



# MHI CSR DATABOOK 2015

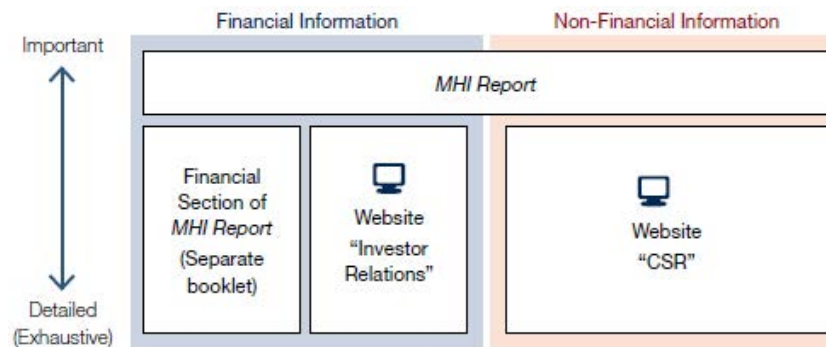
MITSUBISHI HEAVY INDUSTRIES GROUP CSR Initiatives  
(PDF version)

For the Year Ended March 31, 2015

## Disclosure

### Structure of Information Disclosure

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



Please see the Financial Section of MHI Report, provided as a separate booklet, for more detailed financial information.

[http://www.mhi-global.com/finance/library/annual/pdf/report\\_2015\\_financial.pdf](http://www.mhi-global.com/finance/library/annual/pdf/report_2015_financial.pdf)

For detailed CSR information, please see the "CSR" section of our website.

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

### Reference Guidelines

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

### Forward-Looking Statements

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

### MHI Group's CSR

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# MHI Group's CSR

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

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

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## Strategy

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## Policy

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## CSR Concepts and Actions

MHI Group CSR Action Guidelines (formulated July 2007)

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

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

#### Close ties with the Earth

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

#### Close ties with Society

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

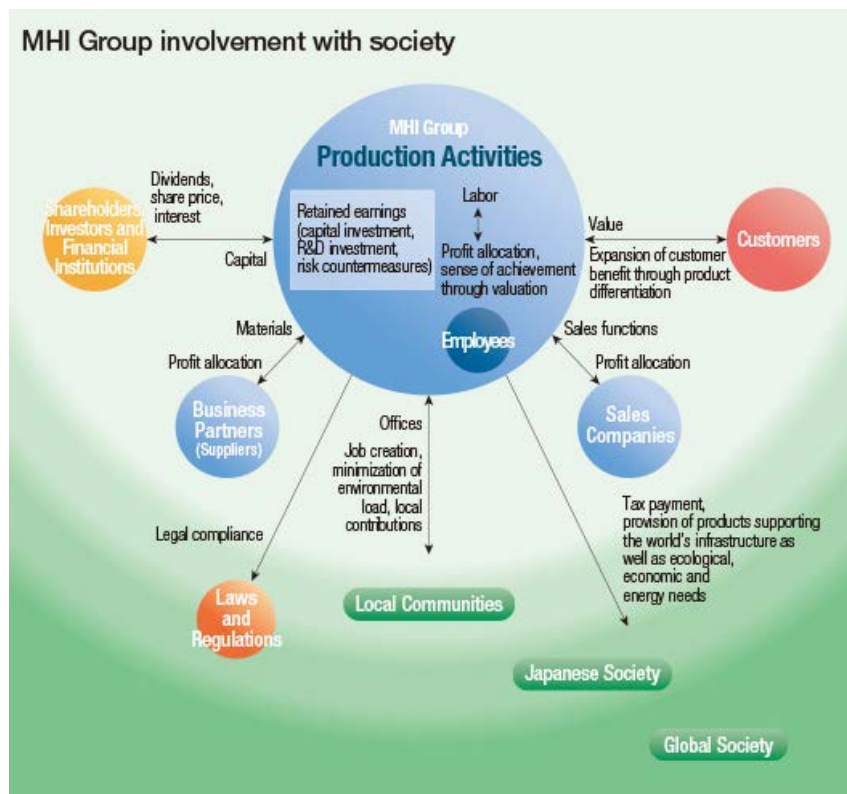
#### A bridge to the next Generation

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

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

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

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



## Participation in the UN Global Compact

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

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

### The Ten Principles of the Global Compact

#### Human Rights

##### Principle 1

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

##### Principle 2

make sure they are not complicit in human rights abuses.

#### Labour Standards

##### Principle 3

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

##### Principle 4

the elimination of all forms of forced and compulsory labour;

##### Principle 5

the effective abolition of child labour; and

##### Principle 6

the elimination of discrimination in respect of employment and occupation.

#### Environment

##### Principle 7

Businesses should support a precautionary approach to environmental challenges;

##### Principle 8

undertake initiatives to promote greater environmental responsibility; and

##### Principle 9

encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

##### Principle 10

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

## Undertaking ISO 26000-Focused Initiatives

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

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

#### 1. Organizational governance

Organizational governance

- Current Status of Corporate Governance and Internal Controls

#### 2. Human rights

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

- Commitment to Our Employees
- Promoting CSR Procurement

#### 3. Labour practices

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

- Commitment to Our Employees

#### 4. The environment

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

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

#### 5. Fair operating practices

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

- Compliance
- Fair Dealing

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

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

- Commitment to Our Customers

#### 7. Community involvement and development

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

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

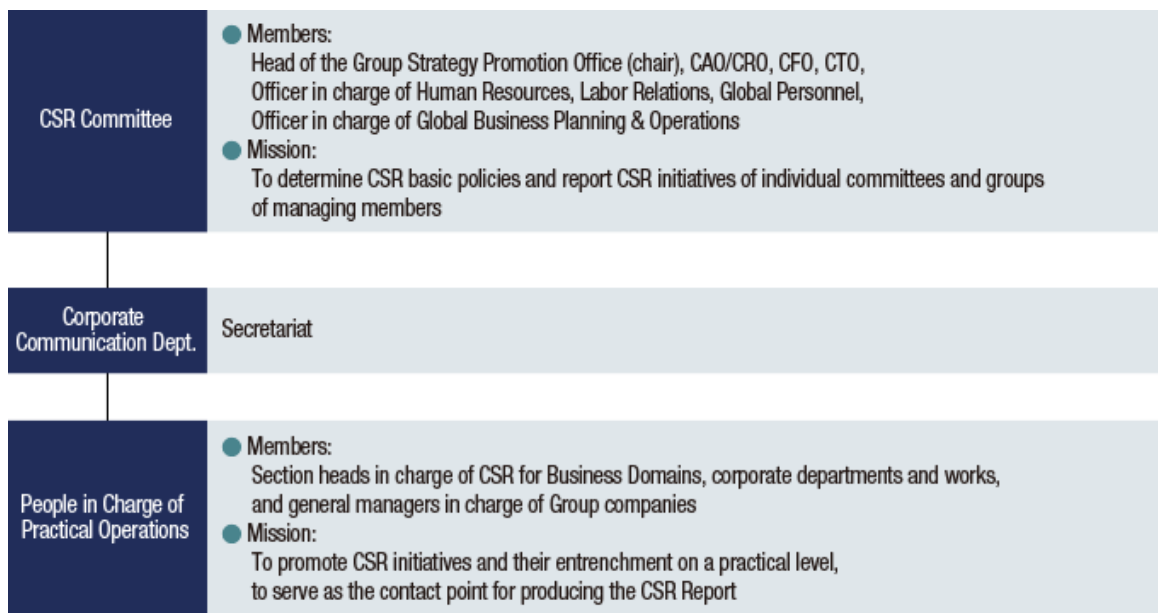
## Promoting Comprehensive and Strategic CSR Activities

### Promoting more business-integrated CSR activities

In October 2006, the company set up the CSR Committee, chaired by the President, and the CSR Department, which reports directly to the President, in order to strengthen CSR-oriented management. In October 2012, these functions were moved to the Corporate Communication Department of the Presidential Administration Office (Corporate Communication Department in Business Strategy Office) in order to consolidate CSR, public relations, advertising, and other stakeholder communication functions and thus promote more business-integrated CSR activities. Business-integrated CSR activities are those that not only use products and technologies to contribute to the resolution of environmental and other social issues but also prevent or reduce negative impact and increase positive impact on society via efforts to address social issues in all business processes.

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

#### CSR Promotion System (as of April 1, 2015)



### Cultivating CSR awareness through CSR Sessions

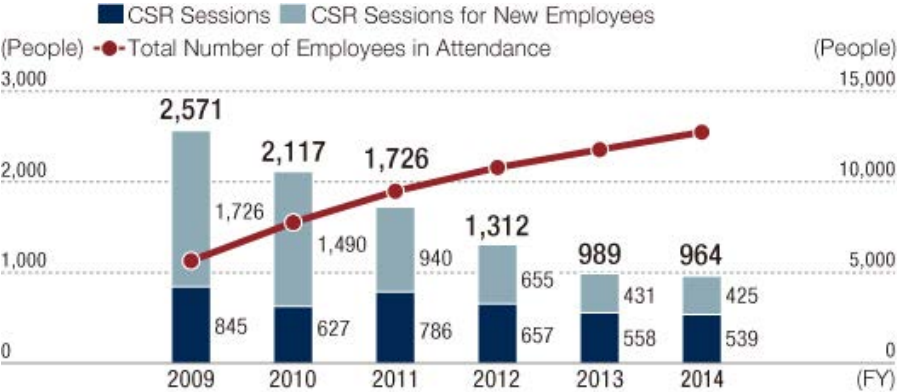
CSR sessions aimed at deepening employees' awareness of CSR were held successfully at each site and at a number of Group companies in fiscal 2014 and 539 people participated. CSR sessions for new employees were held at all works, including the Head Office, and 425 people participated in fiscal 2014. CSR sessions and CSR sessions for new employees have been taking place for eight years since fiscal 2007 and a total of 12,765 people have now received the sessions.

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

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



**Number of current and new employees who attended CSR sessions(Note)**



(Note) Includes employees from certain Group companies



CSR sessions at Kobe Shipyard & Machinery Works

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

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

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

In fiscal 2014, MHI also cooperated with Plan Japan, and international NGO, to provide science laboratories and profit teacher and student training at eight elementary and junior high schools in the southern Indian district of Hyderabad. In India, where corporate social responsibility has become obligatory, MHI plans to continue activities aimed at encouraging children's desire to learn about scientific topics and cultivating the next generation of engineers.

In fiscal 2014, the year the system was launched, MHI developed and implemented social contribution activities designed to encourage employees from all works and facilities to get involved in volunteer programs. For example, the Biwajima Plant, which belongs to the Air-Conditioning & Refrigeration divisions of Machinery, Equipment & Infrastructure domain, received support from the Toki-Shonai River Support Center - an NPO that works in community development and river maintenance throughout the watershed of the Shonai River, which flows near the plant, and the Toki River, the name of the upstream portion of the same river - to run a booth for making reusable chopsticks at the plant's community event (Family Festival). Wood obtained by thinning cedar, cypress, and other tree species from forests at the source waters of the Toki-Shonai River was used to make the chopsticks. Since participants could make their own one-of-a-kind chopsticks, the booth was a big success and allowed time for employees to enjoy interacting with members of the local community. This event included, in fiscal 2014 MHI supported the activities of 15 organizations working in such varied fields as education, social welfare, environmental conservation, culture, the arts, and sports.

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



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



Inside the aerospace laboratory (Nagoya Aerospace Systems Works)

#### ■ List of support recipients in fiscal 2014

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

## Identification of material issues

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

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

A graphic titled "Material issues identified" with a teal header and a light blue background. It lists three main categories of material issues, each with sub-points. At the bottom, there is a silhouette of a city skyline.

**Material issues identified**

- 1. An optimal governance structure based on our corporate culture**
  - An optimized organization to continually contribute to society through business
  - The assurance of fair operating practices and appropriate labor practices
- 2. The use of global human resources**
  - The attraction and development of human resources with the ability to respond to globalization
  - Diversity and equal opportunity, including the empowerment of female employees
- 3. Response to mega trends**
  - Innovation and quality control to meet global needs
  - Enhanced safety and security, including improved information disclosure and transparency

## Activities of Major Related Committees in Fiscal 2014

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

At the 16th Session of the CSR Committee, which took place in June 2014, reports were given on the results of CSR initiatives in fiscal 2014 and plans for fiscal 2015. At the 17th session of the CSR Committee, held in February 2015, the Committee decided on specific issues to serve as priority issues in which the Company should prioritize its initiatives toward. These issues were announced internally and externally in April of the same year.

In light of the Committee's decision, each corporate division and domain will plan and promote various polices under the aim of improving corporate value by reforming corporate governance, enhancing diversity management, and responding to megatrends.



The 17th Session of the CSR Committee, February 2015

### Compliance Committee: Discussing corporate-wide compliance promotion plans

While accelerating the globalization of MHI Group business activities, in order to reinforce compliance activities, MHI integrated the "Risk Management & Compliance Committee" promoting risk management and general compliance and "Business Compliance Committee" promoting compliance with antitrust /anti-bribery laws and the Construction Business Act, into the "Compliance Committee."

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

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

The 2014 Environmental Management Promotion Plan outlined the strengthening of measures to eliminate accidents which pollute the environment, power usage reduction activities and promotion of the Third Environmental Targets, and each works, plants and districts implemented measures to meet these targets. Discussions were also held on the implementation of environmental meetings, and the committee has held initiatives for Group-wide promotion of consolidated environmental management. Furthermore, it deliberated on implementing plans for environmental audits of works, plants and districts for the purpose of continually reducing environmental risks and thoroughly complying with environmental laws and regulations. The committee aims to improve the management level at each works, plants and districts by following up on the outcomes of those actions.

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

MHI set up the Committee for Raising Awareness of Human Rights in 1992 to promote the establishment of a sound workplace in which every employee correctly understands the issue and respects the human rights of others. Chaired by the director in charge of personnel and with the membership of general managers in charge of personnel of each works, the committee endeavors to raise awareness of human rights, share information and promote human rights training.

In fiscal 2014, the committee continued to implement a training program for raising awareness among new recruits, newly appointed managers and supervisors. In an effort to strengthen the company's response as a whole to sexual harassment and "power harassment" (workplace bullying & harassment). In addition to continuing with training programs targeting Group company executives that commenced in fiscal 2011, the committee reinforced initiatives aimed at addressing sexual harassment and "power harassment" by taking the lead in setting up a new external consultation desk for Group companies in Japan.

In fiscal 2014, the committee continued their efforts to expand employment through proactively advancing recruitment by using its website "mano a mano" in Spanish or "hand to hand," which was created to support the employment of differently-abled people while coordinating with local job-placement offices and skill-building schools for differently-abled people, holding meetings with employment officers, setting employment rate targets within the company. As a result, as of June 1, 2015, MHI's figure was 2.22 percent, which exceeds the statutory employment rate of 2.0 percent.

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

MHI is aware that export controls complying with export-related laws and regulations, such as the Foreign Exchange & Foreign Trade Control Act, are taking on greater importance. Since its inception, the International Trade Control Committee has been convened regularly on a monthly basis, and has reached 328 times (as of March 2015). Through the Committee's activities, MHI carries out stringent screening for the transfers of controlled technologies as well as exports of controlled commodities, or transactions designated to nations and regions which have concerns or are subject to international sanctions, in order to prevent our technologies and commodities from being used for nefarious purposes, such as for weapons of mass destruction. The Committee also draws up and revises effective rules, promotes internal audits and conducts consultations and education activities.

In fiscal 2014, MHI continuously promoted e-learning programs for all employees in our export business and saw around 1,700 staff participating. Further training sessions were regularly held for employees responsible for each division and, in addition to conducting training on topics such as highlights of export controls, recent legal changes, and U.S. re-export legislation, employees shared information about past examples of both successful and mistakable export control management, and discussed examples of mistakes that can easily be made in order to deepen their understanding of the issues. English versions of the e-learning materials have also been created to provide support for export control management at overseas subsidiaries.

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

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

#### Activities in Fiscal 2014

In fiscal 2014, the Nuclear Safety Steering Committee reported on and held debate over the status of efforts to foster and promote a nuclear safety culture and efforts toward resuming operations at nuclear power plants. The committee concluded that, as one of the missions of MHI is to communicate the fact that nuclear power is a necessary technology for Japan, the Company will engage in initiatives to support all types of nuclear power technology, regardless of reactor type, with resolve going forward.

## CSR Action Guidelines

### CSR Action Guidelines

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

Close ties with the Earth

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

Close ties with society

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

A bridge to the next generation

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

### Specific Guidelines

Close ties with the Earth

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

Close ties with society

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

Bridge to the next generation

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

## MHI Group Global Code of Conduct

MHI Group Global Code of Conduct sets out principles that all MHI employees must adhere to

MHI advanced "Compliance Principle" set out in 2001 to "MHI Group Global Code of Conduct" in May 2015.

As a global company, MHI employs thousands of individuals from different backgrounds, nationalities and cultures. This diversity of talent and perspectives is one of our greatest assets. At the same time, however, MHI as a company must operate with a single corporate culture that enables it to compete successfully in the global market while maintaining our reputation as a company of high integrity and ethics. The Code of Conduct describes how MHI employees should conduct themselves.

## Basic Policy on Human Rights

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

### MHI Basic Policy on Human Rights

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

## Other Policy

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Privacy Policy

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

Policy of Safety and Health

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

Environmental Management Promotion System

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

Procurement Policy

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

MHI Group Supply Chain CSR Promotion Guidelines

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

Basic Policy Concerning Conflict Minerals

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

Fulfilling our Policy on Social Contribution Activities

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

# Governance, the Environment, and Society

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

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

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## Governance

- 16 Current Status of Corporate Governance and Internal Controls
- 18 Compliance
- 22 Risk Management
- 23 Secure Safeguarding of Proprietary Information

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## Environment

- 25 Environmental Management
- 34 Targets and Progress
- 37 Material Balance
- 38 Environmental Accounting
- 39 Countermeasures against Global Warming
- 45 Resource Conservation, Waste Management and Water Resources
- 49 Management of Chemical Substances
- 52 Products and Technologies that Reduce Environmental Impact

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## Contributions to Society

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- 58 Commitment to Our Shareholders and Investors
- 61 Commitment to Our Employees
- 69 Commitment to Our Customers
- 75 Social Contribution Activities



## Current Status of Corporate Governance and Internal Controls

### Further strengthening corporate governance by transitioning to a company with an Audit and Supervisory Committee

MHI transitioned to a company with an Audit and Supervisory Committee by approval at the Ordinary General Meeting of Shareholders in June 2015. Of the 14 directors (of whom five are Audit and Supervisory Committee members), five (of whom three are Audit and Supervisory Committee members) are appointed from outside the Company. MHI strives to enhance management oversight by seeking useful advice and objective criticism concerning the Company's management from its outside directors. As provided in the Company's Articles of Incorporation, in accordance with a resolution by the Board of Directors, the Company delegates important decisions on business execution to the president and CEO (Note1). In addition to facilitating swift decision making and flexible business execution, this arrangement enables the Board of Directors to focus on its role of supervising business execution.

MHI introduced a chief officer system in April 2014. Under this system, the CEO (president and CEO) delegates part of his authority and responsibilities to various chief officers, including the domain CEOs (president and CEO for each of the domains), the CFO, CAO/CRO (Note2), and the CTO (Note3). Under this arrangement, the CEO takes charge of overall business strategies and issue-response initiatives, and the domain CEOs take control of executing businesses within their individual domains based on overall Group strategies. The CFO takes charge of finance, accounting and procurement, and sourcing, including management planning; the CAO/CRO handles administration, including management audit, general affairs, legal affairs, personnel, and risk management; and the CTO handles technology, innovation, and information and communication technologies. In addition, the CFO, CAO/CRO, and CTO have companywide authority to give instructions and commands and provide support to business domains.

In this business execution structure that focuses on the CEO (president and CEO) and other chief officers, the Executive Committee has been established as a forum for discussing important matters related to business execution. This move allows for a more cohesive approach to discussion as part of the operational execution framework and consequently leads to more appropriate management decisions and business execution.

In addition, MHI has established various committees to ensure thorough risk management and compliance.

(Note1) CEO : Chief Executive Officer

(Note2) CAO / CRO : Chief Administrative Officer/Chief Risk Officer

(Note3) CTO : Chief Technology Officer

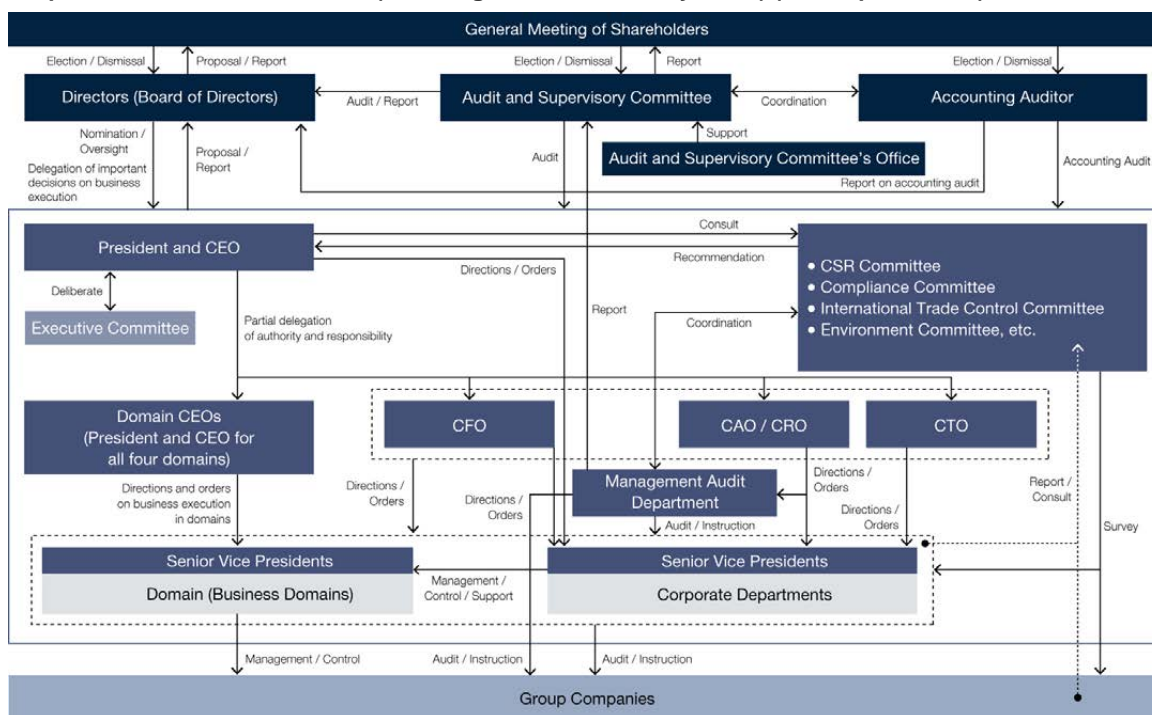
The Company's Audit and Supervisory Committee is composed of five directors, of whom a majority of three are outside directors. To ensure the effectiveness of the Audit and Supervisory Committee's activities, two full-time members of the Audit and Supervisory Committee are mutually selected by the committee's members. The full-time members of the Audit and Supervisory Committee attend meetings of the Executive Committee and other key meetings related to business planning, enabling them to accurately assess the status of management in a timely manner. As part of the audit, Audit and Supervisory Committee members make sure the execution of directors' duties comply with laws and regulations and the Articles of Incorporation and ascertain whether or not business operations of the Company are being executed appropriately by conducting spot checks and verifying compliance with relevant laws and regulations, and by monitoring the status of the establishment and operation of internal control systems, including those in relation to financial reporting. Furthermore, one member of the Audit and Supervisory Committee has extensive knowledge of finance and accounting from many years of business experience in the accounting and finance departments.

The Audit and Supervisory Committee periodically exchanges information and opinions with the Management Audit Department and accounting auditors, and it collaborates closely with them in other ways, including receiving audit results and attending accounting audits. Audit and Supervisory Committee members also receive reports from the internal control department and other departments concerning the status of compliance, risk management, and other activities on a regular basis and individually. To support auditing activities, an Audit and Supervisory Committee Office has been set up with its own dedicated staff of six to facilitate the work carried out by the Audit and Supervisory Committee.

■ Outside Directors and Statutory Auditors and Reasons for their Appointment

Officers	Name	Field / Affiliation	Reason for appointment
Outside Director	Yorihiko Kojima	Chairman of the Board of Mitsubishi Corporation	Mr. Yorihiko Kojima was appointed to the position of Outside Director since he has provided beneficial views and candid assessments on the management of MHI as an Outside Director based on his considerable experience as a business manager, and it is desired that he continues his contribution to improving the soundness and transparency of the decision-making process.
	Naoyuki Shinohara	Professor at the University of Tokyo's Policy Alternatives Research Institute	Mr. Naoyuki Shinohara was appointed to the position of Outside Director since he has wide range of his insights related to financial policy gained as a regulator and his global perspective gained as an International Institution Executive, even though he has not been directly involved in corporate management. Based on these, it is desired that he will contribute to the soundness and transparency of the Company's management decision-making by means of his advantageous views and frank indications to the Company's management as an Outside Director.
Outside Statutory Auditor	Christina Ahmadjian	Professor of Hitotsubashi University Graduate School of Commerce and Management	Ms. Christina Ahmadjian was appointed to the position of Outside Director since she has provided beneficial views and candid assessments on the management of MHI as an Outside Director from her global perspective based on her extensive knowledge regarding such fields as corporate governance and management, acquired through her experience as a researcher, even though she has not been directly involved in corporate management except for acting as an Outside Director. Based on this, it is desired that she continues her contribution to improving the soundness and transparency of the decision-making process.
	Nobuo Kuroyanagi	Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mr. Nobuo Kuroyanagi was appointed to the position of Outside Statutory Auditor since he has provided beneficial views and candid assessments on the management of MHI as an Outside Statutory Auditor based on his considerable experience as a business manager, and it is desired that he continues his contribution to ensuring sound and appropriate management.
	Shinichiro Ito	Chairman of the Board, All Nippon Airways Co., Ltd.	Mr. Shinichiro Ito was appointed to the position of Outside Statutory Auditor since it is desired that he makes a contribution to ensuring sound and appropriate management by providing his beneficial views and candid assessments on the management of MHI, based on his considerable experience as a business manager.

Corporate Governance Structure (including internal control systems) (as of April 1, 2015)



Strengthening the internal control systems

In compliance with legal requirements, the MHI Board of Directors has determined a basic policy for internal control systems. The company is promoting the strengthening of areas including the oversight function of the Board of Directors, management systems in response to risk types, increasing the effectiveness of compliance including a whistleblower system, management systems between MHI and Group companies and a system which permits effective auditing by Audit and Supervisory Committee. MHI is striving to strengthen these initiatives through internal audits and the PDCA management cycle. The designs and operations of internal controls are monitored annually through internal audits, in line with the internal audit policy which was formulated by the Management Audit Department. Under the internal control reporting system regarding financial reporting, which is stipulated by the Japanese Financial Instruments and Exchange Law (also known as J-SOX), the Management Audit Department and the internal audit divisions of our manufacturing works carried out assessments of the design and operation of the internal controls and concluded that as of the end of March 2015, the MHI Group's internal controls over financial reporting were functioning effectively. The accounting auditors concurred with this assessment. Every year at the Board of Directors meeting, the current status of initiatives concerning the establishment of internal control systems is reported in order to confirm the effectiveness of our internal control systems.

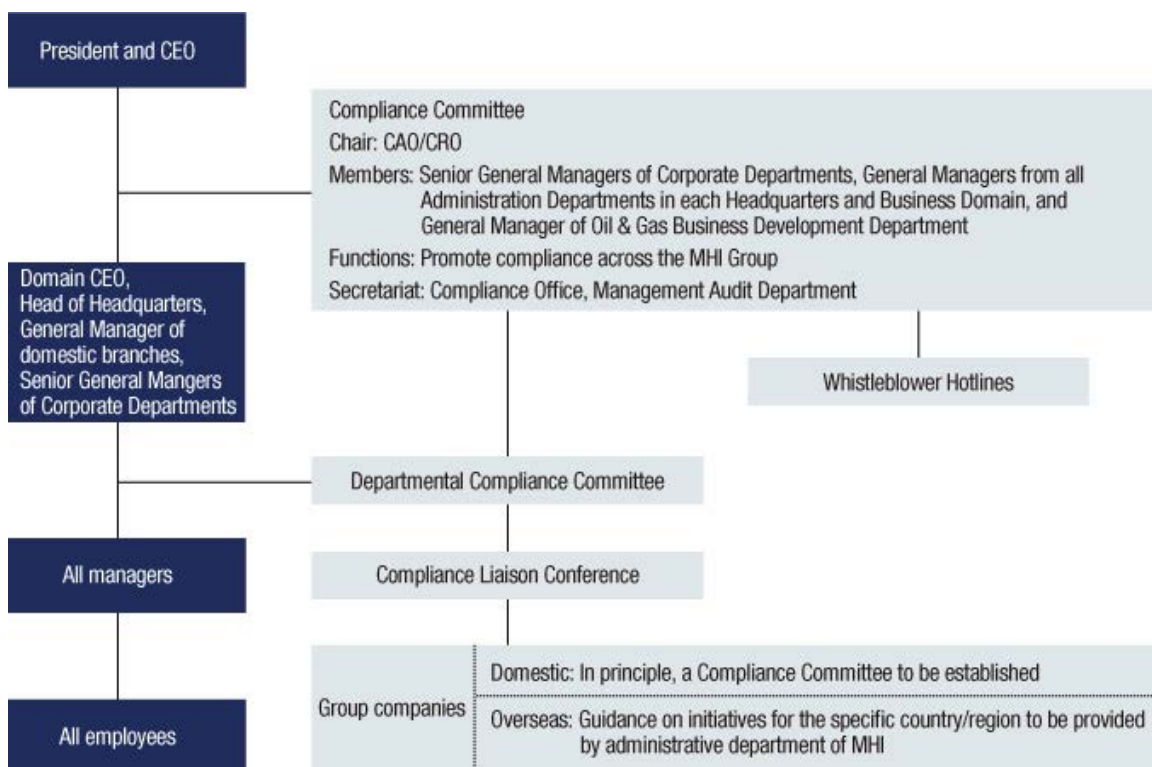
## Creating a Structure to Promote Compliance that Encompasses the Entire Group

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

MHI's Compliance Committee was established in May 2001 to strictly observe applicable laws and social norms and to promote fair and honest business practices (altered to the Risk Management & Compliance Committee in December 2012, and integrated into Compliance Committee in April 2015). This committee is chaired by the CAO/CRO, and its members consist of senior general managers of Corporate Departments, general managers from all administration departments in each headquarters and business domain, and general manager of Oil & Gas Business Development Department. The committee meets twice annually to draw up company-wide compliance promotion plans, confirm progress, and engage in other activities.

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

#### Compliance Promotion System (as of July 1, 2015)



## Implementing internal and external whistleblower hotlines for all employees and clients

A hotline has been established specifically for business clients and employees (including contract employees) of MHI and all Group companies, who wish to report or discuss potential unlawful or dishonest acts they have come upon. Contact can be made through email, in writing, and so on. The Compliance Committee will promptly investigate the reported information including report to the CAO/CRO if necessary. Information on what should be reported is contained in MHI Group Portal distributed to all employees and in bulletins published in-house.

Furthermore, in order to increase choices for informants on compliance, the External Hotline was established in December 2011 in addition to the internal hotline. This was followed by the sequential establishment of Harassment Contact Hotlines inside and outside of the company starting in January 2012 as a measure to respond to "power harassment" (workplace bullying & harassment), which is becoming an increasingly serious social issue.

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

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

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

## Establishing an external whistleblower hotline

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

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

## Ensuring transparency and legality in order-receiving activities

While accelerating the globalization of MHI Group business activities, in order to reinforce compliance activities, MHI integrated the "Risk Management & Compliance Committee" promoting risk management and general compliance and "Business Compliance Committee" promoting compliance with antitrust /anti-bribery laws and the Construction Business Act, into the "Compliance Committee."

With respect to correcting order-receiving activities, in fiscal 2013 MHI entered into a plea agreement with the U.S. Department of Justice concerning the U.S. antitrust laws in connection with the sales of compressors and condensers for automotive air conditioning systems. To date, MHI has continued every effort to raise compliance awareness and to prevent recurrence. Specifically, to ensure thorough legal compliance in MHI and its group companies in Japan and overseas, MHI has reinforced compliance trainings, including antitrust training sessions with educational videos and lectures by lawyers and e-learning programs. In addition, MHI has also introduced a host of measures to prevent recurrence.

Among its principal activities in fiscal 2014, MHI fostered a thorough understanding of compliance by conducting compliance training sessions and promoting e-learnings about antitrust and anti-bribery laws in MHI and its group companies. Total attendees to the training sessions since 2012 to date from Japan and abroad have numbered over 6,000. Further, MHI has continued its efforts to improve the compliance system through revising the internal compliance rules and conducting the monitoring for MHI and MHI group companies.

Regarding the Construction Business Act, while revising our system of operational bases in line with our transition to a domain-based business structure and proceeding business spin-offs, we have promoted education and awareness-raising and monitoring activities.

In fiscal 2014, to maintain and further augment the level of compliance at Group companies, we performed system monitoring at 5 of the 50 companies that have maintained construction business permissions. We also conducted onsite monitoring of construction at 18 sites. Furthermore, we held Construction Business Act training sessions a total of 10 times at MHI works that were attended by 971 people, including employees of Group companies.

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

## Improving Compliance Principles/Guidelines

### MHI Group Global Code of Conduct sets out principles that all MHI employees must adhere to

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

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

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

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

Following on from the previous fiscal year, we continued to monitor both MHI and the Group's domestic and overseas companies in fiscal 2014, to confirm the status of the establishment and management of their anti-bribery systems.

When necessary, we implemented guidance on how to improve these systems. We are also promoting anti-bribery education at both MHI and the Group's domestic and overseas companies.

Furthermore, through the MHI Group Global Code of Conduct established in May 2015, we are thoroughly engaged in preventing bribery toward all Group directors and employees.

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

### Firm responses to antisocial forces

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

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

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

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

## Compliance Training and Increasing Awareness

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

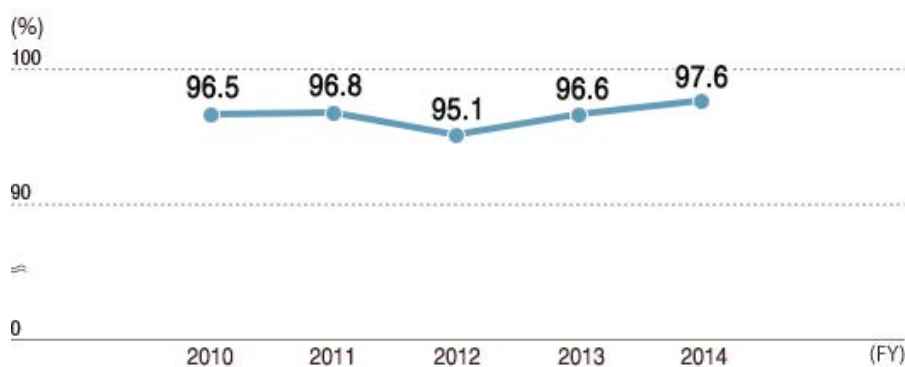
Discussion-based compliance promotion training sessions for all employees have been carried out in all MHI worksites since fiscal 2003.

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

Since fiscal 2013, the compliance training program included awareness education through e-learning sessions in the first half. In the second half of fiscal 2014, the program included training via a discussion-type format. Around 82,000 people participated, amounting to more than 95 percent of MHI Group employees. Of particular note in the second half were discussions themed on problem of "power harassment" (workplace bullying & harassment) and confirming the importance of Superior's guidance, employee's duty and communication.

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

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



FY	2010	2011	2012	2013	2014
Rate of attendance	96.5%	96.8%	95.1%	96.6%	97.6%
Number of participants	32,211	32,333	34,972	75,871(Note)	82,292(Note)

(Note) All employees of MHI Group companies

### Yearly compliance awareness survey

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

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

## Risk Management

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

MHI precisely comprehends risks throughout the Group and is carrying out measures to steadily reduce these risks. In fiscal 2014, based on discussions between the CAO/CRO, the General Manager of the Management Audit Department, and the General Managers of each business domain and Corporate Departments, MHI identified the important risks to each segment and department, and worked to enhance its risk management system throughout the Group by strengthening overall risk management activities for important risks mentioned above and by developing a risk management system that combines controls centered on voluntary management and assessments by process owners (Note) and monitoring by the Management Audit Department. Among the important risks, they have identified "serious management risks" that have the potential to significantly affect operations of the company or require an emergency response for management at a senior-management level and assigned a corporate director to oversee their control.

In fiscal 2015, we will continue to develop our activities in line with the same risk management cycle used in the previous fiscal year.

Going forward, we aim to become a highly profitable company with annual earnings on a scale of 5 trillion yen. As risks are becoming increasingly larger in scale and more complex, we will engage in groupwide initiatives to improve risk sensitivity and strengthen our ability to respond to risks. In this way, we will work to achieve our goal.

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

## Secure Safeguarding of Proprietary Information

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

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

Using the manual and database to thoroughly protect personal information

In conjunction with the enforcement of the Act on the Protection of Personal Information in April 2005, MHI announced its own Privacy Policy and formulated Personal Information Protection Rules and the Personal Information Management Manual. In addition to making these items well-known throughout the Company, we have developed a personal information database registration system and utilize it as a means for consolidating the handling of personal data by registering all data owned by respective divisions. Furthermore, with the commencement of the "My Number System" (the social security and tax number system), MHI has established its own rules related to management of specific personal information in order to ensure adherence to all related laws. We are also taking necessary and appropriate measures for safety management.

Formulating and thoroughly enforcing rules related to information management

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

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

Preventing computer virus infection

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

Implementing employee training to enhance awareness of confidential information management

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



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

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

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

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

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

## Environmental Management Promotion System

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

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

### Basic Policy on Environmental Matters

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

### Action Guidelines

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

### Environmental Management Structure (as of April 1, 2015)



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

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

The Environmental Meetings with group companies held in fiscal 2014 reaffirmed the commitment of the companies to incorporating and promoting the Second MHI Group Environmental Targets. The Group will continue to work together towards attaining the targets.

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

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

The audits confirmed that issues identified by previous audits were being addressed and steps were being taken to improve the level of management.

## Initiating Environmental Meetings with group companies

Environmental Meetings have been carried out to unify environmental management across the entire MHI Group. The Environmental Meetings identify problems, propose measures for improvements, and work to enhance environmental protection, with the primary goal of ensuring the compliance of Group companies and strengthening the prevention of environmental pollution.

In fiscal 2014, Environmental Meetings were held for 6 companies that are incorporating themselves into MHI's ISO 14001 activities. The meetings confirmed the status of measures to prevent accidents that cause environmental pollution, the status of compliance with legal requirements, and the status of environmental management program promotion (plans for implementation), in addition to confirming that these companies were taking an appropriate response to these issues.

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

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

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

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

## Establishing and Operating an Environmental Management System

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

Since fiscal 2013, MHI has been progressing the creation and improvement of an environmental management system (EMS) in order to shift from registering each works for ISO 14001 certification on an individual basis to integrated companywide certification. In November 2014, the Company completed this transition. We have been working on the establishment of an EMS that is consistent throughout the company, and we are promoting environmental preservation activities and making efforts to implement initiatives that contribute to the realization of a sustainable society in a more reliable manner.

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

In fiscal 2014 (as of July 2015), 51 of our 76 domestic Group companies and 29 of our 151 overseas Group companies had received ISO 14001 and other EMS certifications.

[Related link](#)

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

At MHI, each works and plants formulates its own environmental education curriculum based on e-learning and other methods to provide environmental education to employees.

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

#### ■ Registered ISO 14001 Internal Auditors (as of April 1, 2015; Note)

FY	2010	2011	2012	2013	2014	2015
Number	815	847	980	995	982	998

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

## Initiatives to Preserve Biodiversity

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

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

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

#### Supporting conservation survey for loggerhead turtle in danger of extinction

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

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

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



Photo: The "Tanegashima Loggerhead Turtle Survey"



The Japan Committee for UNDB

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

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

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

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



Tree-planting activities at Takamikura Forest (Takasago Machinery Works)

### ■ Main programs undertaken in fiscal 2014

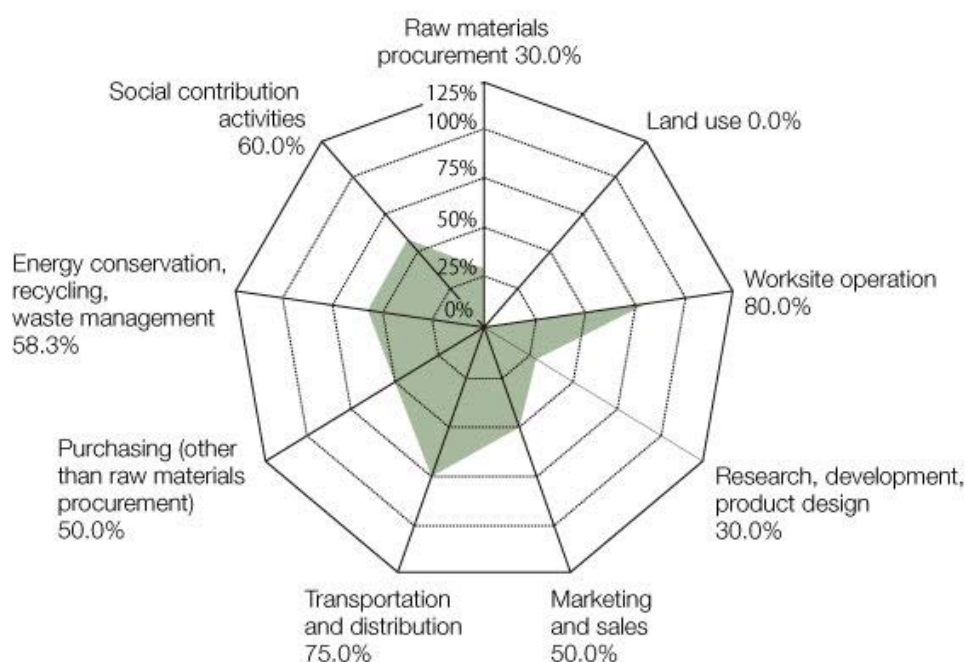
Work/business site	Date(s) conducted	Description
Head Office	June 27-29, July 4-6, 2015	Tanegashima Loggerhead Turtle Survey 12 employees participated in an identification survey for loggerhead turtles that came to land to lay eggs.
Kobe Shipyard & Machinery Works	May 10, October 25, 2014	Onaza forest (Kobe Shipyard & Machinery Works) Employees and others planted saplings and tended the forest, numbering 63 on May 10 and 61 on October 25.
Shimonoseki Shipyard & Machinery Works	November 28, 2014	Six employees participated in the planting of cherry blossom trees (shio-kaze cherry blossoms) in Ganryujima.
Takasago Machinery Works	April 17, 19, 2014	MHI Takamikura Forest On April 17, 2014, approximately 76 employees cleared away underbrush and set up signs for tree-planting areas in preparation for tree planting. On April 19, 2014, approximately 50 employees planted 150 trees (second time).
	June 24, September 27, 2014	Conducted maintenance by clearing away underbrush in the planting area. 21 employees participated on June 24, 2014, and 25 employees participated on September 27, 2014.
Hiroshima Machinery Works	June 7, 2014	Mori no Gakko 28 employees, including Group company employees, and their family members experienced forest thinning and other forest preservation activities.
Sagamihara Machinery Works	July 8, September 6, 19, 2014	Corporate Forestation Activities in the Yadorigi Forest A total of 96 people, including MHI and Group company employees and their families, experienced forest thinning and other forest preservation activities.
Meirei District	-	Participated in "Beaver Forest, Kihoku"
Ritto District	April 29, October 16, 2014	Forest management volunteering at Megumi no Mori forest Held jointly with the Konze Production Forest Union and Ritto-city Society of Commerce and Industry. 50 employees and others participated. Held with support from MHI's Funds for Community Engagement.
Ritto District	May 31, 2014	Participation in Lake Biwa non-native fish removal event Around 150 people, including MHI employees, participated in event to remove black bass, bluegill, and other non-native fishes.
Nagasaki Shipyard & Machinery Works	March 7, July 19, November 22, 2014	Agurinooka Environmental Preservation Activity A total of 35 people, including employees, cooperated with activities conducted by Farm Circle, an NPO. Activities included maintenance on assorted trees, nature observation walks, and shiitake mushroom hunting and cultivation, etc.

## Results of evaluation of corporate biodiversity activities

MHI supports forest conservation programs and carries out a wide range of other activities to promote biodiversity and nature protection. To obtain a measure of the impact our business activities have had on biodiversity preservation, we asked BirdLife International Tokyo (Note) to conduct an evaluation of our corporate biodiversity activities so we can determine the current state of these activities in fiscal 2012. The results are shown below. In FY2014, MHI provided education to the environmental affairs manager of each works, plants and districts through BirdLife, with educational content that included the aforementioned evaluation results and the latest trends and basic knowledge of biodiversity. Based on this, MHI incorporated biodiversity into the content of the ISO 14001 educational activities at its headquarters and works, and roughly 18,000 people have participated in these educational activities. In fiscal 2015, MHI will formulate guidelines and action plans related to consideration for biodiversity and promote biodiversity initiatives.

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

### Results of evaluation



### ■ Description of evaluation categories

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

## Executive Summary

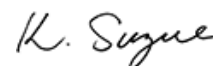
MHI's environmental conservation activities thus far have consisted of efforts made on the basis of the company's Basic Policy on Environmental Matters, Action Guidelines, medium- to long-term environmental targets, and, more recently, the MHI Environmental Vision 2030 formulated in June 2012. We commend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

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

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

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

Keiko Suzue  
 Doctor of environmental symbiotic studies  
 Representative Director, BirdLife International Tokyo



Makoto Kawanabe  
 Doctor of agricultural sciences  
 Executive Research Officer, BirdLife International Tokyo





## Controlling and Improving Response to Potential Environmental Impact Risks

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

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

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

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

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

As part of ongoing efforts to strengthen measures designed to eliminate environmental incidents, MHI established in fiscal 2013 "Guidelines for Controlling Environmental Non-Conformities," which includes rules for setting up an Incident Investigation Committee to thoroughly investigate the causes of environmental incidents when they occur. Since fiscal 2013, we have formulated an action plan to eliminate accidents that pollute the environment for each work and plant and have been implementing these plans as part of our company-wide Environmental Management Promotion Plan. Primary content of this plan includes analyzing past environmental instances and processes and proposing measures to address them, as well as reviewing environmental risk and planning and conducting facility maintenance and upgrades. As a result of these initiatives, in fiscal 2014 MHI succeeded in preventing any major environmental incident from occurring.

# Environmental Management Systems Adopted at MHI and Its Subsidiaries

As of July 1, 2015

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

	Location or company name
MHI sites and plants, etc.	Yokohama Dockyard & Machinery Works
	Nagasaki Shipyard & Machinery Works
	Takasago Machinery Works
	Meirei District
	Sagamihara Works
	Mihara Machinery Works
	Hiroshima Machinery Works
	Shimonoseki Shipyard & Machinery Works
	Nagoya Guidance & Propulsion Systems Works
	Kobe Shipyard & Machinery Works
	Iwatsuka Plant
	Ritto District
	Chemical Plant & Infrastructure Division
	Nagoya Aerospace Systems Works (unification of certification acquired)
	Head Office
	MHI Research & Innovation Center
Yokohama District	
Hiroshima District (Mihara)	
Nagoya District	
Hiroshima District (Kan-on)	

■ Group companies that acquired ISO 14001 certifications independently (Consolidated)

	Location or company name	
Domestic	MHI Solution Technologies Co., Ltd.	
	Mitsubishi Agricultural Machinery Co., Ltd.	
	Nagoya Ryoju Estate Co., Ltd.	
	Nishinohon Ryoju Estate Co., Ltd.	
	Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd. (Head Office and Branch Office)	
	Ryoju Estate Co., Ltd.	
	Mitsubishi Heavy Industries Food & Packaging Machinery Co., Ltd.	
	Tamachi Building Co., Ltd.	
	Hiroshima Ryoju Estate Co., Ltd.	
	Ryoju Cold Chain Co., Ltd.	
	Mitsubishi Hitachi Power Systems Precision Casting Co., Ltd.	
	Tokiwa Machinery Works Ltd.	
	Jukan Operation Co., Ltd., Head Office	
	Mitsubishi Heavy Industries Air-Conditioning & Refrigeration Corporation, Saitama Factory	
	Kaminoshima Factory and Branch Offices, MHI Oceanics Co., Ltd.	
	Mitsubishi Nichiyu Forklift Co., Ltd.	
	Nichiyu Machinery Co., Ltd.	
	Overseas	Mitsubishi Heavy Industries, (Shanghai) Co., Ltd.
		Mitsubishi Heavy Industries America, Inc.
		Tire Machinery Division, Headquarters
PW Power Systems, Inc.		
Mitsubishi Heavy Industries - Haier(Qingdao) Air-Conditioners Co., Ltd.		
Thai Compressor Manufacturing Co., Ltd.		
MITSUBISHI HEAVY INDUSTRIES - Mahajak Air Conditioners Co., Ltd.		
Mitsubishi Heavy Industries-Jinling Air-Conditioners Co., Ltd.		
Mitsubishi Engine North America, Inc. Headquarters & Production Facility		
MHI Equipment Alsace S.A.S.		
Primetals Technologies South Asia Private Ltd.		
Mitsubishi Turbocharger Asia Co., Ltd.		
Mitsubishi Heavy Industries, India Precision Tools, Ltd.		
Mitsubishi Heavy Industries Climate Control Inc.		
MHI Automotive climate control (Thailand) Co., Ltd.		
MHI-VST Diesel Engine Private Ltd.		
Shanghai MHI Turbocharger Co., Ltd.		
Mitsubishi Turbocharger and Engine Europe BV.		
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.		
Mitsubishi Hitachi Power Systems Europe, Ltd.		
Mitsubishi Hitachi Power Systems Americas, Inc.		
MH Power Systems Engineering Vienna GmbH		
CBC Industrias Pesadas S.A.		
Dalian Hitachi Machinery & Equipment Co., Ltd.		
Mitsubishi Hitachi Power Systems Canada, Ltd.		
Mitsubishi Hitachi Power Systems Europe GmbH		
Mitsubishi Hitachi Power Systems Africa (Pty) Ltd.		
MHPS Plant Services Pty		
BREAKER ELECTRICAL PTY, LTD.		

■ EcoAction 21 certification at MHI Group companies (Consolidated)

	Location or company name
Domestic	Daiya Building Service Co., Ltd.
	Mitsubishi Hitachi Power Systems Engineering Co., Ltd. Yokohama
	Nishinohon-JKO Co., Ltd.

■ K-EMS certification at MHI Group companies (Consolidated)

	Location or company name
Domestic	MHI Nuclear Systems and Solution Engineering Co., Ltd.
	Kinki Ryoju Estate Co., Ltd.
	Mitsubishi Heavy Industries Mechatronics Systems, Ltd.
	Nuclear Plant Service Engineering CO., LTD.
	MHI General Services Co., Ltd.

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

	Location or company name
Domestic	Mitsubishi Hitachi Power Systems Inspection Technologies, Ltd., Yokohama Division
	Mitsubishi Heavy Industries Engine Systems Co., Ltd.

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

	Location or company name
Domestic	Mitsubishi Heavy Industries Transportation Equipment Engineering & Service Co., Ltd. Tokyo Office and Nishinohon Branch Office
	MHI Insurance Services, Ltd.
	MHI Sagami High-tech Ltd.
	MHI Information Systems Co., Ltd. Head Office and Nagoya Branch
	MHI Information Systems Co., Ltd. Chugoku Branch
	MHI Marine Engineering, Ltd.
	Churyo Engineering Co., Ltd.
	MHPS Control Systems Co., Ltd. Head Office(Yokohama District), Yokohama Division
	Ryosei Service Co., Ltd.

■ Group companies within the scope of ISO 14001 accreditation of MHI works and plants (Consolidated)

	Location or company name	Names of works and plants which acquired ISO14001
Domestic	Mitsubishi Heavy Industries Plastic Technology Co., Ltd.	Iwatsuka Plant
	Mitsubishi Heavy Industries Engine Systems Co., Ltd. Meiki Engine Production Department	Iwatsuka Plant
	MHI Information Systems Co., Ltd. Nishinohon Branch (Shimonoseki District)	Shimonoseki Shipyard & Machinery Works
	MHI Shimonoseki Engineering Co., Ltd.	Shimonoseki Shipyard & Machinery Works
	MHI Aero Engine Service Co., Ltd.	Nagoya Guidance & Propulsion Systems Works
	Mitsubishi Heavy Industries Aero Engines, Ltd.	Nagoya Guidance & Propulsion Systems Works
	Mitsubishi Heavy Industries Marine Machinery & Engine Co., Ltd.	Kobe Shipyard & Machinery Works
	Ryoju Estate Co., Ltd., Yokohama Branch	Yokohama Dockyard & Machinery Works
	Mitsubishi Heavy Industries Mechatronics Systems, Ltd. Yokohama Office	Yokohama Dockyard & Machinery Works
	Mitsubishi Hitachi Power Systems Inspection Technologies, Ltd., Takasago Division	Takasago Machinery Works
	Mitsubishi Hitachi Power Systems Engineering Co., Ltd. Takasago Division	Takasago Machinery Works
	MHPS Control Systems Co., Ltd. Takasago Division	Takasago Machinery Works
	MHI Information Systems Co., Ltd. Kansai Branch (Takasago District)	Takasago Machinery Works
	Nuclear Plant Service Engineering Co., Ltd., Takasago Division	Takasago Machinery Works
	Mitsubishi Heavy Industries Machinery Technology Corp.	Hiroshima Machinery Works
	MHI Plant Co., Ltd.	Hiroshima Machinery Works
	Primetals Technologies Japan, Ltd.	Hiroshima Machinery Works
	Mitsubishi Hitachi Power Systems Inspection Technologies, Ltd., Nagasaki Division	Nagasaki Shipyard & Machinery Works
	MHPS Control Systems Co., Ltd. Nagasaki Division	Nagasaki Shipyard & Machinery Works
	Mitsubishi Hitachi Power Systems Engineering Co., Ltd., Nagasaki Division	Nagasaki Shipyard & Machinery Works
	MHI Information Systems Co., Ltd. Nishinohon Branch (Nagasaki District)	Nagasaki Shipyard & Machinery Works
	Ryoju Estate Co., Ltd. Department of Facilities Management Service	Head Office
	Tamachi Bldg. Co., Ltd., Shinagawa Building Management Center	Head Office
	MHI Finance Co., Ltd.	Head Office
	Choryo Engineering Co., Ltd.	Nagasaki Shipyard & Machinery Works
	MHI Solution Technologies Co., Ltd. Takasago Branch	Takasago Machinery Works
	MHI Information Systems Co., Ltd. Kansai Branch (Kobe District)	Kobe Shipyard & Machinery Works
	Nagasaki Diamond Staff Co., Ltd.	Nagasaki Shipyard & Machinery Works
	Ryoju Estate Co., Ltd. Yokohama Building Service Department	Head Office
	Mitsubishi Heavy Industries Compressor Corporation	Hiroshima Machinery Works
	Mitsubishi Heavy Industries Printing & Packaging Machinery, Ltd.	Mihara Machinery Works
	Mitsubishi Heavy Industries Transportation Equipment Engineering & Service Co., Ltd.	Mihara Machinery Works
	Mitsubishi Aircraft Corporation	Nagoya Aerospace Systems Work
	Tokyo Office, Mitsubishi Aircraft Corporation	Head Office
	Mitsubishi Heavy Industries Automotive Thermal Systems Co., Ltd.	Meirei District
Mitsubishi Nichiyu Forklift Co., Ltd. Sagamihara Headquarters	Sagamihara District	
Mitsubishi Hitachi Power Systems, LTD. Head Office	Head Office	
Overseas	MHI Industrial Engineering & Services Private Ltd.	Chemical Plant & Infrastructure Division

## Targets and Progress

### Results of Promoting the Second MHI Group Environmental Targets

In line with the MHI Environmental Vision 2030, the Company established the Second MHI Group Environmental Targets to be achieved by the end of fiscal 2014 and, under these targets, the Company has promoted its business activities.

The Environmental Vision lists four categories of environmentally conscious production activities to be addressed: (1) Reduction in greenhouse gas emissions, (2) Reduction in waste generation, (3) Reduction in emissions of chemical substances, and (4) More efficient water usage. For the purpose of promoting these activities throughout the MHI Group, separate detailed targets were set for MHI and the MHI Group, individually attuned to the actual circumstances of each activity. The entire MHI Group engaged in initiatives to realize these targets. As a result, the MHI Group achieved nearly all of its targets, excluding its targets for reduced energy consumption at domestic Group companies.

#### ■ Results of Promoting the Second MHI Group Environmental Targets (FY2013-FY2014)

(Note) In principle, these data represent data of Mitsubishi Heavy Industries, Ltd. non-consolidated. However, for fiscal 2014, "Production bases in Japan" reflects data in the target range at the time of establishment of the 2nd environmental targets, which includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants, to demonstrate a direct comparison to figures at the time of establishment of the 2nd environmental targets.

Category	Item	Scope of target	Target (FY2013-FY2014)	Result (as of the end of FY2014)	Evaluation
Reduction in greenhouse gas emissions (Item contained in Environmental Vision)	Reduction in CO <sub>2</sub> emissions	Production bases in Japan	[Production bases in Japan] Reduce unit energy consumption by 3.5 percent every year.	Unit energy consumption at production bases in Japan down by 6.8 percent from FY2013 level; target met.	○
		Offices in Japan (Head Office, branch offices, etc.)	[Offices in Japan] Reduce unit energy consumption by 1 percent every year.	Unit energy consumption at offices in Japan down by 4.5 percent from FY2013 level; target met.	○
		Group companies in Japan	[Group companies in Japan] Reduce the unit energy consumption of main manufacturing companies to below FY2013 levels. (Note 1) 14 companies targeted. Energy consumption per unit was evaluated by CO <sub>2</sub> emissions per unit.	Unit energy consumption at Group companies in Japan down from 1.16 tons CO <sub>2</sub> /ten million yen in FY2012 to; 1.36 tons CO <sub>2</sub> /ten million yen in FY2014, target not met. (Note) Numerical values have changed from the last fiscal year due to changes in target Group companies, etc.	×
		Group companies in countries other than Japan	[Group companies in countries other than Japan] Reduce unit energy consumption of main manufacturing companies to below FY2013 levels. (Note 2) 18 companies targeted. Energy consumption per unit was evaluated by CO <sub>2</sub> emissions per unit.	Unit energy consumption at Group companies in countries other than Japan down from 2.9 tons CO <sub>2</sub> /ten million yen in FY2012 to 2.3 tons CO <sub>2</sub> /ten million yen in FY2014; target met.	○
	Reduction in greenhouse gases (Note 3)	Production bases in Japan	[Production bases in Japan] Reduce unit greenhouse gas (Note 3) Excluding CO <sub>2</sub> emissions from energy use.	Unit greenhouse gas emissions at production bases in Japan down from 0.0791ton/kh in FY2012 to 0.0498ton/kh in FY2014; target met. (Note) Numerical values have changed from the last fiscal year due to an error in the calculation range for the last fiscal year.	○
	CO <sub>2</sub> Reductions with MHI Product Usage	All companies (promoted by Head Office)	Promote the manufacture of environmentally friendly products, and report every year on the contribution to CO <sub>2</sub> reductions through the use of products sold.	Contributions to CO <sub>2</sub> reductions for FY2014 are currently being calculated.	-
Reduction in waste generation (Item contained in Environmental Vision)	Reduction in total waste generation	Production bases in Japan	[Production bases in Japan] Reduce total waste generated in FY2014 by 40 percent compared to FY1992.	Total waste generated at production bases in Japan at 117,000 tons in FY2014, down 46 percent against FY1992 levels; target met.	○
	Reduction in volume of landfill waste	Production bases in Japan	[Production bases in Japan] Reduce volume of landfill waste in FY2014 by 98 percent compared to FY2000.	Volume of landfill waste at production bases in Japan at 209 tons in FY2013, meeting target of 99 percent reduction from FY2000 levels.	○
		Group companies in Japan	[Group companies in Japan] Reduce volume of landfill waste by main manufacturing companies in FY2014 to below FY2013 levels. (Note 4) 13 companies targeted	Landfill waste by Group companies in Japan down from 330 tons in FY2012 to 223 tons in FY2014; target met.	○
	Reduction in landfill disposal ratio	Production bases in Japan	[Production bases in Japan] Ensure that landfill disposal ratio in FY2014 at all works plants and districts is less than 0.5 percent.	The total landfill disposal ratio for production bases in Japan was 0.2 percent, meeting the target. In addition, there were two production bases with a landfill disposal ratio of over 0.5 percent.	○

Category	Item	Scope of target	Target (FY2013-FY2014)	Result (as of the end of FY2014)	Evaluation
Reduction in emissions of chemical substances (Item contained in Environmental Vision)	Reduction in VOC emissions	Production bases in Japan	[Production bases in Japan] Reduce the atmospheric emissions of VOC (xylene, toluene and ethylbenzene) in FY2014 by more than 30 percent compared to FY2000.	Atmospheric emissions of VOCs (xylene, toluene and ethylbenzene) at production bases in Japan at 1,116 tons in FY2014, down 50 percent compared with FY2000 levels and meeting the 30 percent reduction target.	○
	Zero atmospheric emissions of organochlorinated hazardous air pollutants	Production bases in Japan	[Production bases in Japan] Eliminate all atmospheric emissions (Note 5) of dichloromethane, trichloroethylene and tetrachloroethylene by FY2014. (Note 5) Except for use in research and testing purposes.	Atmospheric emissions of dichloromethane, trichloroethylene and tetrachloroethylene at production bases in Japan was 0.1 tons from April 2014 to June 2014. As of July 2014, production bases succeeded in reducing these emissions to zero.	○
		Group companies in Japan	[Group companies in Japan] Reduce atmospheric emissions (Note 7) of dichloromethane, trichloroethylene and tetrachloroethylene by main manufacturing companies in FY2014 to below FY2012 levels. (Note 6) 14 companies targeted (Note 7) Except for use in research and testing purposes.	Atmospheric emissions of dichloromethane, trichloroethylene and tetrachloroethylene at Group companies at zero.	○
More efficient water usage (Item contained in Environmental Vision)	Reduction in water usage	Production bases in Japan	[Production bases in Japan] Reduce unit water consumption by 1 percent every year. (water: industrial water, tap water, groundwater, rivers, lakes; excluding seawater).	Unit water consumption at production bases in Japan at 179 tons/kh in FY2014, down by 8.7 percent year on year; target met.	○
		Group companies in Japan	[Group companies in Japan] Reduce unit water consumption of main manufacturing companies in FY2014 to below FY2012 levels. (water: industrial water, tap water, groundwater, rivers, lakes; excluding seawater). (Note 8) 14 companies targeted	Unit water consumption at Group companies in Japan at 2.27 tons/million yen in FY2014, over FY2012 level of 2.34 tons/million yen (Note1), target met. (Note1) Numerical values have changed from the last fiscal year due to changes in target Group companies, etc.	○
		Group companies in countries other than Japan	[Group companies in countries other than Japan] Reduce unit water consumption of main manufacturing companies in FY2014 to below FY2012 levels. (water: industrial water, tap water, groundwater, rivers, lakes; excluding seawater). (Note 9) 18 companies targeted	Unit water consumption at Group companies in countries other than Japan at 1.4 tons/million yen in FY2014, met target of at or below FY2012 level of 2.1 tons/million yen.	○

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

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

Category	Item	Scope of target	Action plan (FY2013-FY2014)	Result (as of the end of FY2014)	Evaluation
Reduction in greenhouse gas emissions	Reduction in CO <sub>2</sub> emissions in the supply chain	Head Office (performed by Head Office)	Commence study on the amount of CO <sub>2</sub> emitted along the supply chain.	Conducted hearing of principal business partners.	○
Biodiversity considerations (Item not contained in Environmental Vision)	Biodiversity education	Entire company (excluding Group companies)	Incorporate biodiversity principles into environmental education.	Invited BirdLife International, an NPO, to conduct biodiversity education for environmental managers at manufacturing bases in Japan. Afterwards, educational activities for employees were conducted at each production base in Japan.	○
	Biodiversity considerations in the supply chain	Head Office (performed by Head Office)	Commence study on initiatives for biodiversity in the supply chain.	Conducted hearing of principal business partners.	○

## Establishment of the Third MHI Group Environmental Targets

In line with the MHI Environmental Vision 2030, which was established in the Spring of 2011, the Third MHI Group Environmental Targets, to be achieved by fiscal 2017, were established at a meeting of the Environmental Committee held in November 2014.

These new targets will continue to cover the Environmental Vision's four categories of environmentally conscious production activities to be addressed. These are (1) Reduction in greenhouse gas emissions, (2) Reduction in waste generation, (3) Reduction in emissions of chemical substances, and (4) More efficient water usage. In addition, in order to promote these activities Groupwide, MHI and the MHI Group will share the same targets. The entire MHI Group will engage in initiatives to achieve these targets.

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

### ■ Third MHI Group Environmental Targets (FY2015-FY2017)

Category	Item	Scope of target	New target (FY2015-FY2017)
1. Reduction in greenhouse gas emissions (Item contained in Environmental Vision)	1.1 Reduction in CO <sub>2</sub> emissions	1.1.1 Group companies in Japan	Reduce (Note1) the unit energy consumption in FY2017 by 3percent compared to FY2014. The numerator: The sum of crude oil equivalent value of all group companies' energy consumptions in Japan. Unit: kiloliter. The denominator: The total consolidated sales of all group companies in Japan. Unit: Yen. (Note1) Annually whether 1percent reduction of the unit energy consumption is achieved or not will be evaluated.
		1.1.2 Group companies in countries other than Japan	Reduce (Note1) the unit energy consumption in FY2017 by 3 percent (Note2) compared to FY2014. The numerator: The sum of crude oil equivalent value of all group companies' energy consumptions in countries other than Japan. Unit: kiloliter. The denominator: The total consolidated sales of all group companies in countries other than Japan. Unit: Yen. (Note1) Annually whether 1percent reduction of the unit energy consumption is achieved or not will be evaluated. (Note2) To fit the laws and regulations of each country, each company may be set their own goal.
	1.2 CO <sub>2</sub> Reductions with MHI Group Product Usage	1.2.1 Entire MHI Group (promoted by Head Office)	Promote the manufacture of environmentally friendly products, and report every year on the contribution to CO <sub>2</sub> reductions through the use of products sold.
2. Reduction in waste generation (Item contained in Environmental Vision)	2.1 Reduction in landfill disposal ratio	2.1.1 Group companies in Japan	Ensure that the landfill disposal ratio of the entire group companies in Japan is less than 0.6 percent in FY2017. (However, the landfill ratio of each works, plants and districts of MHI is less than 0.5 percent and the other group companies in Japan as a whole is less than 2.5 percent.) The numerator: The sum of the landfill waste of all group companies in Japan. Unit: ton The denominator: The sum of the total waste of all group companies in Japan. Unit: ton
3.Reduction in emissions of chemical substances (Item contained in Environmental Vision)	3.1 Reduction in VOC emissions	3.1.1 Group companies in Japan	Reduce (Note1) the unit atmospheric emission of VOC (xylene, toluene and ethylbenzene) in FY2017 by 3 percent compared to FY2014. The numerator: The total atmospheric emissions (Note3) of xylene, toluene and ethylbenzene of all group companies in Japan. Unit: ton (Note1) Annually whether 1 percent reduction of the unit atmospheric emission is achieved or not will be evaluated. (Note3) Except for use in research and testing purposes. The denominator: The total consolidated sales of all group companies in Japan. Unit: Yen.
4.More efficient water usage (Item contained in Environmental Vision)	4.1 Reduction in water usage	4.1.1 Group companies in Japan	Reduce (Note1) the unit water consumption in FY2017 by 3 percent compared to FY2014. (water: industrial water, tap water, groundwater, rivers, lakes; excluding seawater). The numerator: The sum of the water consumption of all group companies in Japan. Unit: m <sup>3</sup> . The denominator: The total consolidated sales of all group companies in Japan. Unit: Yen. (Note1) Annually whether 1 percent reduction of the unit water consumption is achieved or not will be evaluated.
		4.1.2 Group companies in countries other than Japan	Reduce (Note1) the unit water consumption in FY2017 by 3 percent (Note2) compared to FY2014. (water: industrial water, tap water, groundwater, rivers, lakes; excluding seawater). The numerator: The sum of the water consumption of all group companies in countries other than Japan. Unit: m <sup>3</sup> . The denominator: The total consolidated sales of all group companies in countries other than Japan. Unit: Yen. (Note1) Annually whether 1 percent reduction of the unit water consumption is achieved or not will be evaluated. (Note2) To fit the laws and regulations of each country, each company may be set their own goal.

### ■ Action Plans of the Third MHI Group Environmental Targets (FY2015-FY2017)

Category	Item	Scope of target	Action Plans of the Third MHI Group Environmental Targets (FY2015-FY2017)
5. Strengthen the collaboration among the MHI group companies	-	Group companies in Japan	Through the group company management division liaison conference for group companies in Japan (New) and the group company environmental staff liaison conference for group companies in Japan (New), promote the activities to achieve the targets of group companies.
		Group companies in countries other than Japan	Pilot companies from group companies in countries other than Japan will be selected, and the head office will promote support activities for the pilot companies in order to achieve the targets of the group companies.
6. Consideration of Biodiversity (Item not contained in Environmental Vision)	Biodiversity-Friendly business activities	Entire MHI Group (promoted by Head Office)	In FY2015, create a biodiversity-friendly guideline. In FY 2016, formulate the action plan based on the guideline, to promote the activities.

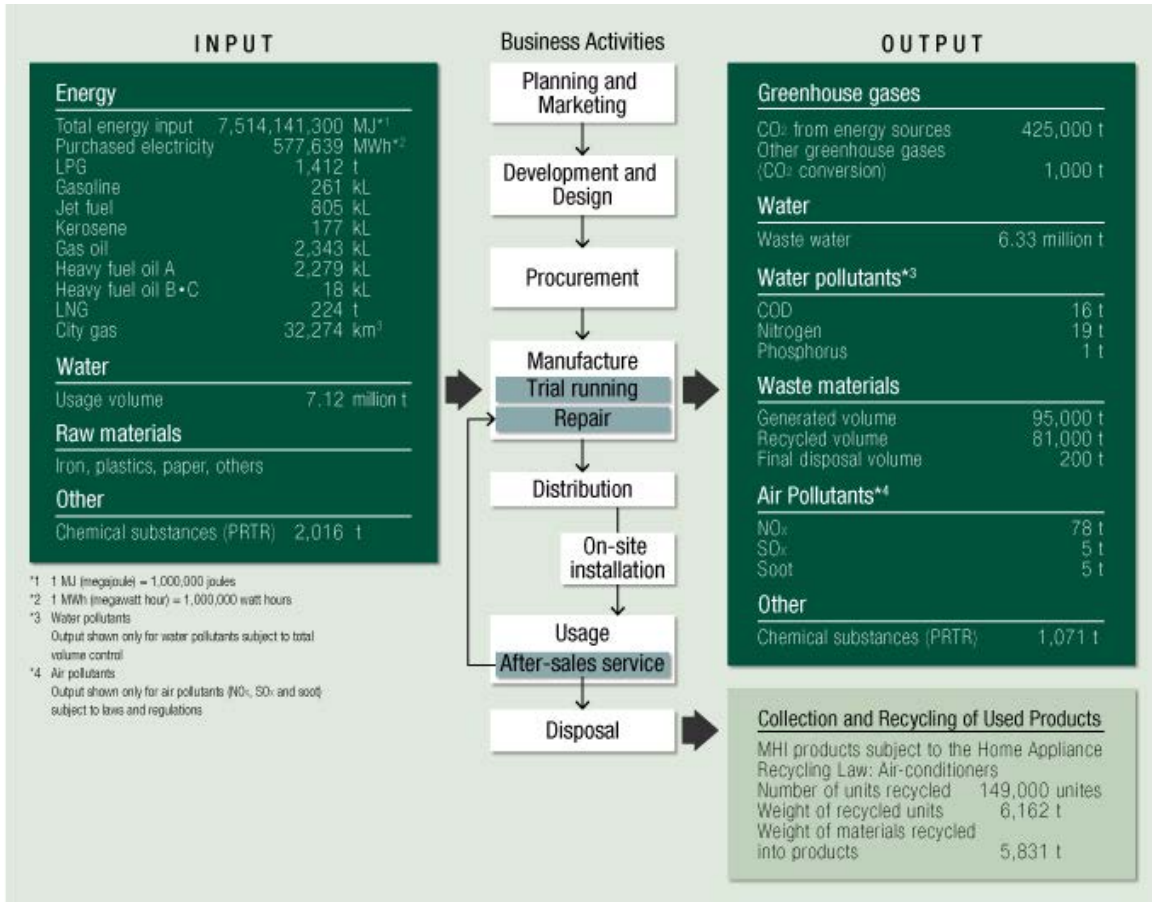
## Material Balance

To carry out its business operations, MHI uses various types of energy and resources.

We consistently strive to reduce environmental load throughout the lifecycle of a product, from development, design, procurement and manufacture to distribution, on-site installation, usage, servicing and disposal.

### Input/Output Status (FY2014)

In February 2014, MHI split up its thermal power generation businesses and established Mitsubishi Hitachi Power Systems. As a result, input-output data for fiscal 2014 shows figures that are smaller in comparison to those of last year. (In principle, data is for manufacturing sites of Mitsubishi Heavy Industries, Ltd., on a non-consolidated basis. Data on the collection and recycling of used products is for Mitsubishi Heavy Industries Air-Conditioning and Refrigeration Corporation.)



## Environmental Accounting

### Adoption of Environmental Accounting Guidelines

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

### 3.6 billion yen in investments and 10.6 billion yen in costs

Total investments amounted to 3.6 billion yen while total costs were 10.6 billion yen for fiscal 2014. In February 2014, MHI split up its thermal power generation businesses and established Mitsubishi Hitachi Power Systems. As a result, costs within this business area, in addition to R&D costs, are decreasing in comparison with fiscal 2013.

Economic advantages valued at 0.8 billion yen were gained during the fiscal year, consisting mainly of revenues from recycling and reduced costs for purchasing electricity due to energy savings.

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

(million yen)

Cost Category	Activities in FY2014	Investment		Cost		Economic benefit		Environmental preservation: benefit
		2013	2014	2013	2014	2013	2014	
1. Production activities		4,330	2,936	4,626	3,934	1,312	828	
(1) Pollution control	Maintenance and operation of wastewater and flue gas treatment facility	2,973	2,001	2,110	1,514	0	0	Reduced emissions of air and water pollutants
(2) Global environmental preservation	Energy savings	1,171	888	206	255	149	80	Cost reduction from energy savings
(3) Recycling	Reduced waste generation, recycling	186	47	2,310	2,165	1,162	747	Income derived from recycling, cost reduction from reduced waste generation
2. Upstream and downstream costs	Recycling of household electrical appliances and container packaging	-	-	4	16	-	-	
3. Management activities	Development of environmental management systems, ISO Office, publication of MHI Social & Environmental Report	0	38	889	1,006	-	-	
4. R & D	Development of environmentally friendly products	4,646	513	6,550	5,256	-	-	Development of Diverse environmentally friendly products
5. Public and social activities	Support of environmental preservation: initiatives, greening activities	2	0	287	280	-	-	
6. Environmental remediation	Soil remediation measures	131	70	96	119	-	-	Prevention of oil and chemicals spills
Total		9,108	3,557	12,451	10,611	1,312	828	

Total capital investments in fiscal 2014: 69.7 billion yen. Portion related to the environment: 3.6 billion yen (5.2 percent).

Total R&D outlays in fiscal 2014: 83.1 billion yen. Portion related to the environment: 5.8 billion yen (7.0 percent).

## Promotion of Measures to Curtail Greenhouse Gas Emissions

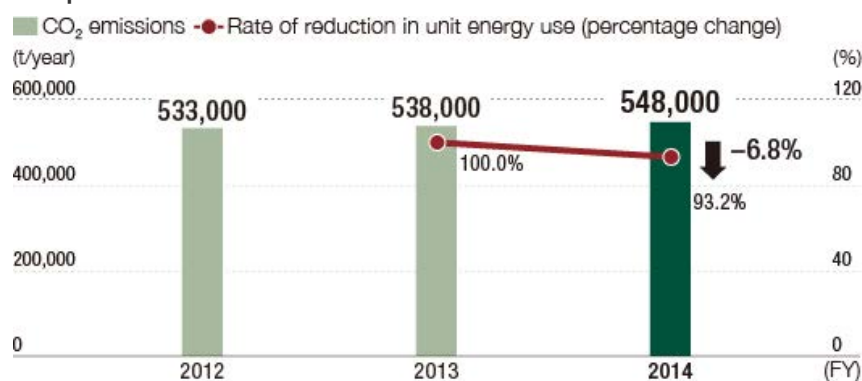
### Promoting Greenhouse Gas Emissions Reduction at Bases in Japan

MHI's 2nd Environmental Targets set reduction targets for CO<sub>2</sub> emissions and emissions of greenhouse gases other than CO<sub>2</sub>, and we have worked towards achieving these goals. With regard to reducing CO<sub>2</sub> emissions at production bases in Japan (Note 1), the target is for a 3.5 percent annual reduction in unit energy use. In fiscal 2014, the final year of the 2nd Environmental Targets, we achieved a 6.8 percent reduction over the previous year, realizing the target. Also, the reduction target for unit emissions of greenhouse gases other than CO<sub>2</sub> at production bases in Japan (Note 1) is to remain below levels for fiscal 2012. We achieved a 37.1 percent over fiscal 2012, thereby meeting this target. The target for reducing CO<sub>2</sub> emissions at offices in Japan is a 1 percent year on year reduction in unit energy use. We met this target, reducing unit energy use 4.5 percent year on year.

From fiscal 2015, MHI aims to achieve the newly established 3rd Environmental Targets through the introduction of LED lighting, installation of new, energy-efficient air conditioners, and by making efforts to reduce greenhouse gas emissions generated through manufacturing processes.

(Note 1) "Manufacturing bases in Japan" reflects data in the target range at the time of establishment of the 2nd environmental targets, which includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants.

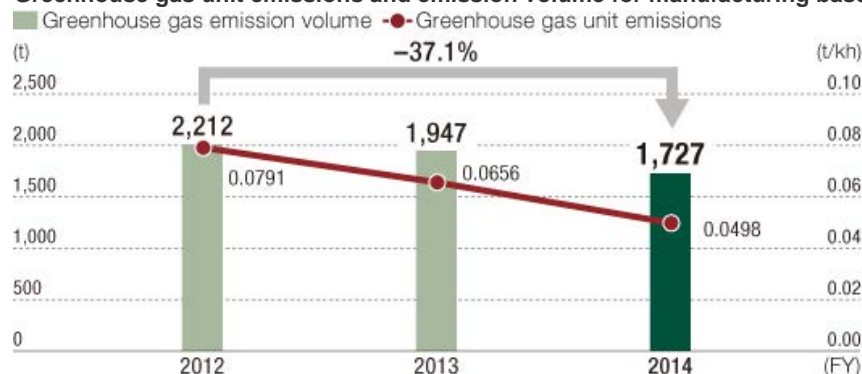
#### Rate of reduction in unit energy use (percentage change) and CO<sub>2</sub> emissions volume at manufacturing bases in Japan



(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated. However, data for fiscal 2014 includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants, to demonstrate a direct comparison to figures at the time of establishment of the 2nd environmental targets.

FY	2012	2013	2014
CO <sub>2</sub> emissions	53,000 t/year	538,000 t/year	548,000 t/year
Rate of reduction in unit energy use (percentage change)		95.9%	93.2%

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

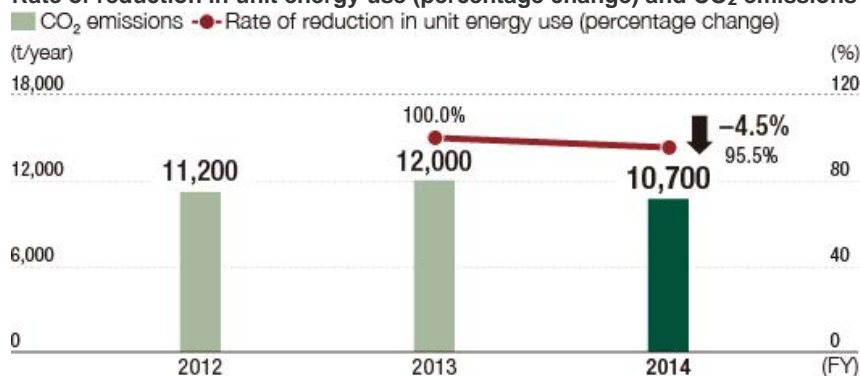


(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated. However, data for fiscal 2014 includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants, to demonstrate a direct comparison to figures at the time of establishment of the 2nd environmental targets.

FY	2012	2013	2014
Greenhouse gas emission volume	2,212t	1,947t	1,727t
Greenhouse gas unit emissions	0.0791t/kh	0.0656t/kh	0.0498t/kh



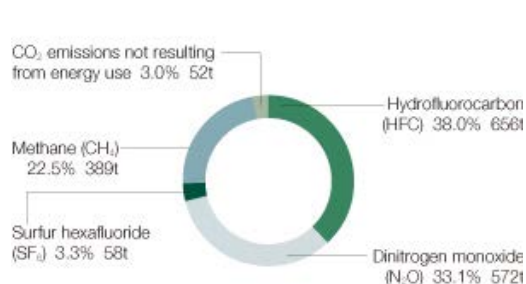
**Rate of reduction in unit energy use (percentage change) and CO<sub>2</sub> emissions volume at offices in Japan (Note)**



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

FY	2012	2013	2014
CO <sub>2</sub> emissions	11,200 t/year	12,000 t/year	10,700 t/year
Rate of reduction in unit energy use (percentage change)	-	98.4%	95.5%

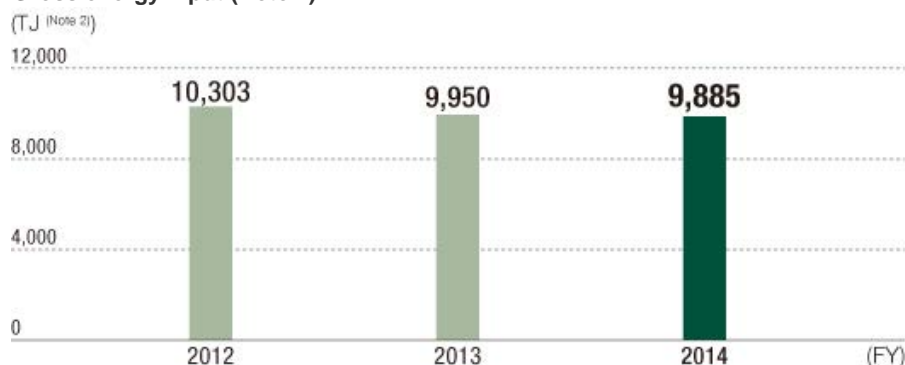
**Greenhouse gas emissions (excluding CO<sub>2</sub> emissions from energy use) (Note)**



Hydrofluorocarbon (HFC)	38.0%	656t
Dinitrogen monoxide (N <sub>2</sub> O)	33.1%	572t
Sulfur hexafluoride (SF <sub>6</sub> )	3.3%	58t
Methane (CH <sub>4</sub> )	22.5%	389t
CO <sub>2</sub> emissions not resulting from energy use	3.0%	52t

(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated. However, data for fiscal 2014 includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants, to demonstrate a direct comparison to figures at the time of establishment of the 2nd environmental targets.

**Gross energy input (Note 1)**



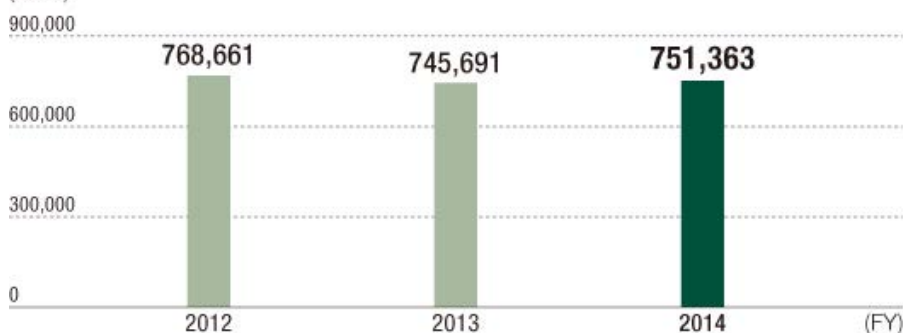
(Note 1) In principle, these data represent both production sites and office sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated. However, data for fiscal 2014 includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants, to demonstrate a direct comparison to figures at the time of establishment of the 2nd environmental targets.

FY	2012	2013	2014
	10,303TJ (Note 2)	9,950TJ	9,885TJ

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

**Electricity purchases (Note)**

(MWh)



(Note) In principle, these data represent both production sites and office sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated. However, data for fiscal 2014 includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants, to demonstrate a direct comparison to figures at the time of establishment of the 2nd environmental targets.

FY	2012	2013	2014
	768,661MWh	745,691MWh	751,363MWh

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

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

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

FY	Works	Achievements
2005	Takasago Machinery Works	The fuel for the forging heating furnace was switched from propane to city gas. CO <sub>2</sub> emissions were reduced by 55 percent, including waste heat recovery.
2007	Nagasaki Shipyard & Machinery Works	The boiler plant's three heat treatment furnaces were switched from Heavy Fuel Oil A to city gas. CO <sub>2</sub> emissions were reduced by 40 percent.
2009	Nagasaki Shipyard & Machinery Works	The boiler plant's annealing furnace was switched from kerosene to LPG. CO <sub>2</sub> emissions were reduced by nine percent.
2010	Nagasaki Shipyard & Machinery Works	·Together with facility renewal for the foundry plant's air compressor, a switch was made from the engine-driven type that used Heavy Fuel Oil A to the electric motor type. CO <sub>2</sub> emissions were reduced by 54 percent. ·The private generation facilities were switched from Heavy Fuel Oil A to city gas. CO <sub>2</sub> emissions were reduced by 31 percent.
2011	Nagoya Aerospace Systems Works (Tobishima Plant)	Together with the renewal of the boiler for air conditioning, the fuel was switched from kerosene to city gas. CO <sub>2</sub> emissions were reduced by approximately 45 percent.
	Hiroshima Machinery Works (Foundry & Forging Shop)	·The tempering furnace was switched from Heavy Fuel Oil A to city gas. CO <sub>2</sub> emissions were reduced by 26 percent. ·The heating furnace was switched from Heavy Fuel Oil A to city gas. CO <sub>2</sub> emissions were reduced by 30 percent. ·The gas tempering furnace was switched from butane to city gas. CO <sub>2</sub> emissions were reduced by 17 percent.
2012	Hiroshima Machinery Works (Foundry & Forging Shop)	The ladle preheater was switched from Heavy Fuel Oil A to city gas. CO <sub>2</sub> emissions were reduced by 10 percent.
2013	Nagoya Aerospace Systems Works (Komaki Minami Plant)	The steam boiler for heating was switched from Heavy Fuel Oil A to city gas. CO <sub>2</sub> emissions were reduced by 29.7 percent.

## One million kilowatt-hour of green power used annually thanks to wind power generation

MHI has contracted with Japan Natural Energy Co., Ltd. (JNE) to purchase 1 million kilowatt-hour of wind-generated power from JNE each year for a period of 15 years starting April 2002. Of the power purchased in fiscal 2014, 499,000 kilowatt-hours were used at the Mitsubishi Heavy Industries Head Office Building, and 501,000 kilowatt-hours were used at the Mitsubishi Minatomirai Industrial Museum.



The Certificate of Green Power

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

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

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

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

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

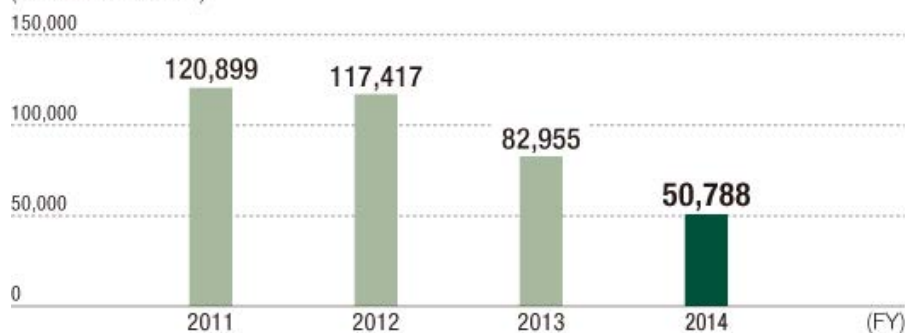
## Measures to Curb CO<sub>2</sub> Emissions in Transportation

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

MHI, which handles cargo transportation of over 30 million ton-km per year, is a "specified consigner" according to the revised Act Concerning the Rational Use of Energy. For that reason, MHI is implementing an action plan towards energy conservation during transportation, such as by promoting modal shifts at works and improving load ratios. MHI is also working to streamline this plan, energy consumption, and consumption measured in basic units for energy. Energy consumption (measured in basic units for energy) in fiscal 2014 was 43.9 units, a 1.1 percent decrease from the amount of 45 units in the benchmark year of fiscal 2010.

### Total Volume of Transportation

(Thousand ton-km)

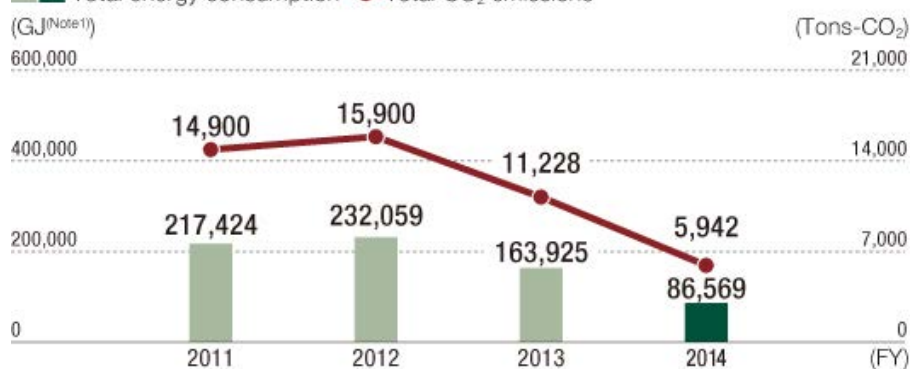


#### ■ Total Volume of Transportation

FY	2011	2012	2013	2014
	109,327,000 thousand ton-km	117,417,000 thousand ton-km	82,955,000 thousand ton-km	50,788,000 thousand ton-km

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

■ Total energy consumption ● Total CO<sub>2</sub> emissions



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

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

FY	2011	2012	2013	2014
Total energy consumption	217,424 GJ	232,059 GJ	163,925 GJ	86,569 GJ
Total CO <sub>2</sub> emissions	14,900 t-CO <sub>2</sub>	15,900 t-CO <sub>2</sub>	11,228 t-CO <sub>2</sub>	5,942 t-CO <sub>2</sub>

## Energy-saving Activities in Offices

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

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

### Implementing summer and winter power-saving measures

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

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

## Curbing Waste Generation, Release and Disposal

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

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

In the year under review, the final year of the 2nd Environmental Targets, our target of "reducing total waste generated in fiscal 2014 by 40 percent compared with fiscal 1992 levels" at manufacturing bases in Japan (Note1) was achieved through a 46 percent reduction.

In addition, the company met its target of "reducing landfill disposal volumes in fiscal 2014 by 98percent compared with fiscal 2000 levels," decreasing this amount by 99 percent at manufacturing bases in Japan. Similarly, against the target of "reducing landfill disposal ratio for all works, plants and districts to below 0.5 percent," the Group recorded a figure of 0.2 percent as a whole, thereby achieving our targets in all areas.

(Note 1) "Manufacturing bases in Japan" reflects data in the target range at the time of establishment of the 2nd environmental targets, which includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants.

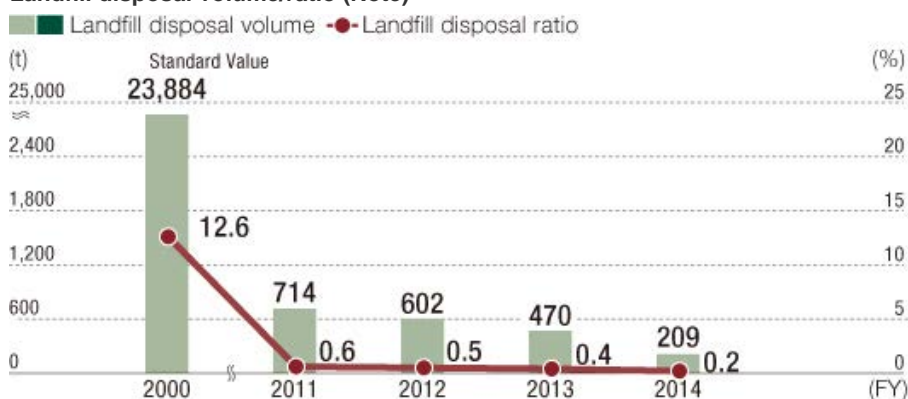
#### ■ Achievement of landfill disposal ratios of 0.5 percent or less

Works	Landfill disposal ratio (percent)
Nagasaki Shipyard & Machinery Works (Note1)	0.2
Kobe Shipyard & Machinery Works	0.4
Shimonoseki Shipyard & Machinery Works	0.004
Yokohama Dockyard & Machinery Works (Note1)	0.03
Takasago Machinery Works (Note1)	0.05
Nagoya Aerospace Systems Works	0.2
Nagoya Guidance & Propulsion Systems Works	0.8
Hiroshima Machinery Works	0.04
Mihara Machinery Works	0 (Note 2)
Sagamihara District	0.1
Meirei District	0.03
Ritto District	0.6
Iwatsuka Plant	0.1

(Note1) Data in the target range at the time of establishment of the 2nd environmental targets includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants.

(Note2) Because it is a very small amount, we have displayed as zero.

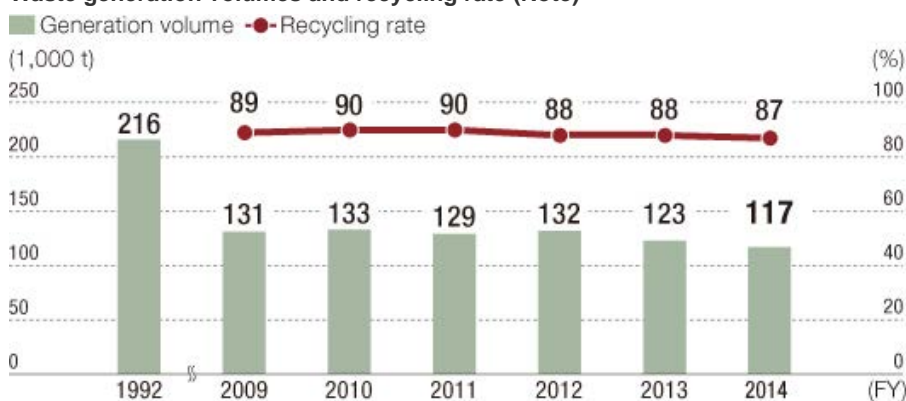
#### Landfill disposal volume/ratio (Note)



(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated. However, data for fiscal 2014 includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants, to demonstrate a direct comparison to figures at the time of establishment of the 2nd environmental targets.

FY	2000	2012	2013	2014
Landfill disposal volumes	23,884 tons	602 tons	470 tons	209 tons
Landfill disposal ratio	12.6%	0.5%	0.4%	0.2%

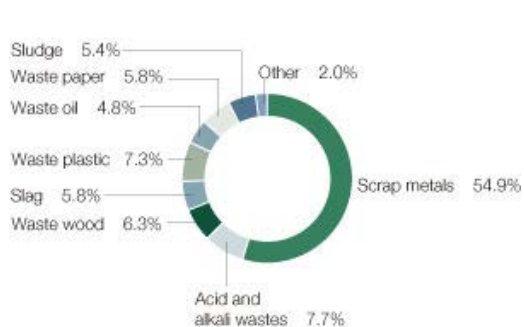
**Waste generation volumes and recycling rate (Note)**



(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated. However, data for fiscal 2014 includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants, to demonstrate a direct comparison to figures at the time of establishment of the 2nd environmental targets.

FY	2010	2011	2012	2013	2014
Generation volume	133,000 tons	129,000 tons	132,000 tons	123,000 tons	117,000 tons
Recycling rate	90%	90%	88%	88%	87%

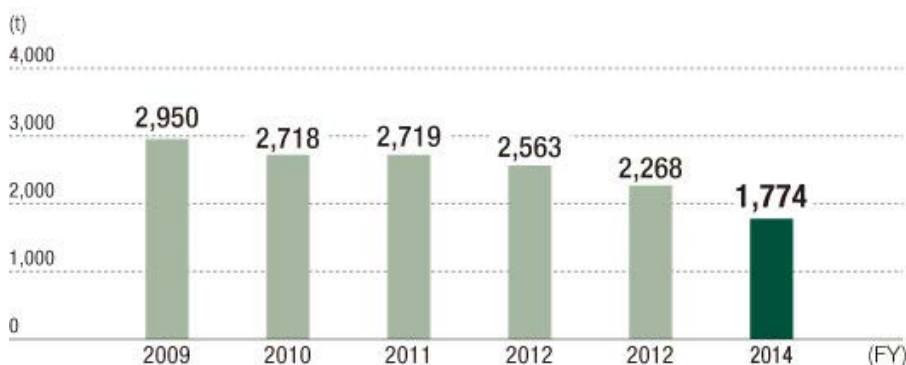
**Waste generation by material**



Scrap metals	54.9%
Acid and alkali wastes	7.7%
Waste wood	6.3%
Slag	5.8%
Waste plastic	7.3%
Waste oil	4.8%
Waste paper	5.8%
Sludge	5.4%
Other	2.0%

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

In February 2014, MHI split up its thermal power generation businesses and established Mitsubishi Hitachi Power Systems. As a result, the amount of paper used in fiscal 2014 was reduced.



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

FY	2010	2011	2012	2013	2014
Paper usage	2,718 tons	2,719 tons	2,563 tons	2,268 tons	1,774 tons

## Protecting Water Resources

### Reducing water usage during production (Note1)

In its 2nd Environmental Targets, the MHI Group set "reduce unit water consumption by 1 percent per year" as a target for manufacturing bases in Japan. In fiscal 2014, the final year of its 2nd Environmental Targets, MHI used 6.23 million tons of water at its manufacturing bases in Japan (Note 2), 8.7 percent less than in the preceding fiscal year, which amounted to a unit water consumption of 179 tons/kh. MHI met its target with this figure, which was also 8.7 percent less than in the previous year.

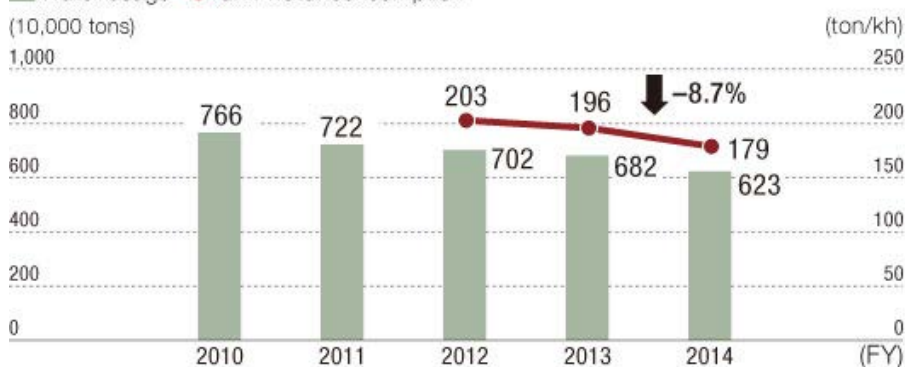
(Note 1) Water usage: Total volume of water supply, industrial water, and groundwater

(Note 2) "Manufacturing bases in Japan" reflects data in the target range at the time of establishment of the 2nd environmental targets, which includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants.

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

Base units: 196 tons/kh for fiscal 2013, 179 tons/kh for fiscal 2014

■ Water usage ● Unit water consumption

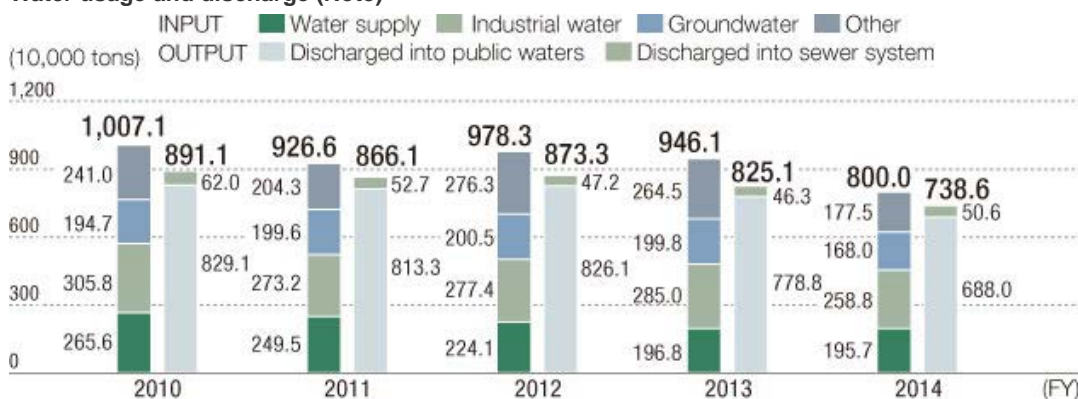


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FY	2005-2007 average	2010	2011	2012	2013	2014
Usage amount	9,520,000 tons	7,660,000 tons	7,220,000 tons	7,020,000 tons	6,820,000 tons	6,230,000 tons
Unit water consumption	-	-	-	203 tons/kh	196 tons/kh	179 tons/kh



### Water usage and discharge (Note)



(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated. Data for fiscal 2014 includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants.

FY	2010	2011	2012	2013	2014
<b>Water supply</b>	2,656,000 tons	2,495,000 tons	2,241,000 tons	1,968,000 tons	1,957,000 tons
<b>Industrial water</b>	3,058,000 tons	2,732,000 tons	2,774,000 tons	2,850,000 tons	2,588,000 tons
<b>Groundwater</b>	1,947,000 tons	1,996,000 tons	2,005,000 tons	1,998,000 tons	1,680,000 tons
<b>Other</b>	2,410,000 tons	2,043,000 tons	2,763,000 tons	2,645,000 tons	1,775,000 tons
<b>Total usage amount</b>	10,071,000 tons	9,266,000 tons	9,783,000 tons	9,461,000 tons	8,000,000 tons
<b>Discharged into public waters</b>	8,291,000 tons	8,133,000 tons	8,261,000 tons	7,788,000 tons	6,880,000 tons
<b>Discharged into sewer system</b>	620,000 tons	527,000 tons	472,000 tons	463,000 tons	506,000 tons
<b>Total discharge amount</b>	8,911,000 tons	8,661,000 tons	8,733,000 tons	8,251,000 tons	7,386,000 tons

### Recycled water usage

Recycled water usage by all of MHI in fiscal 2014 was 383,000 tons, a 43,000 ton decrease from 426,000 tons in fiscal 2013. Recycled water is used to cool down products and equipment in manufacturing processes, to clean office floors and restrooms, and for landscaping use at works. We will investigate more methods for utilizing recycled water-including at works where recycled water use is under employed-and make efforts to reduce our water usage.

(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated. Data for fiscal 2014 includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants.

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

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

In fiscal 2014, MHI released a total of 1,142 tons of substances subject to the Pollutant Release and Transfer Register (PRTR) (Note 1) system (Note 2).

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

In addition, MHI will introduce application systems to our works, plants and districts in order to calculate chemical emissions and aggregate them as part of its activities geared toward achieving the Third MHI Group Environmental Targets, which begins from fiscal 2015. MHI will evaluate the level of achievement for these targets companywide and implement necessary measures going forward.

(Note 1) PRTR (Pollutant Release and Transfer Register):

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

(Note 2) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated. However, data for fiscal 2014 includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants, to demonstrate a direct comparison to figures at the time of establishment of the 2nd environmental targets.

### PRTR emission and transfer amount

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

No.	Name of Substance	FY2013	FY2014
		Emission Amount	
20	2-Aminoethanol	0.0	0.0
37	4,4'-Isopropylidenediphenol	-	0.0
53	Ethylbenzene	224.3	235.0
57	Ethylene glycol monoethyl ether	-	4.5
58	Ethylene glycol monomethyl ether	-	-
71	Ferric chloride	0.0	0.0
80	Xylene	539.4	523.8
82	Silver and its water-soluble compounds	-	-
87	Chromium and chromium(III) compounds	0.0	0.0
88 ★ (Note 2)	Chromium(VI) compounds	0.1	0.0
104	Chlorodifluoromethane (HCFC-22)	0.0	-
132	Cobalt and its compounds	0.0	0.0
133	2-Ethoxyethyl acetate	-	1.7
181	Dichlorobenzene	0.0	0.0
188	N,N-Dicyclohexylamine	0.0	0.0
238	Hydrogenated terphenyl	0.0	1.4
240	Styrene	11.3	8.5
243 ★ (Note 2)	Dioxins (Note 3)	0.0	0.0
262	Tetrachloroethylene	3.5	0.1
272	Copper salts (water-soluble, except complex salts)	-	0.0
296	1,2,4-Trimethylbenzene	1.0	0.3
297	1,3,5-Trimethylbenzene	2.3	2.9
300	Toluene	329.8	354.3
304	Lead	0.0	0.0
308	Nickel	0.0	0.0
333	Hydrazine	0.0	0.0
374	Hydrogen fluoride and its Water-soluble salts	0.0	0.1
384	1-Bromopropane	4.0	3.7
392	n-Hexane	-	0.1
400 ★ (Note 2)	Benzene	0.0	0.0

No.	Name of Substance	FY2013	FY2014
		Emission Amount	
405	Boron compounds	-	1.4
408	Poly(oxyethylene)octylphenyl ether	2.9	2.4
410	Poly(oxyethylene)nonylphenyl ether	0.0	0.0
412	Manganese and its compounds	0.6	1.4
438	Methylnaphthalene	-	0.1
448	Methylenebis(4,1-phenylene) diisocyanate	0.0	0.0
453	Molybdenum and its compounds	0.0	0.0

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

However, data for fiscal 2014 includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants, to demonstrate a direct comparison to figures at the time of establishment of the 2nd environmental targets.

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

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

## Promotion of organochlorides reduction and replacement activities

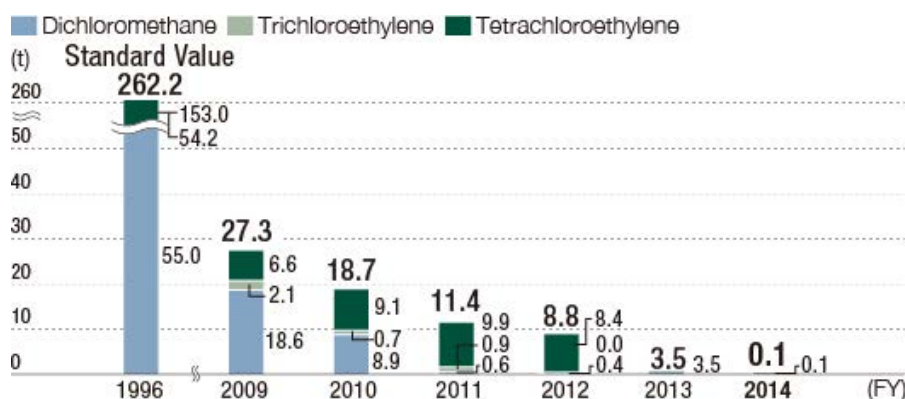
Dichloromethane, trichloroethylene, and tetrachloroethylene are used as paint removal agents and oil cleaning agents. MHI established a goal of achieving zero atmospheric emissions by fiscal 2014, and has made efforts to reduce usage of these substances and switch to alternative substances.

As a result of introducing alternative cleaning equipment and other measures, MHI was able to reduce the Company's atmospheric emissions of trichloroethylene to zero in fiscal 2013, and dichloromethane emissions to zero in fiscal 2014. In July of 2014, MHI also reduced its tetrachloroethylene emissions to zero. (Note 4)

MHI was able to reduce its atmospheric emissions of organochlorides to zero, as set forth in The Second MHI Group Environmental Targets. Accordingly, the Company did not establish targets regarding organochlorides in The Third MHI Group Environmental Targets, which begins from fiscal 2015. However, MHI will continue making efforts to maintain zero atmospheric emissions of organochlorides going forward.

(Note 4) Except for use in research and testing purposes.

### Atmospheric emissions of organochlorides



FY	1996	2010	2011	2012	2013	2014	2014 Target
Dichloromethane	55.0 tons	8.9 tons	0.6 tons	0.4 tons	0.0 tons	0.0 tons	0 tons
Trichloroethylene	54.2 tons	0.7 tons	0.9 tons	0.0 tons	0.0 tons	0.0 tons	0 tons
Tetrachloroethylene	153.0 tons	9.1 tons	9.9 tons	8.4 tons	3.5 tons	0.1 tons	0 tons
Total	262.2 tons	18.7 tons	11.4 tons	8.8 tons	3.5 tons	0.1 tons	0 tons

(Note) Atmospheric emissions of tetrachloroethylene from April 2014 to June 2014 was 73 kilogram (represented as roughly 0.1 tons in the table above) due to nonconformity of some equipment with the introduction of alternative cleaning equipment. In July 2014, MHI achieved zero atmospheric emissions of tetrachloroethylene. (Note 4)

(Note 4) Except for use in research and testing purposes.

## Voluntary targets for the reduction of VOCs atmospheric emissions

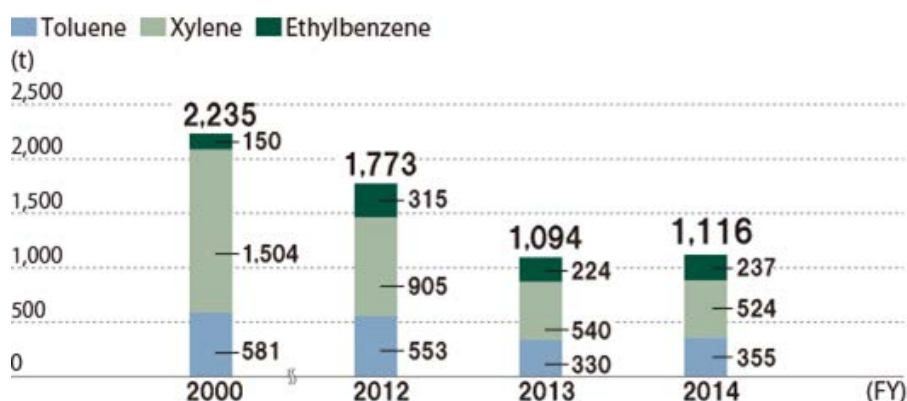
Emissions of VOCs, which are causal agents of photochemical smog, are regulated for facilities that release a given volume of these substances under the Air Pollution Control Law. In addition to legal and regulatory compliance, MHI set a voluntary target for decreasing atmospheric emissions of VOCs at manufacturing locations in Japan in fiscal 2014 by 30 percent from the fiscal 2000 level—targeting xylene, toluene, and ethylbenzene, which are emitted in large volumes—and worked to accomplish reductions.

In fiscal 2014, emissions totaled 1,116 tons, representing a 50 percent decrease from fiscal 2000 levels.

MHI established targets for reducing emissions of VOCs in the Third MHI Group Environmental Targets as well, which begins from fiscal 2015. In this way, the Company will continue to make efforts to reduce its atmospheric emissions of VOCs going forward.

(Note) In principle, these data represent production sites data of Mitsubishi Heavy Industries, Ltd. non-consolidated. However, data for fiscal 2014 includes Mitsubishi Hitachi Power Systems' Nagasaki, Takasago, and Yokohama plants, to demonstrate a direct comparison to figures at the time of establishment of the 2nd environmental targets.

### Atmospheric emissions of VOCs



FY	2000	2013	2014
<b>Toluene</b>	581 tons	330 tons	355 tons
<b>Xylene</b>	1,504 tons	540 tons	524 tons
<b>Ethylbenzene</b>	150 tons	224 tons	237 tons
<b>Total</b>	2,235 tons	1,094 tons	1,116 tons

## Promotion of outsourced disposal of equipment using PCBs

As of March 2006, MHI had already registered the disposal of equipment using PCBs (Polychlorinated biphenyls) either currently in use or stored at its works, with the Japan Environmental Safety Corporation (JESCO), a special entity wholly funded by the Japanese government. The company also signed a consigning contract for disposal in 2007. By fiscal 2014, consigned disposal was undertaken at 11 sites (Note).

However, according to the Law Concerning Special Measures for Promotion of Proper Treatment of PCB Waste, even equipment which uses trace amounts of PCBs not disposed of by JESCO must be detoxified by March 2027. Therefore, MHI has begun disposal.

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



PCBs storage facilities at the Nagasaki Shipyard & Machinery Works

## Main Products and Technologies in 2014

### Development of a High-Speed Automated Guideway Transit System That Will Dramatically Expand the Global Market

Mitsubishi Heavy Industries, Ltd. (MHI), has completed the development of a high-speed Automated Guideway Transit (AGT) system that can achieve a maximum speed of 120 kilometers per hour (km/h), roughly twice the speed of conventional AGT systems.

Operating with rubber tires on elevated guideways built over existing roadways, AGT systems boast such strengths as flexible route planning, low construction costs, short construction times, reduced operating costs, and low vibration and noise. Through the use of the newly developed high-speed bogie, this new AGT system not only achieves a maximum speed of 120 km/h - approximately twice the speed of conventional AGT systems - but also reduces vibration and noise. Suited for routes that connect inner cities with their suburbs without the need for changing trains, this new system realizes enhanced convenience and comfort by improving accessibility for passengers.

MHI's AGT systems are being deployed extensively in urban feeder lines and airport access routes in Japan as well as the United States, Asia, the Middle East, and other overseas locations. With the increased speed of the new AGT system, MHI is expecting further expansion in orders received from countries in Southeast Asia, which is a region that is experiencing rapid economic development, and other emerging nations.



High-speed AGT system achieves a maximum speed of 120 km/h

### MHI Delivers Super Eco-Ship Tachibana-Marun to Tokai Kisen Co., Ltd.

On June 4, 2014, Mitsubishi Heavy Industries, Ltd. (MHI), delivered the cargo-passenger ship Tachibana-Marun to Tokai Kisen Co., Ltd., at its Shimonoseki Shipyard and Machinery Works.

A tandem-hybrid contra-rotating propeller (CRP) propulsion system has been installed in the Tachibana-Marun. This system combines single-shaft propulsion propellers driven by a low-speed marine diesel engine with electric-drive azimuth propulsion propellers. Compared with conventional two-shaft propulsion systems, the CRP propulsion system drastically reduces water resistance. The new propulsion system also allows the Tachibana-Marun to achieve 15.6 percent higher fuel efficiency than the Salvia-Marun, a cargo-passenger ship currently in service at Tokai Kisen.

In addition, by equipping both an electronically controlled fuel injection system and a system that effectively utilizes heat from gas emissions of the ship's main engine, the Tachibana-Marun is able to greatly reduce its impact on the environment in such ways as reducing the amounts of CO<sub>2</sub> and NO<sub>x</sub> (nitrogen oxide) emissions.

In terms of passenger comfort, a single diesel engine and a low-noise electric drive system work together to deliver the required power output, thereby realizing reductions in both noise and vibrations. Moreover, in combination with the bow thruster, the electric-drive azimuth propulsion system can be used as a stern thruster, which enables the Tachibana-Marun to swiftly and safely approach and depart from a pier.

MHI positions eco-ships as a key product in the shipbuilding and ocean development business sector. Building on the momentum provided by the successful construction of the Tachibana-Marun, MHI will focus its efforts on sales proposals in the sector and the development of various eco-ship technologies going forward.



The Tachibana-Marun features an original color scheme

## MHI Group Receives Order to Modify Incineration Plant in Singapore; Intake Volume of Incinerator to Be Increased More Than 10 percent

The MHI Group, its local subsidiary MIES (currently MHIAP), and Mitsubishi Heavy Industries Environmental and Chemical Engineering Co., Ltd., received an order to modify the Senoko Waste-to-Energy Plant (SWTE) located in the Senoko district of Singapore.

SWTE was designed and constructed by MHI and completed in 1992. Since 2009, the facility has been operated and managed by Keppel Seghers Engineering Singapore Pte. Ltd. (KSES), a subsidiary of Keppel Infrastructure Holdings Pte. Ltd. SWTE has a concession agreement with Singapore's National Environment Agency to treat up to 2,100 tons per day (tpd) of municipal waste. Using MHIEC's technologies, the plant's treatment capacity will be increased by strengthening the heat and corrosion resistance of parts of the furnaces and boilers, thereby increasing the incinerator's intake volume more than 10 percent, to 2,310 tpd. At the same time, these modifications will allow the plant to increase the amount of power it generates.

For the MHI Group, this is the first full-scale overseas order for follow-up construction in the waste-to-energy field. Leveraging this order, the Group will draw on its long-cultivated technological capabilities and abundance of know-how in construction and management to expand its business in overseas markets, primarily those in Southeast Asia.



Senoko Waste-to-Energy Plant, in Singapore

## Fair Dealing

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

MHI procures a variety of materials and services both domestically and abroad that include materials such as steel, machinery, equipment, and components. MHI is open to all motivated and competitive suppliers. Suppliers are fairly and equitably selected and evaluated in accordance with the applicable laws and industry practices, in order to build relationships of trust predicated on mutual prosperity.

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

### MHI Procurement Policy

#### 1. Openness

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

#### 2. Fairness

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

#### 3. Partnership

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

#### 4. Compliance

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

### Thoroughly preventing illegal and unfair dealings

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

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

## Promoting CSR Procurement

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

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

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

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

### MHI Group Supply Chain CSR Promotion Guidelines

#### 1. Compliance and Corporate Ethics

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

#### 2. Safety, Quality, Cost, Delivery and Innovation

In order to maintain and improve the value of MHI's products, we ask all of our Partners to provide materials and services with assured safety and quality, cost and delivery ("QCD").

Moreover, in order to create end products with high added value, we ask for your continuous improvement in developing new technology.

#### 3. Human Rights, Health and Safety

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

#### 4. Respect for the Environment

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

#### 5. Contribution to the Region and Society

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

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



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

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

During fiscal 2014, MHI continued to solicit Value Engineering (VE) (Note) proposals from business partners through its VE promotion system (website). Of the 5,561 proposals received, 4,907 have been adopted.

The seventh Business Partners Conference in November attracted 239 companies. The conference included speeches by the MHI president and general manager of the Procurement Planning & Administration Department, a speech by the chairman of the Society of Japanese Value Engineering, and presentations on examples of improvement initiatives carried out with business partners. Certificates of gratitude were presented to 11 partners for stronger product price competitiveness, higher quality, and shorter lead times.

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

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

### ■ Overview of Overseas Business Partners Conferences Held

City and Country of Conference	Date (Companies Attending)
Pusan, Korea	September 2014 (47), December 2014 (46)
Prague, Czech Republic	October 2014 (90)
Los Angeles, United States	February 2015 (50)

## Declaring Basic Policy Concerning Conflict Minerals

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

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

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

## Procurement Education and Training

### Training for employees engaged in procurement activities

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

In fiscal 2014, MHI concentrated on providing training to more Group companies. Sixty-three young employees, including 41 from Group companies, attended a training session covering procurement-related laws and regulations and important points to be aware of when carrying out procurement work. A total of 52 new employees and employees just transferred to procurement departments, including 39 Group employees, were given an introductory course on basic information concerning procurement practices. Additionally, 766 MHI employees and a further 454 Group employees took an e-Learning course on the Act Against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

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



Compliance training

## Disclosure Principles and IR / SR Activities

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

Through Investor Relations (IR) and Shareholder Relations (SR), MHI is working to promote understanding of the Company's activities among institutional and individual investors, as well as its shareholders, in Japan and around the world.

We have set up an IR Group within the Managerial & Finance Planning Department to function as a special IR division. We have also assigned an SR Manager to our PR Department. Both the IR Group and the SR Manager provide useful and up-to-date information as well as hold briefings and meetings designed to provide opportunities for direct communication. Comments and suggestions from these meetings are incorporated into future IR and SR programs.

### Providing accurate information online that is easy to understand

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

In fiscal 2014, we further promoted the diversification of our communications, an ongoing effort we have been taking in order to broaden our interface with shareholders and other investors. We continued to operate the smartphone (iPhone) application "MHI IR," which was released in fiscal 2013 and provides access to the most recent IR information. At the same time, we have implemented upgraded versions of this application that are compatible with the latest smartphone (iPhone) models. Furthermore, we released an English version of this application, allowing for use among a wider range of our shareholders and other investors. We also sought to make our IR information easier to read and search through by providing an online edition of the 2014 Annual Report.

### Implementing various briefings on business operation and strategy

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

The fiscal 2014 Financial Results and 2012 Status of Medium-Term Business Plan Briefing was held in April 2014, with 166 attendees.

MHI maintained its commitment to good communication with individual investors. Briefings were held fourteen times in cities across Japan (mostly in locations close to MHI facilities) and drew a combined attendance of around 1,600. The briefings at Mitsubishi Minatomirai Industrial Museum (in Yokohama, Kanagawa), History Museum (Nagasaki Shipyard & Machinery Works) and M's Square (in Shinagawa, Tokyo) also included facility tours. The online briefing for individual investors was also held, with investors across Japan listening in.

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

## Holding plant tours for shareholders

As part of its Shareholder Relations (SR) activities, MHI has been conducting twice-yearly plant tours for shareholders since 2005 to provide opportunities to deepen understanding of its business activities.

Plant tours in fiscal 2014 were held at the Nagoya Guidance and Propulsion Systems Works in September 2014 and the Mihara Machinery Works in March 2015. Visitors commented that they were once again moved by the magnificence of Japanese craftsmanship and were surprised to learn that MHI deals with such familiar items as cardboard and railway systems.

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

### Plant Tours (FY2014)

Nagoya Guidance and Propulsion Systems Works (held in September 2014 with 72 participants)

Liquid rocket engine assembly factory and HTV (H-II Transfer Vehicle (space station cargo transfer spacecraft)) assembly factory



Tour of the liquid rocket engine assembly factory (Nagoya Guidance and Propulsion Systems Works)

Mihara Machinery Works (held in March 2015 with 78 participants)

Tour of the paper converting machine assembly factory and the MIHARA Test Center



Tour of the MIHARA Test Center from the observation room (Mihara Machinery Works)

## Share and Dividend Report

### Fiscal 2014 dividend distributions

For fiscal 2014, a 6 yen per share year-end dividend was distributed.

An interim dividend of 5 yen per share was distributed, which brings the total dividend for the year to 11 yen per share.

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

FY	Dividend per share
2014	11 yen
2013	8 yen
2012	8 yen
2011	6 yen
2010	4 yen

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

### Selection by Eco-funds and SRI Indicators

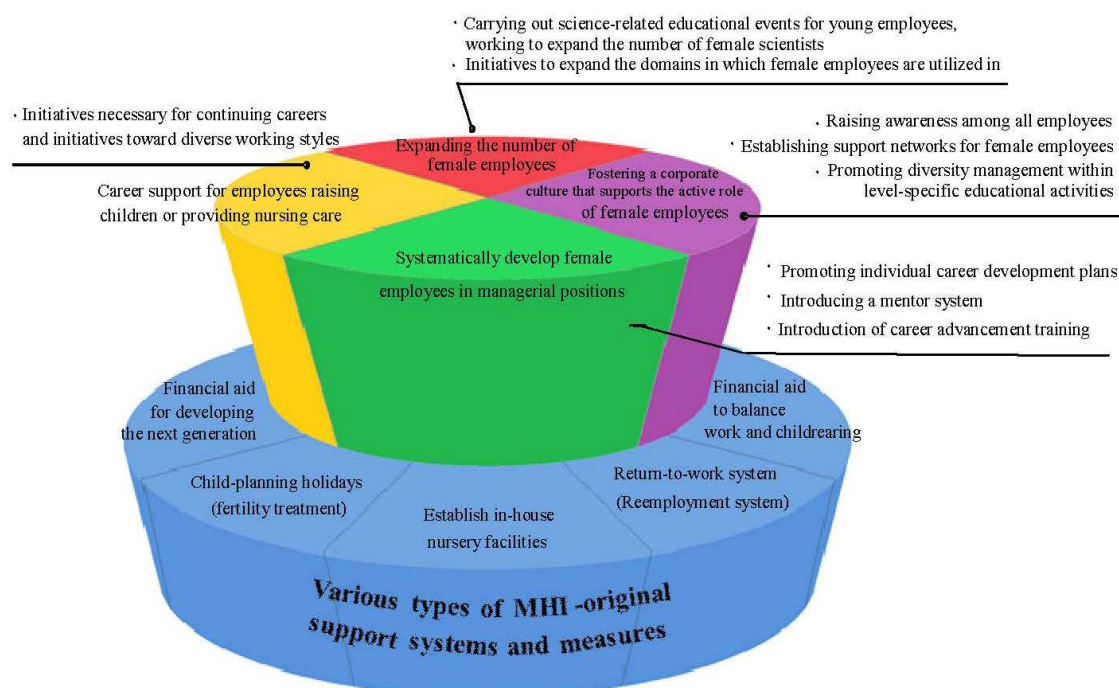
The MHI Group practices management with a focus on CSR and conducts a wide range of activities to enhance its business, environment and society, including corporate governance and risk management. Thanks to efforts like these, MHI was again included in the eco-funds, formed based upon surveys of companies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

## Promoting Diversity

### Promoting an Active Participation of Women

In order to further accelerate the Company's global expansion and to make the leap to becoming a highly profitable enterprise with a business scale of 5 trillion yen, MHI is promoting the active participation of women in the workplace in conjunction with MHI's pursuit of diversity management. In July 2014, MHI set a target to increase the number of the company's female managers (in positions of Section Manager and higher) threefold from the current level by 2020. Until now MHI has promoted the active participation of its female employees through measures to support women's attainment of a work environment that are in harmony with their childrearing needs. Examples of this are the introduction of benefits allowing employees to take childcare leave and the creation of in-company nursery facilities. Going forward, as measures to further promote the careers of female employees, the company intends to change how female employees are treated companywide, support female network building, promote individual career growth plans, and create an environment in which men and women can all work in a flexible and diverse way.

#### ■ Measures to Achieve Our Targets



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

In addition to new graduates, MHI also hires mid-career professionals in order to ensure the diverse range of human resources required to maintain its position as an industry leader. In fiscal 2014, approximately 320 new graduates (who joined the company in April 2014) and approximately 80 mid-career professionals were hired. When hiring both new graduates and mid-career workers, MHI carries out fair screening with an emphasis on human rights and without discrimination due to gender or other reasons. Most mid-career hires fill technical or engineering positions that require a high level of expertise and where they can use the special skills they have developed in their respective fields. MHI is also working on a broad basis to recruit workers who take global business development. MHI is also promoting the employment and utilization of female workers. In fiscal 2014, approximately 24 percent of newly university graduated non-engineer recruits were women.

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

With the size of Japan's workforce declining as a result of a low birth rate and aging population, MHI introduced on April 1, 2013, an employment extension program to provide veteran employees with opportunities to continue using their extensive knowledge and skills after retirement. The new program is a revised version of a previous program that set standards for eligibility. Now, all retirees are eligible for employment up to the age of 65.

As of April 1, 2015, MHI, on a nonconsolidated basis, has rehired approximately 1,800 employees. These re-employed workers are active as experienced professionals, and serve to transfer their skills and expertise to others.

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

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

In fiscal 2014, MHI's efforts to promote the expansion of hiring for differently-abled people included strengthening its hiring activities by further raising in-house target values for the employment of differently-abled people, utilizing an employment website for differently-abled people, collaborating with regional "Hello Work" (Employment Security Bureau) offices, and proactively utilizing various types of recruitment information such as job interview events. As a result, MHI's employment rate for differently-abled people reached 2.22 percent as of June 1, 2015, exceeding the statutory minimum of 2.0 percent. We will further increase such hiring in the future with the help of information and close cooperation with each of our main hubs.

## Basic Data

### ■ Breakdown of employees by age (FY2014)

Age	Under 30	30-39	40-49	50-59	60 and over
Male	4,357	6,214	5,300	3,028	170
Female	442	595	647	346	18
Total	4,799	6,809	5,947	3,374	188

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

	University	Vocational school and junior college, high school, other	Total (females in brackets)
Joined the company in April 2014	185	134	319 (19)
Joined the company in April 2015	224	175	399 (25)

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

April 2011	April 2012	April 2013	April 2014	April 2015
266	288	293	256	262

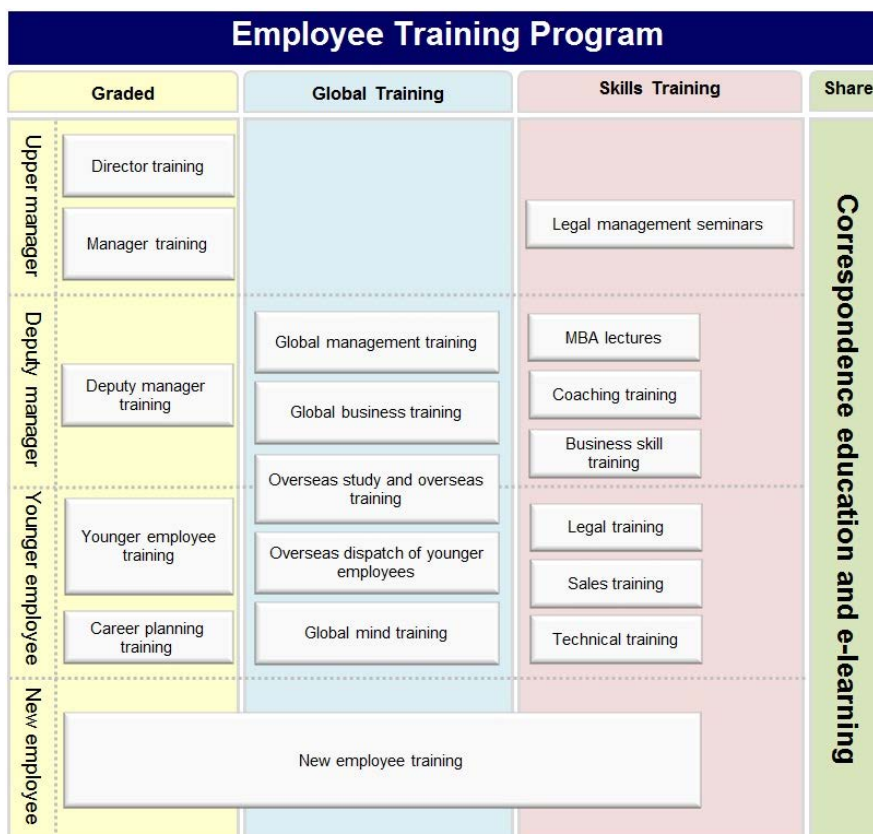
### ■ Number of rehired employees (excluding those from Group companies)

April 2013	October 2013	April 2014	October 2014	April 2015
2,426	2,556	1,985	1,859	1,766

## Cultivating Human Resources

### Improving education to strengthen global responsiveness

MHI is working to improve employee capabilities and enhance education with the aim of being a global corporation that is capable of responding to changes in the rapidly transforming market. Based on on-the-job training (OJT) in workplaces, we are implementing various educational programs starting immediately after hiring according to job level and function. The main themes of education according to job level include leadership and management. With the aim of strengthening our ability to respond to globalization, starting from fiscal 2011 MHI established new systems including MHI Global Training (MGT). In fiscal 2014, 14 employees were dispatched overseas for this training.



### Strengthening development of local staff

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

Moreover, from fiscal 2015 we will establish an environment that allows staff to educate themselves as and when necessary from any location by expanding the English content of our e-learning website (3000 subjects), which can also be used from overseas.



"Introduction to MHI Group"



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

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

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

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

## Bolstering training activities for Group company employees

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

Since fiscal 2009, MHI has provided Group company employees with group training, where managers take training according to their respective ranks and all employees take courses on English business communication and business skills. In fiscal 2014, a total of 7 such courses were held, attended by 417 people.



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

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

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

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

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

## Building a Better Working Environment

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

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

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

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

Other initiatives include holding regular discussion panels between individuals on childcare leave and those who have taken such leave in the past in hopes of enabling a smooth transition back to work.

### Programs that focus on work-life balance

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

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

(Note 2) Special grants for working employees who place their children in daycare provide 5,000 yen per month to working employees who place children in daycare until the end of the fiscal year in which the child reaches three years of age (approximately 1,010 grants paid in fiscal 2014).

(Note 3) Next generation nurturing support grants provide 100,000 yen per employee with three or more children (approximately 175 grants paid in fiscal 2014).

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

## Nursery operated

In April 2010, the Nagasaki Shipyard & Machinery Works opened the first MHI in-house nursery, MHI Kira Kids Nursery. All MHI Group employees working in the Nagasaki area can leave their pre- school-aged children at any time between 7am and 8pm.

Since opening its doors, the nursery has held various events such as parent & child picnics and Christmas parties, as well as English, gymnastics, and art classes.

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

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



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



[Yokohama] The center's popular slider

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

Since the establishment of the Committee for Raising Awareness of Human Rights in 1992, MHI has been improving awareness of human rights throughout the company. Human rights awareness training is held each year for new employees and newly appointed managerial staff, such as managers and deputy managers. This training handles themes related to human rights issues and harassment, including fundamental knowledge and points to be aware of. In fiscal 2014, approximately 320 new recruits and 1,500 newly appointed managers and supervisors participated in human rights awareness training. In order to prevent "power harassment" (workplace bullying and harassment), we continued to hold an e-Learning course that was introduced in fiscal 2010, and have also been working to educate the rest of the MHI Group since fiscal 2011. We have also been working to raise awareness among all employees in various ways. For example, we are stepping up our efforts to address sexual harassment and "power harassment" by leading in the introduction of external consultation desks for Group companies in Japan.

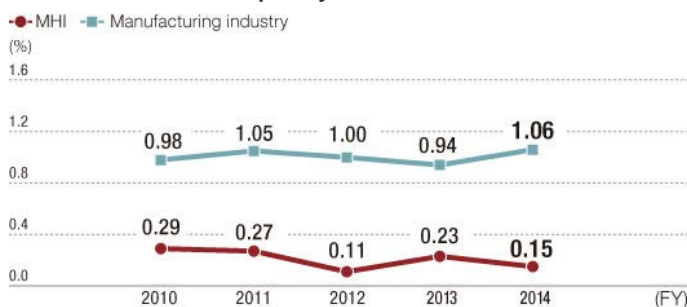
MHI will continue working to strengthen its activities to increase awareness of human rights.

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

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

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

### Industrial accident frequency rate



FY	2010	2011	2012	2013	2014
MHI	0.29	0.27	0.11	0.23	0.15
Manufacturing industry	0.98	1.05	1.00	0.94	1.06

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

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

In order to reduce the risk of occupational accidents, MHI makes improvements based on the results of risk assessments implemented at each works. These assessments are related to tasks and equipment, and are mainly focused on the safety and manufacturing sectors.

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

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

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

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

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



Safety Transmission Center



## Maintaining and improving physical and mental health

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

### Health promotion and mental health measures

Health promotion measures (implemented at each office)

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

Mental health measures

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

## Promoting communication between management and employees

MHI believes that communication between management and employees is crucial for carrying out smooth business operations. In line with this thinking, the company's intranet, corporate newsletter and other resources are fully utilized to disseminate management information and messages from top management to all employees as quickly as possible. In addition, various labor-management consultations provide forums for management to both convey management policies and strategies as well as to hear the views of the employees to be integrated into management practices.

## Enhancing Product Safety

### Strengthening safety and quality management systems

MHI is continuing to promote product safety activities throughout the company.

One example of our efforts started in fiscal 2005, is the Product Safety Project between the Legal Department and the Production System Innovation Planning Department. The Product Safety Project — which was brought to an end in fiscal 2012 — involved risk assessments to ascertain and reduce areas of risk related to product safety in three product groups — mass and medium-lot manufactured products, built-to-order components and built-to-order plants — along with strategies in other areas such as completion of instruction manuals. In fiscal 2014 it was expanded to include product business support and thorough training and human resources development.

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

### Continuously strengthening product QMS

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

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

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

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

The facility was given an extensive overhaul in April 2012, including the addition of new video presentations and artifacts designed to convey a greater sense of realism in regards to the nature of the accidents and the events experienced at the accident site. Approximately 25,000 visitors have passed through the facility since its opening. Meanwhile, since 2010 MHI has also held safety and quality training sessions describing past safety incidents, attended by new engineering and administrative recruits, employees in their fourth year at the company, and newly appointed deputy managers. Since fiscal 2014 MHI expanded this to include newly appointed managers and newly recruited technicians, increasing the total number of employees who have received this training to around 10,000.

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



The refurbished Accident Exhibit and Materials Room



## Quality and safety programs for key products

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

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

In fiscal 2014, the Nuclear Safety Steering Committee reported on and held debate over the status of efforts to foster and promote a nuclear safety culture and efforts toward resuming operations at nuclear power plants. The committee concluded that, as one of the missions of MHI is to communicate the fact that nuclear power is a necessary technology for Japan, the Company will engage in initiatives to support all types of nuclear power technology, regardless of reactor type, with resolve going forward.

### Measures for enhancing PWR power plant safety

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

Furthermore, the new safety criteria that was developed by the Nuclear Regulation Authority (NRA: established in September 2012) went into effect in July 2013, and in August 2015, PWR power plants that have satisfied the new safety criteria resumed operations. Currently, safety inspections are underway at other PWR power plants geared toward restarting their operations. MHI is providing technical support to power companies to restart operations at these domestic PWR power plants at the soonest date possible.

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

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

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

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

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

### Aircraft: Raising awareness for aircraft safety through education and training, and promotion of QMS activities

In the aircraft manufacture and repair business, based on the Aircraft Safety Policy, assurance of aircraft safety is our top priority. Employees engaged in operation and management understand the gravity of aviation accidents. Accordingly, as part of our educational activities aimed at ensuring thorough awareness of aircraft safety, we are implementing various training programs for relevant employees, primarily in management positions. These include training where employees learn through educational tours of the Japan Airlines Safety Promotion Center and climbing the Osutaka Ridge to pay respects to those that died in the Japan Airlines Flight 123 crash, which occurred in 1985; workshops that communicate the lessons learned from an emergency landing accident involving an MH2000 helicopter and an accident where a F-2 jet fighter crashed and burst into flames (instructions on new work procedures / application of independent verification programs), which occurred in 2000 and 2007 respectively; initiatives to prevent leftover foreign objects; and training where employees learn through active discussions with pilots. In addition, we are working to improve quality through QMS activities based on JIS Q 9100.

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

MHI is working on the development of various transportation systems with a high potential for use in public settings, such as Automated People Mover (APM) for use in airports and other facilities in cities and Light Rail Vehicle. To ensure that such transportation systems function with high degree of safety, MHI operates a quality management system based on ISO 9001 and our own quality policies in all processes from design, procurement, and manufacturing to installation and test operation. Every year, top managers review these activities, evaluate the effectiveness of the quality management system and propose new actions for improvement. Workshops are also held so that relevant personnel can share information, for example, information on revisions made to laws, regulations and standards pertaining to railways. Mechanisms are also being developed to incorporate safety standards and customer requirements in various countries into the initial design stage of projects developed in and outside Japan. In addition to these efforts, MHI has introduced the system tool for sharing of lessons learned of past projects. Employees involved in past projects disclose and record their experiences and lessons learned so that current project members can acquire and share useful skills and knowledge, and find a stronger awareness of product safety.

### Air-conditioners: implementing safety verifications in every stage-development, usage, and disposal, based on design management standards

Air-Conditioning & Refrigeration Systems Headquarters established design management standards in 1994 to ensure the safety of air-conditioners.

To that end, when developing a product, quality check sheets and other measures are used to verify that products, when properly used, will not cause harm to people or property due to reasons such as harmful materials or possible fire or explosion at any point from development through to usage and disposal.

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



## Enhancing Customer Satisfaction (CS)

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

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

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

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

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

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



Basic CS training (Hiroshima)

### Promoting advertising activities

MHI established the Corporate Communication Department to promote advertising activities based on MHI business plans that target stakeholders in all global regions.

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

As part of our worldwide advertising strategies for fiscal 2014, we placed advertorials in the Financial Times (UK), Fortune (US), Business Week (US), and Economist (UK). The advertorials gave a comprehensive introduction to MHI Group's operations and endeavored to communicate information with the objective of raising awareness of stakeholders overseas. In Japan, we held the Tanegashima Space School in conjunction with the launch of H-IIA Rocket 25 in October. The school invited 25 groups of children and their guardians from around the country to witness the launch of a rocket at the Tanegashima Space Center and conducted science classes to learn about space, communicating the fun of science and the importance of technology. Furthermore, a report of these activities has been posted on the Company website.

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

## Implementing technical support as an aspect of preventative maintenance

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

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

As of April 2015, the service was used globally on 116 generators at 47 plants whose total output is over 29 million kilowatt, and we have been contributing to stable power generation operations for our customers.



Remote monitoring center

## Promoting nuclear power Public Acceptance (PA) activities

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

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

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

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



Touring the Kobe Shipyard & Machinery Works

## Maintaining and Strengthening Defense Production and Technological Bases

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

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

The environment surrounding the defense of Japan has been changing dramatically over the last few years. In light of the current financial difficulty of Japan and the speed of technological progress, it is increasingly important to maintain and strengthen defense production and technological bases, in order to satisfy the requirements of the government. MHI is focusing on the future security environment and is developing various technologies that meet the needs of the country. This includes research on the Advanced Technology Demonstrator for the purpose of achieving technologies, such as stealth and high maneuver flight control technology to be applied to future jet fighters.

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



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

#### ■ Ratio of defense-related businesses sales to total sales

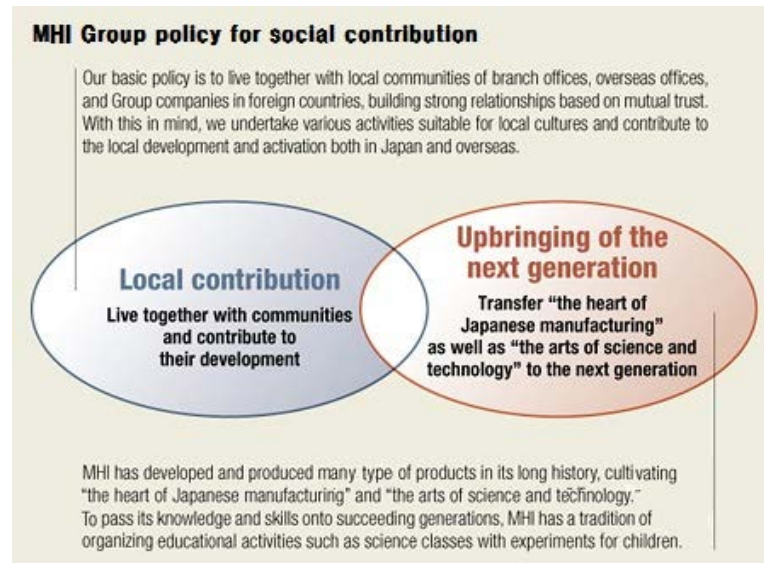
FY	Ratio	Amount
2012	11.0 percent	308.6 billion yen
2013	11.6 percent	387.3 billion yen
<b>2014</b>	<b>9.7 percent</b>	<b>385.4 billion yen</b>

## Fulfilling our Policy on Social Contribution Activities

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

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

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



### Local contribution

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

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

### Upbringing of the next generation

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

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

## Reports on Social Contribution Activities

### Expenditure of approx 1.9 billion yen on social contribution activities

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

In fiscal 2014, MHI spent approximately 1.9 billion yen on social contribution activities.

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

	FY2011	FY2012	FY2013	FY2014
Academic research	164 million yen	177 million yen	143 million yen	428 million yen
Education	596 million yen	503 million yen	494 million yen	596 million yen
Community activities	180 million yen	153 million yen	125 million yen	135 million yen
Sports	133 million yen	173 million yen	149 million yen	177 million yen
Other	1,023 million yen	474 million yen	566 million yen	563 million yen
<b>Total</b>	<b>2,096 million yen</b>	<b>1,480 million yen</b>	<b>1,478 million yen</b>	<b>1,899 million yen</b>
<b>Percentage of ordinary profit</b>	<b>2.39%</b>	<b>1.00%</b>	<b>0.81%</b>	<b>0.69%</b>

(Note 1) Figures include cash donations, payments in kind, activities by employees, free use of company facilities, etc., converted into monetary equivalents; activities privately performed by employees are not included.

(Note 2) Includes group companies under consolidated accounting.

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

### About donation recipients

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

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

## Robust recovery assistance to areas hit by natural disasters

The MHI Group has long embraced a humanitarian perspective and offered assistance and support across the world in the aftermath of large-scale natural disasters.

Continuing our reconstruction assistance for communities hit by the Great East Japan Earthquake on March 11, 2011, in fiscal 2013 we again engaged in various activities to support children, such as teaching science classes, sponsoring charity musicals, and hosting a rugby workshop in fiscal 2014. We also implemented new assistance efforts, such as the MHI Miyagi Fukushima Mini-Fund, which provides assistance to community restoration efforts in the disaster regions, and donating (Note) dishes and eating utensils made from a MHI proprietary shape-memory polymer to social welfare facilities.

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

### ■ Major support activities in recent years

Year	Disaster	Scale of support	Type of support
2014	Hiroshima heavy rain disaster	10.47 million yen	Cash donation and supplies
2013	Great East Japan Earthquake	28.04 million yen	Cash donation and donation of air-conditioners and other supplies
	Damage from Typhoon Haiyan	5 million yen	Cash donation
2012	Great East Japan Earthquake	28.62 million yen	Cash donation and donation of refrigeration unit and other supplies
2011	Thailand floods	45 million yen	Cash donation and supplies
	Great East Japan Earthquake	680 million yen	Cash donation and donation of solar power systems and forklift trucks
2010	China Qinghai Earthquake	10 million yen	Cash donation
	Chile Earthquake	5 million yen	Cash donation
	Haiti Earthquake	10 million yen	Cash donation and donation of lighting towers with generators
2009	Indian Ocean Earthquake and Tsunami	3 million yen	Cash donation
	Damage from Typhoon Morakot	2.54 million yen	Cash donation
	L'Aquila Earthquake in Italy	2.54 million yen	Cash donation

## Activities that support the development of the next generation

### Science classes held by employees of various worksites

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

Classes were held again in fiscal 2014, with group employees in each district partnering with local NPOs and other organizations to teach the class using our products and technologies from their respective workplaces. More than 4,800 students participated in these classes nationwide. Host schools and groups have responded with great enthusiasm, commenting on how the science classes are not only fun but also represent a meaningful opportunity to participate in experiments and exercises that promote independent thinking and innovation, and that the opportunity to learn directly from engineers would be useful to the children's careers.

#### ■ Science classes held in FY2014

Taught by	Grade level	Number of participants (Note)	Activities, topics
Nagasaki Shipyard & Machinery Works	Elementary school	19	Elementary school lectures on "Why do Boats Floats?" and "The History of Boats"
Shimonoseki Shipyard & Machinery Works	Elementary school	104	Monozukuri Classrooms, which use hands-on design as a theme via three-dimensional CAD; classroom science lectures, which use pop-pop boat construction as a theme
Hiroshima Machinery Works	Elementary school	271	Lecture using "wakamaru" communication robot
Mihara Machinery Works	Elementary school	69	Lecture on motors and brakes and the principles of how trains start and stop
Kobe Shipyard & Machinery Works	Elementary school	275	Science lesson entitled "Let's Experiment with Atmospheric Pressure;" lecture about work opportunities related to space entitled "Carry on your dreams! Discover the Secrets of Space Exploration;" and umbrella bag rocket construction
Takasago Machinery Works	Elementary school	150	Science summer school "Let's Learn about the Latest Manufacturing Methods" High speed camera experiment and linear motor car construction
Nagoya Aerospace Systems Works	Elementary, junior high, and high schools	110	Lectures on rockets and aircraft,
Nagoya Guidance & Propulsion Systems Works	Elementary, junior high, and high schools	1,713	Lecture on rockets
Yokohama Dockyard & Machinery Works	Elementary school	194	Kids' Club science classes: Buoyancy experiment using clay and a steel plate; construction of a flutter boat; lecture on wind turbines
Sagamihara District	Elementary school	49	Lecture on turbochargers
Meirei District	Elementary school	142	Lecture on the mechanism behind temperature change
Ritto District	Third-year junior high school students - second-year high school students	60	Mathematics and science guidance
Head Office	Elementary school	380	Lecture on planes and rockets
Mitsubishi Minatomirai Industrial Museum	Elementary and junior high schools	1,328	Science lessons using paper airplanes; lessons explaining familiar phenomena; lessons with special guest lectures

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



Science classes at Yokohama Dockyard & Machinery Works



Science classes at Nagoya Guidance & Propulsion Systems Works

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

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

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

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

Furthermore, following a request by the Ministry of Economy, Trade and Industry and the Japan International Cooperation Center (JICE), we have been accepting interns from the Masdar Institute of Science and Technology in the United Arab Emirates (UEA) every year since 2012. From mid-May to the early-July 2014, two students were engaged in internships at MHI's Research and Innovation Center (Nagasaki District).

In addition to this, 40 students ranging from first-year junior high to third-year high school students participated in the "hands-on rivetting" education and factory tour at the Nagoya Aerospace Systems Works, which was held on March 26, 2015.



## Performances of the Shiki Theatre Company's Kokoro no Gekijo

Based on MHI Group's CSR action guidelines of maintaining "close ties with society" and building "a bridge to the next generation," through musicals the Company is working to cultivate a richness of spirit among the children of the next generation. Accordingly, from fiscal 2013 we have supported the Shiki Theatre Company's Kokoro no Gekijo ("Theater of the Heart") productions.

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

In fiscal 2013, MHI sponsored performances in Miyagi and Fukushima prefectures as part of its efforts to support recovery in the area affected by the Great East Japan Earthquake. At the same time, MHI volunteers helped out on the performance days to assemble and dismantle the stage, receive guests, guide them around the venue, and give instructions.

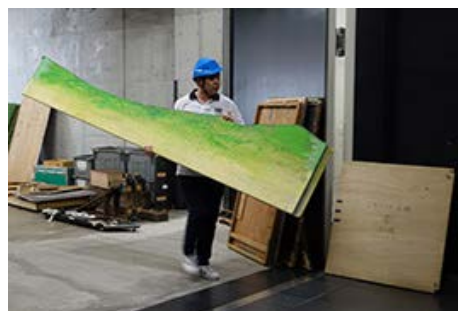
From fiscal 2014, we expanded the scope of our support to performances nationwide. Group employees and their families have participated as volunteers at performances in locations close to our plants, and a total of 115 participants from 16 offices and plants in 13 locations nationwide have contributed to the activities so far.



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



Employees providing directions and guidance within the theater



Helping with the loading and unloading of stage equipment



Commemorative photo of staff and actors after the performance



A message board decorated by the performers

## Tanegashima Space Art Festival Pre-event

The island of Tanegashima springs to mind when Japanese people think of "space." Various activities are now starting up in preparation for the "Space Art Festival" that is planned for 2017 and intended to expand the field of space art. This project, sponsored by the Tanegashima Space Art Promotion Council (Note), began as a grass-roots initiatives to cultivate the new category of "space art" and attract tourism, with art exhibits and educational pre-events commencing in fiscal 2013.

MHI, which has been involved in space development for some time, took this opportunity to sponsor a children's space art classroom and music festival as pre-events in fiscal 2013.

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

In 2014, MHI sponsored the pre-event Space Art Exhibition Artist in Residence Project 2014, which supported the production and exhibition of pieces by artists at Tanegashima.

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

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



Tanegashima space art festival pre-events (2013)

## Recognition from Society

Year Awarded	Month Awarded	Award Name	Organization / Item	Awarded by
2014	March	Recognized for construction of the Koshikijima high-speed ship, combining the Company's superior technologies used in the construction of high-speed vessels and passenger ships	Mitsubishi Heavy Industries, Ltd.	Mayor of Satsumasendai City
	April	Recognized for completed construction on exit route facilities in tandem with construction of the Moriguchi Junction of the Hanshin Expressway	Mitsubishi Heavy Industries, Ltd.	Chief of Construction Management Headquarters, Hanshin Expressway Co., Ltd.
	May	Recognized for significantly contributing to the mission performance of the Japan Air Self-Defense Force through the establishment and promotion of BMD system maintenance and the dispatch of engineers during the establishment of guided missile destruction measures, demonstrating a deep understanding of the importance of the mission of national defense and the Self-Defense Forces	Integrated Defense & Space Systems Domain, Mitsubishi Heavy Industries, Ltd.	Chief of Staff, Air Self-Defense Force, Ministry of Defense
		Recognized for significantly contributing to the mission performance of the Japan Air Self-Defense Force through the maintenance and repair of fighter aircrafts, the provision of technological support to defense units, and the achievement of one million hours total flight time for F-15 aircrafts, demonstrating a deep understanding of the importance of the mission of national defense and the Self-Defense Forces	Integrated Defense & Space Systems Domain, Mitsubishi Heavy Industries, Ltd.	Chief of Staff, Air Self-Defense Force, Ministry of Defense
	June	Received Silver Prize for Companies with Outstanding IR sites in the Gomez IR Site Rankings 2014	Mitsubishi Heavy Industries, Ltd.	Morningstar Japan K.K.
		Received Demand-Side Management Award 2015 for the contributions made to leveling electric power burden of the Company's ice storage system, which utilizes highly-efficient turbo chillers equipped with double evaporators	Mitsubishi Heavy Industries, Ltd.	Heat Pump & Thermal Storage Technology Center of Japan
		Received an award as one of six vendors for exceptional project support and product quality and performance in the Execution Stage project of Chevron Phillips Chemical Company LP	Mitsubishi Heavy Industries Compressor Corporation	Chevron Phillips Chemical Company LP
	July	Recognized for providing assistance in accepting students for implementation of 2013 overseas internship program, demonstrating a deep understanding of educational research at National Technical Colleges	Mitsubishi Heavy Industries, Ltd.	President of the KOSEN National Institute of Technology
		Recognized for development and management of the Extravehicular Activity (EVA) Support Robot "REX-J (Robot Experiment on JEM) " Project at an international space station, which significantly contributed to the project's success	Mitsubishi Heavy Industries, Ltd.	Principal of Japan Ground Self-Defense Force Fuji School and General of the Fuji Garrison Command
		Recognized for efforts to promote defense foundation and enhance educational training at Japan Ground Self-Defense Force Fuji School, demonstrating a deep understanding of the Self-Defense Forces	Mitsubishi Heavy Industries, Ltd.	Principal of Japan Ground Self-Defense Force Fuji School and General of the Fuji Garrison Command
		Received the Engineering Commendation Award for development of energy-efficient shield together with Obayashi Corporation and Ritsumeikan University. The Company was recognized for successfully implementing technologies that overcame the issue of achieving both decreased energy consumption of the large cross-sectional shield and high-speed construction	Mitsubishi Heavy Industries Mechatronics Systems, Ltd.	Engineering Advancement Association of Japan
	August	Received certificate of appreciation for contributing to educational development of the Air Staff College over many years in such ways as providing support for corporate training, demonstrating a deep understanding of the importance of the mission of national defense and the Self-Defense Forces	Mitsubishi Heavy Industries, Ltd.	Principal and General of Air Staff College
	September	Selected as the Miyagi Prefectural Road Corporation's Superior Construction Work Contractor after receiving high praise from the perspectives of quality and work management in relation to the construction of IC toll collection machines and ETC equipment at [the] Matsushima Oosato entrance for the Miyagi Prefectural Road Corporation	Mitsubishi Heavy Industries, Ltd.	Miyagi Prefectural Road Corporation
	October	Recognized for significantly contributing to student education at the Ground Self Defense Force Ordinance School over many years in such ways as supporting the school's development and factory training program, demonstrating a deep understanding of the Self-Defense Forces	Mitsubishi Heavy Industries, Ltd.	Principal of Ground Self Defense Force Ordinance School and Major General of Tsuchiura Garrison Command
		Received certificate of appreciation for significantly contributing to safe and stable transportation on the Tokaido Shinkansen through the provision of advanced technological capabilities and high-quality services	Mitsubishi Heavy Industries, Ltd.	President., Central Japan Railway Company
		Selected as a "Company with Outstanding Disclosure" by security analysts and received certificate of commendation (Machinery Division)	Mitsubishi Heavy Industries, Ltd.	The Securities Analysts Association of Japan
		Received award as "Yokohama City's Outstanding Construction Supervisors" for the superior results of construction performed by on-site supervisors in relation to construction work ordered by Yokohama city	Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd.	Mayor of the City of Yokohama

Year Awarded	Month Awarded	Award Name	Organization / Item	Awarded by
2014	November	Received the Best IR Award	Mitsubishi Heavy Industries, Ltd.	Japan Investor Relations Association
		Received 2013 Internet IR Excellence Award	Mitsubishi Heavy Industries, Ltd.	Daiwa Investor Relations Co., Ltd.
		Achieved 1st place in the Best Company Website Rankings for the machinery industry	Mitsubishi Heavy Industries, Ltd.	Nikko Investor Relations Co., Ltd.
2015	January	Achieved "Accident-Free Record in Class 5" as a member of the manufacturing industry for transportation machines and devices for 23.8 million accident-free hours in September 2014	Mitsubishi Heavy Industries, Ltd. Nagoya Guidance & Propulsion Systems Works	Ministry of Health, Labour and Welfare
	February	Received the Grand Prix at the Nikkei Annual Report Awards 2014 sponsored by Nikkei Inc.	Mitsubishi Heavy Industries, Ltd.	Nikkei Inc.
		Received an award for actively promoting guidance and education related to safety and health during periodic maintenance construction on power plants, and for completing such maintenance without accident or injury	Mitsubishi Heavy Industries Mechatronics Systems, Ltd.	Kashima Kyodo Electric Power Company
	March	Recognized for significantly contributing to the successful operation and launch of the Epsilon Launch Vehicle guided by the Company's advanced technological capabilities and experience	Mitsubishi Heavy Industries, Ltd.	The Japan Aerospace Exploration Agency
	April	Recognized for manufacturing and installing a turbine and boiler that shortened planned construction time for equipment renewal at the Himeji No.2 Power Station of Kansai Electric Power	Mitsubishi Heavy Industries, Ltd.	President and Director, The Kansai Electric Power Company, Incorporated
		Recognized for efforts made in completing construction on ETC exit route facilities under strict construction conditions in tandem with construction work on the Matsubara Junction of the Hanshin Expressway	Mitsubishi Heavy Industries, Ltd.	Hanshin Expressway Co., Ltd.
		Received the Municipal Merit Award for significantly contributing to tourism promotion in Nagasaki City by releasing historical documents of Mitsubishi Heavy Industries Nagasaki Shipyard & Machinery Works	Mitsubishi Heavy Industries Nagasaki Shipyard & Machinery Works	Mayor of Nagasaki City
	June	Received the 2014 Technology Award for contributing to the advancement of composite material engineering through basic technological development related to the enhancement of flexibly-strong layered CFRP and the application of such CFRP to locations besides the main wings of an aircraft, conducted together with Kawasaki Heavy Industries and two other companies	Mitsubishi Heavy Industries, Ltd.	Japan Society for Composite Materials
		Recognized for completing renewal work for ETC equipment within the jurisdiction of the Tohoku Branch without accident or injury, demonstrating a deep understanding for safety management at the safety committee of the branch	Mitsubishi Heavy Industries, Ltd.	Head of Fukushima Management Office and Representative Advisor of Safety Committee for Construction Under the Jurisdiction of the Fukushima Management Office, Tohoku Branch, East Nippon Expressway Company Limited

## Progress Toward a Sustainable Society

MHI's Activities (●:Society/■:Environment)	Year	Major Events in Japan and Abroad(●:Society/■:Environment)	
		Japan	World
			1948 ● Universal Declaration of Human Rights.
		1967 ■ Institution of Basic Law for Environmental Pollution Control.	
1970 ■ Completion of Japan's first PWR power plant.	1970		
		1971 ■ Establishment of Environment Agency.	
			1972 ■ United Nations Conference on the Human Environment convenes in Stockholm. ■ Adoption of Statement for Human Environmental Quality. ■ Establishment of United Nations Environment Programme (UNEP).
1973 ■ Inauguration of Environment Management Department.			
			1976 ● OECD Guidelines for Multinational Enterprises issued.
1977 ● Development of "Basic Guidelines for Safety & Health Management."			
1978 ■ Creation of Environmental Manager Conferences.			
1980 ● Establishment of Committee on Promotion of Training in the Dowa Issue.	1980		
			1981 ● Convention on the Elimination of All Forms of Discrimination against Women went into effect. ● International Year of Disabled Persons.
		1985 ● Enactment of Equal Employment Opportunity Law.	
1987 ● Establishment of Export-related Regulations Monitoring Committee.			1987 ■ Enactment of Ozone Layer Protection Law.
		1988 ■ Launch of In-house Conference on CO2 Measures and In-house Conference on CFC Measures.	
1989 ■ Launch of In-house Conference on CO2 Measures and In-house Conference on CFC Measures.			
	1990		1990 ● Institution of Americans with Disabilities Act.
		1991 ■ Establishment of Keidanren Global Environmental Charter. ● Establishment of Keidanren Charter of Corporate Behavior. ● Enactment of Child Care Leave Law.	
1992 ● Committee on Promotion of Training in the Dowa Issue renamed Committee for Raising Awareness of Human Rights. ● Establishment of Committee for the Promotion of Employment of the Handicapped.		1992 ■ Ministry of International Trade and Industry requests Voluntary Plan on the Environment.	1992 ■ United Nations Conference on Environment and Development (Earth Summit) convenes in Rio de Janeiro; adoption of Rio Declaration on Environment and Development and Agenda 21.
1993 ■ Formulation of voluntary plan entitled, "Our Approach to Environmental Problems."		1993 ■ Enactment of Basic Environmental Law.	
			1994 ● Caux Round Table draws up Principles for Business.
		1995 ● Child Care Leave Law revamped into Child Care and Family Care Leave Law.	1995 ■ 1st Conference of the Parties to the United Nations Convention on Climate Change (COP1) convened in Berlin.
1996 ■ Formulation of Environmental Policies and establishment of Environment Committee.		1996 ● Revision of Keidanren Charter of Corporate Behavior.	1996 ■ ISO 14001 is instituted. ■ 2nd Conference of the Parties to the United Nations Framework Convention on Climate Change (COP2) convened in Geneva.
1997 ■ Acquisition of ISO 14001 certification by Yokohama Machinery Works, a first for Japan's heavy industry manufacturers. ■ Launch of R410A-compatible air-conditioners. (R410A: new type of environment-friendly refrigerant)		1997 ■ Formulation of Keidanren Voluntary Action Plan on the Environment.	1997 ■ 3rd Conference of the Parties to the United Nations Framework Convention on Climate Change (COP3) convened in Kyoto.

MHI's Activities (●:Society/■:Environment)	Year	Major Events in Japan and Abroad(●:Society/■:Environment)			
		Japan		World	
		Year	Event	Year	Event
1998 ■ Development of system that thermally decomposes PCBs contained in industrial effluents.	1990	1998 ■ Enactment of Law Concerning the Promotion of Measures to Cope with Global Warming. ● Enactment of Law to Promote Specified Nonprofit Activities.	1998 ■ 4th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP4) convened in Buenos Aires.		
1999 ■ Delivery of combined-cycle power plant incorporating the M701G gas turbine, featuring the world's highest efficiency rating.		1999 ■ Enactment of Pollutant Release and Transfer Register (PRTR) Law.	1999 ■ 5th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP5) convened in Bonn.		
2000 ■ ISO 14001 certification acquired by all production bases (13 works).	2000	2000 ■ 2000 Enactment of The Basic Law for Establishing a Recycling-based Society. ■ Revision of Law for the Promotion of Recycled Resources Utilization. ■ Enactment of Construction Material Recycling Law, Food Recycling Law and Law on Promoting Green Purchasing.	2000 ■ 6th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP6) convened in The Hague. ● United Nations Global Compact is instituted. ● Issuance of GRI Sustainability Reporting Guidelines Version 1.		
2001 ■ Acquisition of ISO 14001 certification by Engineering Department. ● Establishment of Compliance Committee.		2001 ■ Establishment of Ministry of the Environment. ■ Enactment of Law Concerning Special Measures against PCB Waste. ■ Enactment of Fluorocarbons Recovery and Destruction Law.	2001 ■ 7th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP7) convened in Marrakech. ● ISO Council launches feasibility study on establishing international CSR standards.		
2002 ■ Establishment of medium- to long-term environmental activity goals.		2002 ■ Ratification of Kyoto Protocol. ■ Enactment of Soil Contamination Countermeasures Law. ● Nippon Keidanren revamps Keidanren Charter of Corporate Behavior into Corporate Behavior Charter. ● First meeting of CSR Standardization Committee held by Ministry of Economy, Trade and Industry.	2002 ■ World Summit for Sustainable Development convened in Johannesburg. ■ 8th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP8) convened in New Delhi. ● GRI Sustainability Reporting Guidelines Version 2 released.		
2003 ● Establishment of Construction Business Act Compliance Committee.		2003 ■ 2003 Trial project for trading of greenhouse gas emissions implemented by Ministry of the Environment. ■ Emissions standards for diesel vehicles tightened. ■ Revision of Waste Management and Public Cleansing Law. ● Japan Association of Corporate Executives for Economic Development releases 15th Corporate White Paper, entitled, "Evolution of Market and Social Responsibility-Minded Business Management."	2003 ■ First study meeting held to discuss treaty on safety of radioactive waste management. ■ 9th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP9) convened in Milan.		
2004 ● Joined United Nations Global Compact initiative. ● Establishment of Managing Board for Innovation in the Nuclear Business.			2004 ■ Tenth item (on corruption prevention) added to United Nations Global Compact. 10th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP10) convened in Buenos Aires.		
2005 ● Introduction of Executive Officer system. ● Establishment of Internal Audit Department. ● Establishment of CSR Center. ● Establishment of Order Compliance Committee.		2005 ● Enactment of Act on the Protection of Personal Information.	2005 ■ Kyoto Protocol goes into force. ■ 11th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP11) and the 1st Meeting of the Parties to the Kyoto Protocol (COP/MOP1) convened in Montreal.		
2006 ■ Acquisition of ISO 14001 certification by Head Office (including branch offices). ● Establishment of CSR Committee. ● Establishment of CSR Department.		2006 ● Enactment of New Company Law. ● New National Energy Strategy formulated.	2006 ● GRI Sustainability Reporting Guidelines Version 3 released. ■ 12th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP12) convened in Nairobi. ■ EU announced target of reducing CO2 emissions by 20 percent compared to 1990 levels by 2020.		
2007 ● Establishment of CSR Action Guidelines.		2007 ■ 21st Century Environmental Nation Strategy formulated. ● Enactment of the revised Consumer Products Safety Law.	2007 ■ Fourth Assessment Report released by the United Nations Intergovernmental Panel on Climate Change (IPCC).		
2008 ● Development of CSR Action Plan.		2008 ● Application of internal control report system based on the Financial Instruments and Exchange Act (J-SOX) started. ● Holding of the G8 Hokkaido Toyako Summit. ■ Revision of Act Concerning the Rational Use of Energy.			
		2009 ■ Revision of Soil Contamination Countermeasures Law.	2009 ● The Green New Deal advocated by the U.S. is embraced by countries across the globe.		

MHI's Activities (●:Society/■:Environment)	Year	Major Events in Japan and Abroad(●:Society/■:Environment)				
		Japan		World		
		Year	Events	Year	Events	
<ul style="list-style-type: none"> <li>■ Achievement of zero emission at all locations</li> <li>● Establishment of the Accident Exhibit and Materials Room</li> <li>● Establishment of the CSR Promotion Section of the Presidential Administration Office</li> </ul>	2010	<ul style="list-style-type: none"> <li>■ Cabinet determines Basic Law for Prevention of Global Warming</li> <li>■ Cabinet determines 2010 National Strategy for the Conservation and Sustainable Use of Biological Diversity</li> <li>■ Revision of the Waste Disposal Act</li> <li>■ Revision of the Air Pollution Control Law</li> <li>■ Revision of the Water Pollution Prevention Act</li> </ul>	2010	<ul style="list-style-type: none"> <li>■ 15th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 15) convened in Copenhagen.</li> <li>■ COP10 10th Conference of the Parties to the Convention on Biological Diversity held in Nagoya</li> <li>● Adoption of the Nagoya Protocol and Aichi Target</li> <li>● CSR Standards (ISO 26000) issued</li> </ul>		
	2011	<ul style="list-style-type: none"> <li>■ Implementing Energy-saving Measures at All Works</li> </ul>	2011	<ul style="list-style-type: none"> <li>■ Decision to introduce an environmental tax for measures against global warming</li> <li>■ Feed-in Tariffs for renewable energy</li> <li>● Establishment of Principles for Financial Action towards a Sustainable Society</li> </ul>	2011	<ul style="list-style-type: none"> <li>■ International energy management standard (ISO 5001) issued</li> <li>■ UN International Year of Forests</li> <li>■ Corporate Value Chain (Scope 3) Accounting and Reporting Standard</li> <li>■ 17th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP17) convened in Durban</li> <li>■ GRI Sustainability Reporting Guidelines version 3.1 released</li> </ul>
	2012	<ul style="list-style-type: none"> <li>● Establishment of the CSR Group in the Corporate Communication Department of the Presidential Administration Office</li> <li>■ Creation of MHI Environmental Vision 2030</li> <li>● Funds for Community Engagement establishe</li> </ul>	2012	<ul style="list-style-type: none"> <li>■ Publication of General Guidelines on Supply Chain GHG Emission Accounting Ver. 1.0</li> <li>■ Amended Water Pollution Control Law enters into force</li> <li>■ Feed-in tariff system for renewable energy launched</li> <li>■ Cabinet approves National Biodiversity Strategy of Japan 2012-2020</li> <li>■ Environmental tax for measures against global warming goes into effect</li> </ul>	2012	<ul style="list-style-type: none"> <li>■ UN Conference on Sustainable Development (Rio+20) held in Rio de Janeiro, Brazil</li> <li>■ Eleventh Meeting of the Conference of the Parties (COP11) to the Convention on Biological Diversity held in Hyderabad, India</li> <li>■ Eighteenth Meeting of the Conference of the Parties (COP18) to the UN Framework Convention on Climate Change held in Doha, Qatar</li> <li>● 2012 International Year of Sustainable Energy for All</li> <li>● U.S. Securities and Exchange Commission adopts rule mandating companies to disclose use of conflict minerals</li> </ul>
	2013	<ul style="list-style-type: none"> <li>● Becomes first Japan's first member in the World Ocean Council (WOC)</li> <li>● Shift to Domain-based Organizational Structure</li> <li>● Sun Marina Kids childcare center opens in MHI's Yokohama Building</li> <li>■ Establishment of the MHI Group 2nd Environmental Targets</li> </ul>	2013	<ul style="list-style-type: none"> <li>■ Revisions to the Act on Promotion of Global Warming Countermeasures announced</li> <li>● Act on the Promotion of the Employment of Disabled Persons revised</li> <li>■ Revisions to the Act Concerning the Rational Use of Energy</li> <li>■ Act on Promotion of Recycling Small Waste Electrical and Electronic Equipment goes into effect</li> </ul>	2013	<ul style="list-style-type: none"> <li>● ■ Fourth edition of the Sustainability Reporting Guidelines (GR) announced</li> <li>● ■ India revises its corporate law, making CSR mandatory</li> <li>● ■ International Integrated Reporting Framework announced</li> <li>■ Minamata Convention on Mercury adopted</li> </ul>
	2014	<ul style="list-style-type: none"> <li>● MHI introduces chief officer system</li> <li>● Establishment of the CSR Group in the Corporate Communication Department of the Business Strategy Office</li> <li>● Formulated the MHI Group Basic Policy on Human Rights</li> <li>● Sun Marina Kids childcare center opens in MHI's Yokohama Building</li> <li>● Published MHI Report 2014, the Group's first Integrated Report</li> </ul>	2014	<ul style="list-style-type: none"> <li>● Financial Services Agency announces the Japanese version of the Stewardship Code</li> <li>● Worker Dispatching Act revised</li> <li>■ Basic Law on the Water Cycle enacted</li> </ul>	2014	<ul style="list-style-type: none"> <li>● ■ European Union adopts protocol on disclosure of non-financial information</li> <li>■ European Environmental Agency envisions new actions such as priority issues for 2014</li> <li>● European Union proposes regulations related to the issue of transactions involving conflict minerals</li> <li>● ■ Industry-specific GRI, G4 guidelines announced</li> </ul>
	2015	<ul style="list-style-type: none"> <li>● Identification of material issues</li> <li>● Formulated the MHI Group Global Code of Conduct</li> <li>● Formulated the Corporate Governance Guidelines of MHI</li> </ul>	2015	<ul style="list-style-type: none"> <li>● Presentation of the Ministry of Economy, Trade and Industry's "Report on the Study Group concerning Promoting Dialogue between Companies and Investors for Sustainable Growth"</li> <li>● The "Revised Companies Act" comes into effect</li> <li>● Tokyo Stock Exchange applies "Corporate Governance Code" to all listed companies</li> <li>● Adoption of new law to promote the role of women in the workplace</li> <li>● Japan's Government Pension Investment Fund (GPIF) becomes a signatory of the UN Principles for Responsible Investment (PRI)</li> </ul>	2015	<ul style="list-style-type: none"> <li>■ Launch of CDSB "Framework for Reporting Environmental Information and Natural Capital"</li> <li>● ■ Presentation of the SASB's "Industry-Specific Sustainability Principles"</li> <li>● Revision of the OECD "Principles of Corporate Governance"</li> <li>● ■ Revision of ISO14001 and ISO9001</li> <li>● Presentation of PRI "New Report on ESG and Fiduciary Duty"</li> </ul>

## Relationship with Stakeholders

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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## GRI Guideline Comparison List

Comparison Chart of "Global Reporting Initiative Sustainability Reporting Guidelines (Fourth Edition, or G4)" and "United Nations Global Compact Principles"		Corresponding Global Compact Principle	Relevant page(s) in the CSR Web Site
<b>1.Strategy and Analysis</b>			
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	-	Interview with the President
1.2	Description of key impacts, risks, and opportunities.	-	Interview with the President MHI's CSR CSR Medium-Term Action Plan Targets and Progress
<b>2.Organizational Profile</b>			
2.1	Name of the organization.	-	MHI REPORT 2015
2.2	Primary brands, products, and/or services.	-	MHI REPORT 2015
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	-	-
2.4	Location of organization's headquarters.	-	MHI REPORT 2015
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	-	MHI REPORT 2015
2.6	Nature of ownership and legal form.	-	MHI REPORT 2015
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	-	MHI REPORT 2015
2.8	Scale of the reporting organization.	-	MHI REPORT 2015
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	-	-
2.10	Awards received in the reporting period.	-	Recognition from Society
<b>3. Report Parameters</b>			
<b>Report Profile</b>			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	-	MHI REPORT 2015
3.2	Date of most recent previous report (if any).	-	MHI REPORT 2015
3.3	Reporting cycle (annual, biennial, etc.)	-	MHI REPORT 2015
3.4	Contact point for questions regarding the report or its contents.	-	MHI REPORT 2015
<b>Report Scope and Boundary</b>			
3.5	Process for defining report content	-	MHI REPORT 2015 MHI's CSR
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	-	MHI REPORT 2015
3.7	State any specific limitations on the scope or boundary of the report.	-	MHI REPORT 2015
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	-	-
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	-	MHI REPORT 2015 Environmental Accounting
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	-	-
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	-	-
<b>GRI Content Index</b>			
3.12	Table identifying the location of the Standard Disclosures in the report.	-	(This page)
<b>Assurance</b>			
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	-	-

Comparison Chart of "Global Reporting Initiative Sustainability Reporting Guidelines (Fourth Edition, or G4)" and "United Nations Global Compact Principles"		Corresponding Global Compact Principle	Relevant page(s) in the CSR Web Site
<b>4. Governance, Commitments, and Engagement</b>			
<b>Governance</b>			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	-	Current Status of Corporate Governance and Internal Controls Promoting Comprehensive and Strategic CSR Activities Activities of Major Related Committees in Fiscal 2014
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	-	Current Status of Corporate Governance and Internal Controls
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	-	Current Status of Corporate Governance and Internal Controls
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	-	Current Status of Corporate Governance and Internal Controls Building a Better Working Environment Disclosure Principles and IR / SR Activities
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	-	Web
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	-	Current Status of Corporate Governance and Internal Controls
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	-	Current Status of Corporate Governance and Internal Controls
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	-	Creed MHI's CSR Improving Compliance Principles / Guidelines Environmental Management Promotion System MHI Environmental Vision 2030 Targets and Progress Fair Dealing Promoting CSR Procurement Fulfilling our Policy on Social Contribution Activities
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. Include frequency with which the highest governance body assesses sustainability performance.	-	Interview with the President MHI's CSR Current Status of Corporate Governance and Internal Controls Promoting Comprehensive and Strategic CSR Activities Activities of Major Related Committees in Fiscal 2014 Creating a Structure to Promote Compliance that Encompasses the Entire Group Establishing and Operating an Environmental Management System Environmental Management Promotion System
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	-	-
<b>Commitments to External Initiatives</b>			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	-	Interview with the President Risk Management Promoting Comprehensive and Strategic CSR Activities Activities of Major Related Committees in Fiscal 2014 Creating a Structure to Promote Compliance that Encompasses the Entire Group Improving Compliance Principles / Guidelines Controlling and Improving Response to Potential Environmental Impact Risks Enhancing Product Safety Fair Dealing Promoting CSR Procurement
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	-	MHI REPORT 2015 Interview with the President Participation in the UN Global Compact MHI's CSR
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	-	Participation in the UN Global Compact

Comparison Chart of "Global Reporting Initiative Sustainability Reporting Guidelines (Fourth Edition, or G4)" and "United Nations Global Compact Principles"		Corresponding Global Compact Principle	Relevant page(s) in the CSR Web Site
<b>Stakeholder Engagement</b>			
4.14	List of stakeholder groups engaged by the organization.	-	MHI's CSR
4.15	Basis for identification and selection of stakeholders with whom to engage.	-	MHI's CSR
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	-	Interview with the President Relationship with Stakeholders Promoting Comprehensive and Strategic CSR Activities Enhancing Product Safety Enhancing Customer Satisfaction (CS) Disclosure Principles and IR / SR Activities Promoting CSR Procurement Building a Better Working Environment Social Contribution Activities
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	-	MHI's CSR
<b>5. Management Approach and Performance Indicators</b>			
<b>Economic</b>			
<b>Economic Performance</b>			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	-	MHI's CSR Social Contribution Activities
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	-	Interview with the President MHI's CSR Initiatives to Enhance Corporate Value CSR Medium-Term Action Plan Targets and Progress Environmental Accounting Main Products and Technologies in 2014
EC3	Coverage of the organization's defined benefit plan obligations.	-	-
EC4	Significant financial assistance received from government.	-	-
<b>Market Presence</b>			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	-	-
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	-	-
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	-	-
<b>Indirect Economic Impacts</b>			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement.	-	Interview with the President Initiatives to Enhance Corporate Value Main Products and Technologies in 2014 Social Contribution Activities
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	-	Promoting CSR Procurement Building a Better Working Environment
<b>Environmental</b>			
<b>Materials</b>			
EN1	Materials used by weight or volume.	Principle 8	-
EN2	Percentage of materials used that are recycled input materials.	Principle 8, Principle 9	-
<b>Energy</b>			
EN3	Direct energy consumption by primary energy source.	Principle 8	Material Balance
EN4	Indirect energy consumption by primary source.	Principle 8	Material Balance Promotion of Measures to Curtail Greenhouse Gas Emissions
EN5	Energy saved due to conservation and efficiency improvements.	Principle 8, Principle 9	Promotion of Measures to Curtail Greenhouse Gas Emissions Measures to Curb CO <sub>2</sub> Emissions in Transportation
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Principle 8, Principle 9	Interview with the President Initiatives to Enhance Corporate Value Targets and Progress Countermeasures against Global Warming Main Products and Technologies in 2014
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Principle 8, Principle 9	-
<b>Water</b>			
EN8	Total water withdrawal by source.	Principle 8	Material Balance Protecting Water Resources
EN9	Water sources significantly affected by withdrawal of water.	Principle 8	-
EN10	Percentage and total volume of water recycled and reused.	Principle 8, Principle 9	Protecting Water Resources

Comparison Chart of "Global Reporting Initiative Sustainability Reporting Guidelines (Fourth Edition, or G4)" and "United Nations Global Compact Principles"		Corresponding Global Compact Principle	Relevant page(s) in the CSR Web Site
<b>Biodiversity</b>			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Principle 8	-
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Principle 8	-
EN13	Habitats protected or restored.	Principle 8	Initiatives to Preserve Biodiversity
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Principle 8	Initiatives to Preserve Biodiversity Targets and Progress
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Principle 8	-
<b>Emissions, Effluents, and Waste</b>			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Principle 8	Targets and Progress Material Balance Promotion of Measures to Curtail Greenhouse Gas Emissions Measures to Curb CO <sub>2</sub> Emissions in Transportation
EN17	Other relevant indirect greenhouse gas emissions by weight.	Principle 8	Material Balance Promotion of Measures to Curtail Greenhouse Gas Emissions
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Principle 7, Principle 8, Principle 9	Targets and Progress Promotion of Measures to Curtail Greenhouse Gas Emissions Measures to Curb CO <sub>2</sub> Emissions in Transportation
EN19	Emissions of ozone-depleting substances by weight.	Principle 8	Targets and Progress Material Balance Promotion of Measures to Curtail Greenhouse Gas Emissions
EN20	NO, SO, and other significant air emissions by type and weight.	Principle 8	Material Balance Curbing the Use and Emissions of Chemical Substances through Proper Management and Use of Alternatives
EN21	Total water discharge by quality and destination.	Principle 8	Material Balance Protecting Water Resources
EN22	Total weight of waste by type and disposal method.	Principle 8	Material Balance Curbing Waste Generation, Release and Disposal
EN23	Total number and volume of significant spills.	Principle 8	-
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Principle 8	-
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Principle 8	-
<b>Products and Services</b>			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Principle 7, Principle 8, Principle 9	Interview with the President MHI's CSR Initiatives to Enhance Corporate Value Targets and Progress Main Products and Technologies in 2014
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Principle 8, Principle 9	-
<b>Compliance</b>			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Principle 8	-
<b>Transport</b>			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Principle 8	Targets and Progress Measures to Curb CO <sub>2</sub> Emissions in Transportation
<b>Overall</b>			
EN30	Total environmental protection expenditures and investments by type.	Principle 7, Principle 8, Principle 9	Environmental Accounting
<b>Labor Practices and Decent Work</b>			
<b>Employment</b>			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	-	MHI REPORT 2015 Promoting Diversity Cultivating Human Resources
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Principle 6	Promoting Diversity Cultivating Human Resources
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	-	-
LA15	Return to work and retention rates after parental leave, by gender.	-	-

Comparison Chart of "Global Reporting Initiative Sustainability Reporting Guidelines (Fourth Edition, or G4)" and "United Nations Global Compact Principles"		Corresponding Global Compact Principle	Relevant page(s) in the CSR Web Site
<b>Labor / Management Relations</b>			
LA4	Percentage of employees covered by collective bargaining agreements.	Principle 1, Principle 3	Building a Better Working Environment
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Principle 3	-
<b>Occupational Health and Safety</b>			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Principle 1	Building a Better Working Environment
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Principle 1	Building a Better Working Environment
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Principle 1	Building a Better Working Environment
LA9	Health and safety topics covered in formal agreements with trade unions.	Principle 1	-
<b>Training and Education</b>			
LA10	Average hours of training per year per employee by employee category.	-	-
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	-	Promoting Diversity Cultivating Human Resources
LA12	Percentage of employees receiving regular performance and career development reviews.	-	Promoting Diversity Cultivating Human Resources
<b>Diversity and Equal Opportunity</b>			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Principle 1, Principle 6	Promoting Diversity Cultivating Human Resources
<b>Ratio of Basic Salary of Men to Women by Employee Category</b>			
LA14	Ratio of basic salary of men to women by employee category.	Principle 1, Principle 6	-
<b>Human Rights</b>			
<b>Investment and Procurement Practices</b>			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Principle 1, Principle 2, Principle 3, Principle 4, Principle 5, Principle 6	-
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Principle 1, Principle 2, Principle 3, Principle 4, Principle 5, Principle 6	Promoting CSR Procurement
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Principle 1, Principle 2, Principle 3, Principle 4, Principle 5, Principle 6	Building a Better Working Environment
<b>Non-discrimination</b>			
HR4	Total number of incidents of discrimination and actions taken.	Principle 1, Principle 2, Principle 6	-
<b>Freedom of Association and Collective Bargaining</b>			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Principle 1, Principle 2, Principle 3	-
<b>Child Labor</b>			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Principle 1, Principle 2, Principle 5	Activities of Major Related Committees in Fiscal 2014 Creating a Structure to Promote Compliance that Encompasses the Entire Group Promoting CSR Procurement
<b>Forced and Compulsory Labor</b>			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Principle 1, Principle 2, Principle 4	Activities of Major Related Committees in Fiscal 2014 Creating a Structure to Promote Compliance that Encompasses the Entire Group Promoting CSR Procurement
<b>Security Practices</b>			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Principle 1, Principle 2	-
<b>Indigenous Rights</b>			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Principle 1, Principle 2	-
<b>Assessment</b>			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Principle 1, Principle 2, Principle 4, Principle 5, Principle 6	-
<b>Remediation</b>			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Principle 1, Principle 2, Principle 4, Principle 5, Principle 6	-

Comparison Chart of "Global Reporting Initiative Sustainability Reporting Guidelines (Fourth Edition, or G4)" and "United Nations Global Compact Principles"		Corresponding Global Compact Principle	Relevant page(s) in the CSR Web Site
<b>Society</b>			
<b>Community</b>			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	-	-
SO9	Operations with significant potential or actual negative impacts on local communities.	-	-
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	-	-
<b>Corruption</b>			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Principle 10	Risk Management Activities of Major Related Committees in Fiscal 2014 Creating a Structure to Promote Compliance that Encompasses the Entire Group Compliance Training and Increasing Awareness
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Principle 10	Risk Management Activities of Major Related Committees in Fiscal 2014 Creating a Structure to Promote Compliance that Encompasses the Entire Group Improving Compliance Principles / Guidelines Compliance Training and Increasing Awareness
SO4	Actions taken in response to incidents of corruption.	Principle 10	-
<b>Public Policy</b>			
SO5	Public policy positions and participation in public policy development and lobbying.	Principle 1, Principle 2, Principle 3, Principle 4, Principle 5, Principle 6, Principle 7, Principle 8, Principle 9, Principle 10	-
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Principle 10	-
<b>Anti-Competitive Behavior</b>			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	-	Creating a Structure to Promote Compliance that Encompasses the Entire Group
<b>Compliance</b>			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	-	Creating a Structure to Promote Compliance that Encompasses the Entire Group
<b>Product Responsibility</b>			
<b>Customer Health and Safety</b>			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Principle 1	Enhancing Product Safety
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Principle 1	Creating a Structure to Promote Compliance that Encompasses the Entire Group Enhancing Product Safety
<b>Product and Service Labeling</b>			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Principle 8	-
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Principle 8	Enhancing Customer Satisfaction (CS)
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	-	Enhancing Customer Satisfaction (CS)
<b>Marketing Communications</b>			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	-	Enhancing Customer Satisfaction (CS)
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	-	-
<b>Customer Privacy</b>			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Principle 1	-
<b>Compliance</b>			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	-	-

## Environmental Reporting Guidelines Comparison List

Comparison Chart of "Environmental Reporting Guidelines of the Ministry of the Environment" ( Fiscal Year 2012 Version)	Relevant page(s) in the CSR Web
<b>1. Basic Information</b>	
1. Fundamental requirements of reporting	
(1)Organizations and period covered by the report	MHI REPORT 2015
(2)Coverage ratio and difference in reporting period	-
(3)Reporting policy	MHI REPORT 2015
(4)Policy for publication media	MHI REPORT 2015
2. CEO's statement	Interview with the President
3. Outline of environmental reporting	
(1)Outline of environmentally conscious management	MHI's CSR Environmental Management Promotion System Efforts of Head Office, Business Segments to Conserve Environment MHI Environmental Vision 2030
(2)Time-series list of KPIs	Targets and Progress
(3)Summary of responses to individual environmental issues	Targets and Progress
4. Material balance	Material Balance
<b>2. Information and Indicators that Describe the Status of Environmental Management</b>	
1. Environmental policy, vision, business strategies, etc.	
(1)Environmental policy	MHI's CSR Environmental Management Promotion System Efforts of Head Office, Business Segments to Conserve Environment MHI Environmental Vision 2030
(2)Important issues, vision and business strategies, etc.	MHI's CSR Environmental Management Promotion System Targets and Progress Efforts of Head Office, Business Segments to Conserve Environment MHI Environmental Vision 2030
2. Organizational structure and status of governance	
(1)Organizational structure of environmental conscious management	Environmental Management Promotion System
(2)Environmental risk management system	Environmental Management Promotion System Controlling and Improving Response to Potential Environmental Impact Risks
(3)Compliance status of environmental regulations	-
3. Status of responses to stakeholders	
(1)Responses to stakeholders	Interview with the President Relationship with Stakeholders
(2)Social contributions through environmental activities	Social Contribution Activities
4. Environmental efforts in the value chain	
(1)Environmental efforts and strategies in the value chain	Promoting CSR Procurement
(2)Green purchasing/procurement	Controlling and Improving Response to Potential Environmental Impact Risks
(3)Products and services that contribute to reducing negative environmental impacts	Initiatives to Enhance Corporate Value Main Products and Technologies in 2014
(4)Research and development of new environmental technologies	Initiatives to Enhance Corporate Value Main Products and Technologies in 2014
(5)Environmentally friendly transportation	Measures to Curb CO <sub>2</sub> Emissions in Transportation
(6)Environmentally conscious resource and real estate development/investments	-
(7)Environmentally conscious waste disposal and recycling	Curbing Waste Generation, Release and Disposal

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





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