of Disabled Persons.
1989 ■ Launch of In-house Conference on CO <sub>2</sub> Measures and In-house Conference on CFC Measures.		1988 ■ Enactment of Ozone Layer Protection Law.	1987 ■ Adoption of Montreal Protocol on Substances that Deplete the Ozone Layer.
	1990		1990 ● Institution of Americans with Disabilities Act.
		1991 ■ Establishment of Keidanren Global Environmental Charter.	1992 ■ United Nations Conference on Environment and Development (Earth Summit) convenes in Rio de Janeiro; adoption of Rio Declaration on Environment and Development and Agenda 21.
		● Establishment of Keidanren Charter of Corporate Behavior.	
1992 ● Committee on Promotion of Training in the Dowry Issue renamed Committee for Raising Awareness of Human Rights.		● Enactment of Child Care Leave Law.	
● Establishment of Committee for the Promotion of Employment of the Handicapped.		1992 ■ Ministry of International Trade and Industry requests Voluntary Plan on the Environment.	1994 ● Caux Round Table draws up Principles for Business.
1993 ■ Formulation of voluntary plan entitled, "Our Approach to Environmental Problems."		1993 ■ Enactment of Basic Environmental Law.	1995 ■ 1st Conference of the Parties to the United Nations Convention on Climate Change (COP1) convened in Berlin.
1996 ■ Formulation of Environmental Policies and establishment of Environment Committee.		1995 ● Child Care Leave Law revamped into Child Care and Family Care Leave Law.	1996 ■ ISO 14001 is instituted.
1997 ■ Acquisition of ISO 14001 certification by Yokohama Machinery Works, a first for Japan's heavy industry manufacturers.		1996 ● Revision of Keidanren Charter of Corporate Behavior.	■ 2nd Conference of the Parties to the United Nations Framework Convention on Climate Change (COP2) convened in Geneva.
■ Launch of R410A-compatible air-conditioners. (R410A: new type of environment-friendly refrigerant)		1997 ■ Formulation of Keidanren Charter of Corporate Behavior.	1997 ■ 3rd Conference of the Parties to the United Nations Framework Convention on Climate Change (COP3) convened in Kyoto.
1998 ■ Development of system that thermally decomposes PCBs contained in industrial effluents.		1997 ■ Formulation of Keidanren Voluntary Action Plan on the Environment.	1998 ■ 4th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP4) convened in Buenos Aires.
1999 ■ Delivery of combined-cycle power plant incorporating the M701G gas turbine, featuring the world's highest efficiency rating.		1998 ■ Enactment of Law Concerning the Promotion of Measures to Cope with Global Warming.	1999 ■ 5th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP5) convened in Bonn.
		● Enactment of Law to Promote Specified Nonprofit Activities.	
	2000	1999 ■ Enactment of Pollutant Release and Transfer Register (PRTR) Law.	2000 ■ 6th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP6) convened in The Hague.
2000 ■ ISO 14001 certification acquired by all production bases (13 works).		2000 ■ Enactment of The Basic Law for Establishing a Recycling-based Society.	● United Nations Global Compact is instituted.
		■ Revision of Law for the Promotion of Recycled Resources Utilization.	● Issuance of GRI Sustainability Reporting Guidelines Version 1.
		■ Enactment of Construction Material Recycling Law, Food Recycling Law and Law on Promoting Green Purchasing.	2001 ■ 7th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP7) convened in Marrakech.
2001 ■ Acquisition of ISO 14001 certification by Engineering Department.		2001 ■ Establishment of Ministry of the Environment.	● ISO Council launches feasibility study on establishing international CSR standards.
● Establishment of Compliance Committee.		■ Enactment of Law Concerning Special Measures against PCB Waste.	2002 ■ World Summit for Sustainable Development convened in Johannesburg.
		■ Enactment of Fluorocarbons Recovery and Destruction Law.	■ 8th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP8) convened in New Delhi.
2002 ■ Establishment of medium- to long-term environmental activity goals.		2002 ■ Ratification of Kyoto Protocol.	● GRI Sustainability Reporting Guidelines Version 2 released.
		■ Enactment of Soil Contamination Countermeasures Law.	2003 ■ First study meeting held to discuss treaty on safety of radioactive waste management.
		● Nippon Keidanren revamps Keidanren Charter of Corporate Behavior into Corporate Behavior Charter.	■ 9th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP9) convened in Milan.
		● First meeting of CSR Standardization Committee held by Ministry of Economy, Trade and Industry.	2004 ● Tenth item (on corruption prevention) added to United Nations Global Compact.
2003 ● Establishment of Construction Business Act Compliance Committee.		2003 ■ Trial project for trading of greenhouse gas emissions implemented by Ministry of the Environment.	■ 10th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP10) convened in Buenos Aires.
2004 ● Joined United Nations Global Compact initiative.		■ Emissions standards for diesel vehicles tightened.	2005 ■ Kyoto Protocol goes into force.
● Establishment of Managing Board for Innovation in the Nuclear Business.		■ Revision of Waste Management and Public Cleansing Law.	■ 11th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP11) and the 1st Meeting of the Parties to the Kyoto Protocol (COP/MOP1) convened in Montreal.
2005 ● Introduction of Executive Officer system.		● Japan Committee for Economic Development releases 15th Corporate White Paper, entitled, "Evolution of Market and Social Responsibility-Minded Business Management."	2006 ● GRI Sustainability Reporting Guidelines Version 3 released.
● Establishment of Internal Audit Department.		2005 ● Enactment of Act on the Protection of Personal Information.	■ 12th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP12) convened in Nairobi.
● Establishment of CSR Center.		2006 ● Enactment of New Company Law.	■ EU announced target of reducing CO <sub>2</sub> emissions by 20% compared to 1990 levels by 2020.
● Establishment of Order Compliance Committee.		● New National Energy Strategy formulated.	2007 ■ Fourth Assessment Report released by the United Nations Intergovernmental Panel on Climate Change (IPCC).
2006 ■ Acquisition of ISO 14001 certification by Head Office (including branch offices).		2007 ■ 21st Century Environmental Nation Strategy formulated.	2009 ● The Green New Deal advocated by the U.S. is embraced by countries across the globe.
● Establishment of CSR Committee.		● Enactment of the revised Consumer Products Safety Law.	2010 ■ 15th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 15) convened in Copenhagen.
● Establishment of CSR Department.		2008 ● Application of internal control report system based on the Financial Instruments and Exchange Act (J-SOX) started.	
2007 ● Establishment of CSR Action Guidelines.		● Holding of the G8 Hokkaido Toyako Summit.	
2008 ● Development of CSR Action Plan.		■ Revision of Act Concerning the Rational Use of Energy.	
		2009 ■ Revision of Soil Contamination Countermeasures Law.	

### Masayasu Kitagawa

Professor, The Okuma School of Public Management, Waseda University



I was impressed by the fact that in the Dialogue the President offered an honest account of past mistakes and an analysis of the current status and future goals of the company based on those mistakes. The sincerity of this stance has given deeper meaning and weight to MHI's corporate policy emphasizing the ten principles in the four areas of anti-corruption, human rights, labor and environment laid out by the United Nations Global Compact, which MHI has endorsed. I could sense the company's spirited commitment to creating a system of compliance not limited to Japan but worldwide based on international standards, in contrast to settling for a passive stance of seeking compliance simply because the rules exist.

Almost without exception, centuries-old companies possess their own creeds that have become deeply rooted internally and externally. They also possess lofty aspirations that remain unchanged over the short-term, deep principles, mechanisms that dispassionately and objectively reflect current circumstances and a system that keeps them functioning. There is much to learn from the process through which a company becomes a brand in its own right by achieving sales and profit as well as by pursuing social contribution activities that transcend the immediate concerns of stakeholders, such as supporting local community development and cultivating culture and the arts.

We are living in times of great upheaval, in which our value systems are undergoing fundamental changes, as represented by the IT Revolution, Energy Revolution, Financial Revolution and degradation of the Earth. A sustainable corporation must maintain an organization and system of execution for its aspirations and principles to become a brand in its own right. How well does this CSR Report communicate and encourage understanding of the principles of top management based on the corporate creed, not only among employees and stakeholders but in Japan and abroad as well? While the report has steadily evolved over the years, I feel it is still somewhat inflexible. Further improving the CSR Report will require the company to listen carefully to the broad opinions of society and collaborate with stakeholders. I hope that will lead to the next level of improvement in the CSR Report as an opportunity for collaboration. If the Report can go beyond the values of ethics, commitment, technological capability, responsiveness, and so forth to the extent of emanating a subtle sense of security and reliability, it will enter a completely new dimension and add even more value to MHI as a long-standing company.

### Kumi Fujisawa

Vice President, Think Tank SophiaBank



This was my first opportunity to read the CSR Report. President Omiya explained in the opening Dialogue that "MHI declares in its creed that we are obligated to be an innovative partner to society." I agree; this indeed constitutes the essence of a company's social responsibility. At the same time I felt strongly that the very existence of a company such as MHI was a source of pride for the Japanese. There was a time when the term "CSR"—an imported foreign concept—led to praise for activities akin to a penance, in which companies directed profits into social contributions that were not necessarily connected to their core business. The social purpose of MHI's core business, however, is squarely presented in the feature article of this Report, along with the corporate creed.

Having reviewed the corporate creed, I took it upon myself to re-read "*Zuiji Zuidai* (Topics of the Time)," a collection of observations by Koyata Iwasaki, the fourth president of the Mitsubishi conglomerate. Whenever Mr. Koyata spoke of Mitsubishi's business, he used the words, "society" and "state." I was impressed that this was indeed a company that has squarely carried the spirit of contributing to society through its core business.

Then I came upon this question—why then is it necessary for MHI to publish a report under the title of a CSR Report? The company could just as well publish an Annual Report that doubles as a business report aimed at all stakeholders. If the company's core business is essentially the same as its social contribution, there should be no difference between the two.

Mr. Koyata Iwasaki also repeatedly commented on enhancing the personality and integrity of the people who worked at Mitsubishi. This Report introduced us to the various initiatives and opinions of employees with regard to their contribution to society beyond the core business. However, if the Report had presented us with the aspirations and sense of social purpose felt by employees in the work they do for the company, it would have provided us with a greater feeling for the strong connection between the company's core business and its contributions to society.

I look forward with great expectation for a Report that provides us with a look into the future of working people, precisely because MHI is a company that is at work building the foundations of future society, not just in Japan, but around the world.

## Acting on Valuable Opinions



**Katsuhiko Yasuda**

Director, Executive Vice President in charge of CSR

As a manufacturing company, MHI contributes to the future of people and the Earth through the provision of equipment related to energy and environmental protection as well as numerous products and technologies that support social infrastructures. Each year in our CSR Report we disclose the company's newest initiatives as our way of communicating our pride in and responsibility toward manufacturing. This year, in response to the opinions we received last year, we incorporated several new features to make the Report easier to read and understand. For example, we included a message from the President in dialogue format, provided more opportunities for presenting the voice of external stakeholders, introduced comments by employees—who take the lead in CSR—and added new items for disclosure.

This year, we received positive responses from Mr. Kitagawa and Ms. Fujisawa to the President's comments

on MHI's aspirations to contribute to society through our core business and our concrete efforts in that direction. Especially in these times of great changes, we hope to meet the expectations held of us by focusing once again on the spirit of our corporate creed and maintaining that aspiration within the hearts of every employee in pursuing our business. To this end, we will consider creating opportunities for collaboration between stakeholders inside and outside the company based on Mr. Kitagawa's advice and for presenting employee aspirations toward our business, following Ms. Fujisawa's suggestion.

Going forward, we will continue to accord CSR the central position within our management structure in order to achieve growth as a global company that is trusted by its stakeholders everywhere.

Locations (as of July 1, 2010)

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### Headquarters and Divisions

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#### Air-Conditioning & Refrigeration Systems Headquarters

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#### Industrial Machinery Business, Technology & Solutions Division

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### Works

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Fax: 81-95-828-4034

#### Kobe Shipyard & Machinery Works

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#### Shimonoseki Shipyard & Machinery Works

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#### Takasago Machinery Works

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#### Nagoya Guidance & Propulsion Systems Works

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#### Mitsubishi Minatomirai Industrial Museum

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