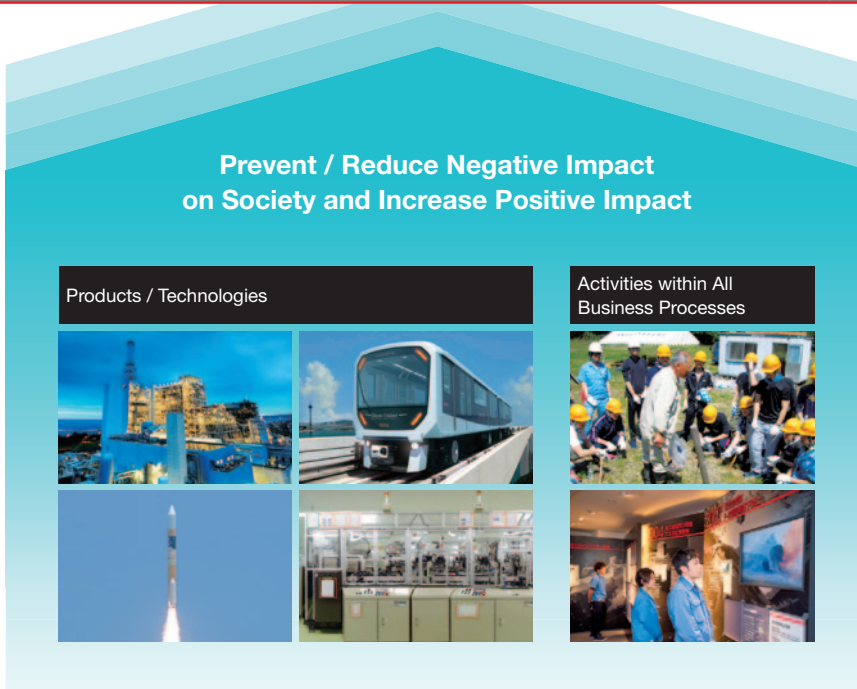


Enhancing Corporate Value by Resolving Social Issues

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

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

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



MHI Group

- Identify Issues the MHI Group Needs to Prioritize
- Determine Response Guidelines

—Executive Committee / CSR Committee

16th CSR Committee meeting

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

Please visit our website for information about CSR initiatives or more detailed environmental, social, and governance (ESG) data

Our website provides ESG data related to socially responsible investment, such as our various policies, strategies, and initiatives related to CSR and ESG. In October 2014, we plan to update the site with data for fiscal 2013.



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

Approaches and Processes Defining Material Issues

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

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

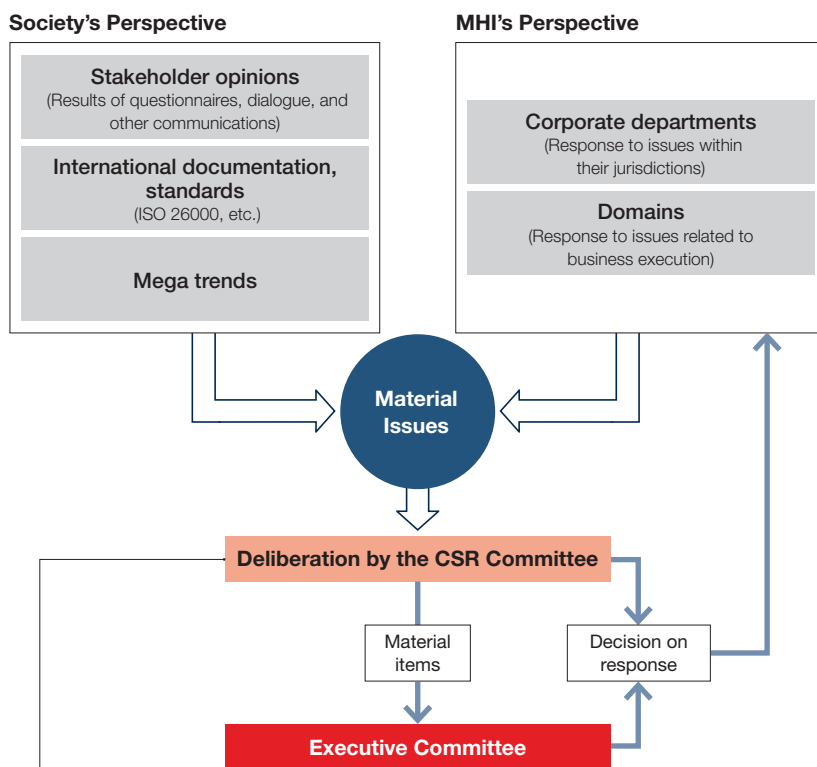
We obtain stakeholder opinions by engaging in dialogue with institutional investors in Japan and overseas and through customer supplier questionnaires. We also incorporate social feedback from influential questionnaires related to environmental, social, and governance issues.

We have set as a task for completion by the end of fiscal 2014 the identification of material issues in accordance with the

steps outlined below. We are currently at the stage of eliciting and analyzing issue candidates.

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

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



Organizational Structure of the CSR Committee

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

STEP 1

Understand the issues

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

STEP 2

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

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

STEP 3

Gain authorization from stakeholders and management

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

STEP 4

Report

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