

MC invests in a wide variety of industries around the world. To track our CSR performance, we survey each of the companies in which we invest and their affiliates to identify major issues related to the environment, labor and human rights, support of local communities, and other social issues, as well as the approaches taken by these companies to address these matters. These surveys have identified issues that must be addressed in the future, by providing support for these companies to improve their CSR and performance results.

MC Group's CSR Performance

Approaches to Social Responsibility in the Companies in which We Have Invested

In order to identify the measures taken over the previous fiscal year, MC surveys those companies in which we have invested about their labor environments, human rights, local community support, products, and services. Starting with the current fiscal year, our surveys also include additional questions related to internal corporate structures and affiliates

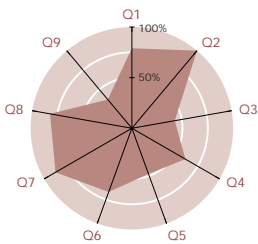
from which the surveyed companies purchase and procure products and services. We received responses from a total of 535 companies (289 in Japan, and 246 abroad), and the results compiled from the answers to the survey questions on CSR are summarized below.

Internal Corporate Structures and Labor Environments

Most of the companies surveyed have enacted a corporate philosophy and/or code of conduct. Nearly every company surveyed is also focused on eliminating discrimination when hiring and promoting employees, and on identifying the percentage of management positions filled by women, and the ratio

of physically challenged employees to total number of staff. While most companies have taken steps to educate and train employees, more than half of the companies surveyed have no such framework to support employees in making career choices. Greater strides must be made in this regard.

Internal Corporate Structures and Labor Environments



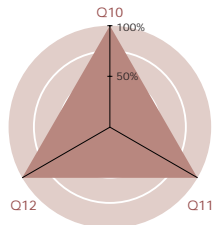
		Yes	No
Q1	Does your company have a Code of Conduct?	79%	21%
Q2	Does your company have policies in place forbidding discrimination and harassment on the basis of sex, race, religion and other unlawful discrimination (such as on the grounds of disability)?	100%	0%
Q3	Do you provide an environment in which employees are able to actively develop their careers?	43%	57%
Q4	Does your company have strong policies to maintain employees' health and safety at work?	61%	39%
Q5	Does your company have "family friendly" policies – such as policies in relation to child-care?	48%	52%
Q6	Does your company provide training and educational programs to enhance your employees' abilities?	67%	33%
Q7	Are you aware of the percentage of your staff at the level of manager (and above) that are female?	87%	13%
Q8	Are you aware of the percentage of your staff (at all levels) that have a disability?	82%	18%
Q9	Does your company promote communication between employees and management through any organized forum (apart from union activities)?	37%	63%

Human Rights

Strides are being made in the protection of human rights, which are a subject of particular attention at affiliates outside of Japan. MC focuses on employee human rights, such as prohibiting discrimination and

preventing sexual harassment; prohibiting child labor and forced labor; and protecting the human rights of local residents and aboriginal groups.

Human Rights



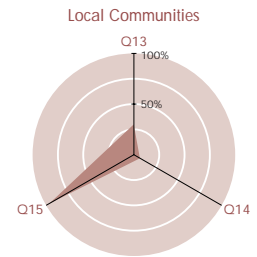
		Yes	No
Q10	Does your company promote respect for human rights in its relations with employees?	100%	0%
Q11	(If applicable) Does your company respect the prohibition on the use of child labor and forced labor?	100%	0%
Q12	(If applicable) Does your company consider and respect the human rights of local residents and aboriginal peoples in the places you do business?	100%	0%

Local Communities

Few of the companies surveyed conduct activities that contribute to their local communities, or have policies in place that promote communication with the communities in which they operate. This is an

important issue to be addressed in the future. Very few of the companies surveyed, however, report having been the subject of major complaints or grievances from local residents.

		Yes	No
Q13	Do you have any philanthropic programs in place, or programs that otherwise foster communication with your local community – programs that promote your business as a member of the community?	30%	70%
Q14	Has your company been commended by the local community for its philanthropic (or other) activities in the last fiscal year?	7%	93%
Q15	Have there been no claims or complaints about your company by local residents?	97%	3%

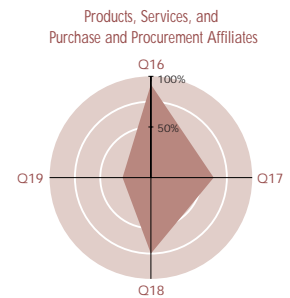


Products, Services, and Purchase and Procurement Affiliates

Most of the surveyed companies provide clients with information on their products and services or take other measures to ensure product safety, and the majority of companies surveyed also have internal corporate structures in place that allow for a prompt and accurate response when complaints are filed by clients. With regard to purchase and procurement

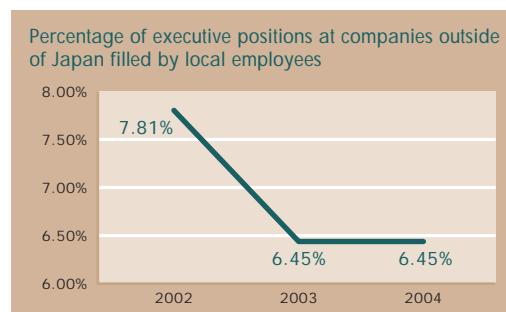
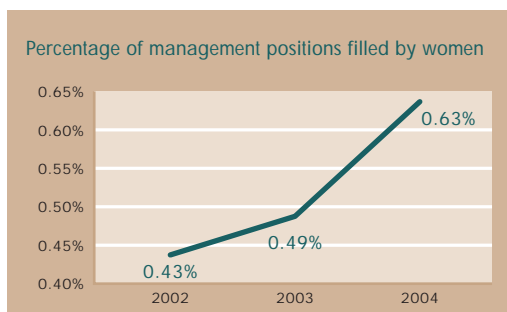
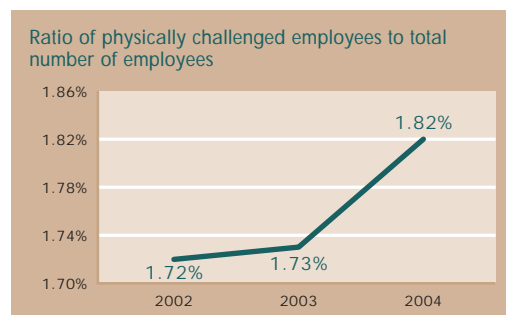
affiliates, most companies surveyed do not request information on the environment, human rights or other issues, or verify the measures taken in regard to these areas by the companies from which they procure raw materials and/or products. Supply chain management is an issue that must be the subject of greater focus in the future.

		Yes	No
Q16	(If applicable) Do you provide your customers with all information relevant to health and safety issues concerning your products and their use?	92%	8%
Q17	Have there been no claims or complaints about your company by local residents?	62%	38%
Q18	When there is a claim or complaint from customers, or if there is an emergency or accident, does your company have a system of prompt correspondence and adequate information disclosure?	75%	25%
Q19	Does your company have environmental and human rights guidelines for suppliers of raw materials and other products?	28%	72%

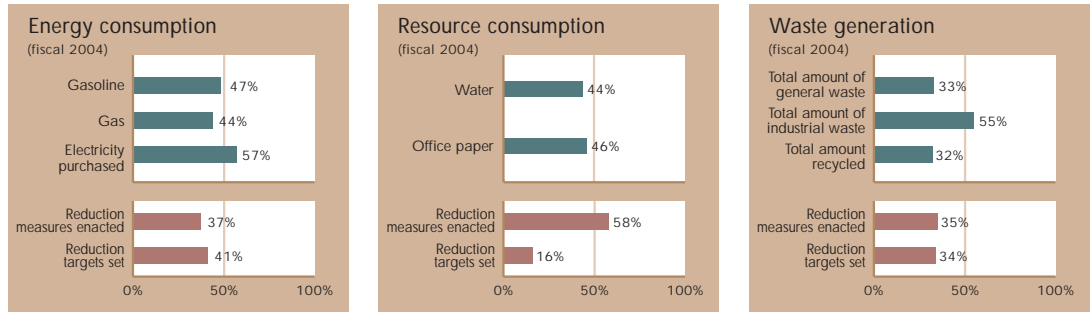


► MC Social Responsibility Performance

MC recognizes the importance of a framework for addressing our CSR responsibilities, not only in the businesses in which we invest, but in our own group companies, as well. Our fiscal 2004 surveys found no change over the previous fiscal year in the percentage of executive positions at companies outside of Japan that are filled by local employees, but the ratios of women in management positions and of physically challenged employees have improved. We continue to be committed to enhancing social responsibility performance within MC and our affiliates.



Percentage of the Companies in which MC Has Invested that Assess Their Environmental Performance



Survey of Environmental Management by Type of Industry as Represented by Survey Participants

MC received responses from a total of 473 companies, 243 of which are in Japan and 230 overseas. These can be categorized as follows:

- 24 companies involved in natural resource development and real estate development
 - 147 in manufacturing and/or processing
 - 64 in logistics (transportation, storage, terminals)
 - 170 in sales
 - 95 in the services industry
 - 38 in leasing and financing
- Note: Some companies operate in more than one industry.

Results of Survey of Environmental Management at Companies in Which We Have Invested

System	Question	Yes	No	Other
System	Q1 Do you have an environmental policy? If yes, do you have a mid/long term environmental plan (with objectives/targets)?	36%	64%	
	Q2 Do you have an appointed environmental manager? (e.g. Director, General Manager, Factory Manager)	44%	56%	
	Q3 Do you have a committee to promote environmental issues throughout your company?	21%	79%	
	Q4 Do you promote Green Procurement?	18%	82%	
Procurement	Q5 Do you ensure that your suppliers are environmentally conscious? If yes, to what extent is this requirement being met? (Note 1)	38%	62%	
	Q6 Have you published an Environmental Report? If yes, what is the scope of your Environmental Report? (Note 2)	6%	94%	
Environmental communication	Q7 Do you have third party verification of your Environmental Report?	62%	38%	
	Q8 Have you had any complaints relating to environmental issues in 2004?	5%	94%	1%
	Q9 Do you deal with any dangerous chemical substances? If yes, do you have any regulations relating to these substances? If yes, do you keep MSDSs (Note 3) relating to these substances?	30%	70%	
Environmental risk management	Q10 Do you deal with PCBs (polychlorinated biphenyls)?	8%	92%	
	Q11 Do you use any underground tanks to store oils and any chemical substances?	9%	90%	1%
	Q12 Have you noticed the existence of soil or water contamination on-site?	4%	94%	2%
	Q13 Do you conduct training on environmental issues for employees?	39%	61%	
Others	Q14 Have you conducted any environmental activities that contribute to society?	13%	87%	
	Q15 Do you assess the environmental impact of proposed new products or services?	28%	72%	

Note 1: To what extent does your company require suppliers to be environmentally conscious?

Required as part of doing business 25%
Requested only 75%

Note 2: What is the scope of your company's Environmental Report?

Consolidated report for own company and all affiliates 48%
Own company and some affiliates 4%
Own company alone 48%

Note 3: MSDS (Material Safety Data Sheet)

A data sheet attached to a chemical product with information about the product's composition, properties, and proper handling.

Note 4: North West Shelf Project

An LNG development project in Australia in which MC has invested

Companies/Projects given environmental awards

- North West Shelf Project
- Digital Reuse Inc.
- Auto Technic (Thailand) Co., Ltd.
- Tri Pelch Isuzu Sales Co., Ltd.
- Tri Pelch Isuzu Service Co., Ltd.
- Coca-Cola Central Japan Co., Ltd.
- Japan Farm, Ltd.
- Tokyo International Terminal Inc.

Companies Registered for ISO14001 Certification

(60 Corporations: 28 Domestic, 32 Overseas)

Country	Name of Company
Japan	M.C. Aluminium Co., Ltd. MC Communications Inc. MC Non-Ferrous Metal Products Co., Ltd. MC Facilities Co., Ltd. KANRO CO., LTD. Coca-Cola Central Japan Co., Ltd. Kohjin Co., Ltd. Kokusai Bulk Terminal Co., Ltd. SAN-ESU Inc. Salad Club Inc. Japan Farm Ltd. Diamond City Co., Ltd. The Nisshin OilIIO Group, Ltd. (4 factories) Nihon Shokuhin Kako Co., Ltd. Nihon Nosan Kogyo K.K. Human Link Corporation Maruichi Co., Ltd. Mitsubishi Shoji Light Metal Sales Corporation Mitsubishi Shoji & Sun Co., Ltd. Mitsubishi Shoji Packaging Corporation Mitsubishi Corporation Financial & Management Services (Japan) Ltd. Mitsubishi Shoji Plastics Corporation Meiwa Corporation Metal One Corporation Ryoko Logistics Corporation RYOSHOKU LIMITED Nikken Corporation LAWSON, INC.

Country/Region	Name of Company
Canada	ACLO Compounders Inc. Alpac Forest Products Inc.
United Kingdom	The Colt Car Company Ltd. F2 Chemicals Ltd. Princes Limited
Mozambique	MOZAL S.A.R.L.
China	iVision Shanghai Co., Ltd. M.C. Aluminum (Kunshan) Co., Ltd Shanghai Bao-Ling Electric Control Equipment Co., Ltd.
Taiwan	Retail Support International Corp.
Thailand	Isuzu Engine Manufacturing Co., (Thailand) Ltd. Isuzu Motors Company (Thailand) Limited M.C. Aluminum (Kunshan) Co., Ltd MIKUNI (Thailand) Co., Ltd. Thai Chemical Corporation Thai International Die Making Company Limited Tri Pelch Isuzu Service Co., Ltd
Brunei	Brunei LNG Sendirian Berhad Brunei shell Tankers Sendirian Berhad
Indonesia	P.T. Mitsubishi Kramayudha Motors & MFG
Pakistan	Engro Asahi Polymer & Chemicals Ltd. Tri-Pack Films Ltd.
Malaysia	Aromatics Malaysia Sdn.Bhd
Mexico	Exportadora de Sal, S.A. de C.V.
Venezuela	Melanol de Oriente, METOR, S.A.
Australia	North West Shelf Project (Note 4)
Vietnam	GS Battery Vietnam Co., Ltd.
Poland	MMC Car Poland Sp. z o.o.
Singapore	SUN ACE KAKOH (PTE) LTD.
Greece	TOSOH HELLAS A.I.C.

► MC's Environmental Performance

Head Office			
	Fiscal 2004 results	Improvements made in fiscal 2004	Fiscal 2004 targets
Paper consumption	70,080,000 sheets	Reduced 5.6% year-on-year	2.3% year-on-year decrease
Electricity consumption	9,307,000 kWh	Reduced 6.4% year-on-year	5.4% year-on-year decrease
Amount of waste discharged	923 tons	Reduced 20.6% year-on-year	12.6% year-on-year decrease
Rate of recycled waste	84.3%	Increased 6.6% year-on-year	8.6% year-on-year increase
Number of Green Purchase-compliant items	5,956 items	Increased by 846 items	A 10-items increase from last year's 5,110 items

► Global warming gas emissions at Head Office calculated based on electricity consumption

	unit	Fiscal 2003 (Note 2)			Fiscal 2004			Fiscal 2007
		Marunouchi	Shinagawa	Total	Marunouchi	Shinagawa	Total	(Target) (Note 3)
Greenhouse gas emissions	Tons of CO ₂	3,517	1,403	4,920	3,057	1,469	4,526	3,479
Electricity consumption	1,000 kWh	6,225	3,721	9,946	5,410	3,897	9,307	8,590
CO ₂ exhaust coefficient in accordance with electricity use (Note 1)	CO ₂ /kWh	0.565	0.377	-	0.565	0.377	-	0.405 (Note 4)

Note 1: Source: Japanese Ministry of the Environment

Note 2: In April 2003, MC's head office was located in two buildings (in Marunouchi and Shinagawa).

Note 3: In fiscal 2006, MC's head office will be located in two buildings (in Shinmarunouchi and Shinagawa).

Note 4: This figure for the target 2007 CO₂ exhaust coefficient is based on using a general electrical power supplier.

Domestic Branches

► Paper consumption

	Fiscal 2004 reductions	Fiscal 2004 reduction targets
Hokkaido Branch	2% year-on-year reduction	±0%
Tohoku Branch	6% year-on-year reduction	5% year-on-year reduction
Nagoya Branch	1%/person year-on-year reduction	1%/person year-on-year reduction
Niigata Branch	7% year-on-year reduction	4% year-on-year reduction
Hokuriku Branch	8% year-on-year reduction	2% year-on-year reduction
Kansai Branch	2% year-on-year reduction	±0%
Kobe Branch	55,250 sheets	Collecting consumption data
Okayama Branch	45% year-on-year reduction	3% year-on-year reduction
Shikoku Branch	1.1% year-on-year reduction	1% year-on-year reduction
Chugoku Branch	17% year-on-year reduction	24% year-on-year reduction
Kyushu Branch	4% year-on-year reduction	5% year-on-year reduction
Nagasaki Branch	40% year-on-year reduction	15% year-on-year reduction
Naha Branch	21% year-on-year reduction	20% year-on-year reduction

► Electricity consumption

	Fiscal 2004 reductions	Fiscal 2004 reduction targets
Hokkaido Branch	9% year-on-year reduction	5% year-on-year reduction
Tohoku Branch	4% year-on-year increase	5% year-on-year reduction
Nagoya Branch	±0%	1% year-on-year reduction
Shizuoka Branch	10.4% year-on-year reduction	1% year-on-year reduction
Kansai Branch	7% year-on-year reduction	3% year-on-year reduction
Chugoku Branch	5% year-on-year reduction	10% year-on-year reduction
Kyushu Branch	4% year-on-year reduction	7% year-on-year reduction
Nagasaki Branch	6% year-on-year reduction	5% year-on-year reduction

► MC's Environmental Accounting

Environmental conservation costs are calculated below for six items in accordance with the Ministry of the Environment's Environmental Accounting Guidelines (2005 edition).

Effect	Fiscal 2004 Unit: 1,000 yen	
		Economic effect
Reduction in paper use		8,446
Reduction in electricity consumption		27,474
Waste reduction		8,012

Fiscal 2004 Unit: 1,000 yen	
Environmental conservation costs	Expenses
Business area cost	209,555
Upstream/downstream cost	0
Administration cost	262,127
R&D cost	11,531
Social activity cost	66,342
Environmental remediation cost	0
Total	549,555

At MC, our team of employees is the most important part of our business. To maximize staff performance, our basic Human Resources policies seek to create an environment in which each employee is able to make the best use of his or her abilities and enhance their value as part of our team. To facilitate this, MC is committed to protecting the basic human and labor rights of our employees. This is central to our varied measures to solidify our personnel system, upgrade our employee training programs, and ensure the health and safety of our employees.

Employee Relations

► Human Resources Policies

Human Resources Policies

In April 2000, MC introduced its current human resources system that emphasizes performance and compensation based on ability and contribution, rather than on seniority. Under the new system, employees' positions and compensation are dependent on their job performance, abilities, and aptitude and, of course, without regard to gender, nationality or age. The MC personnel transfer system uses an internal job request system application scheme. In addition to recruiting new graduates, we also hire mid-career candidates who come to the company prepared to take up the challenge of their new posts. Moreover, the MC personnel evaluation system includes assessment of our employees' contributions to society, a commitment we expect of our employees.

Human Resources System in Overseas Offices

MC has established a human resources system at its overseas offices that stresses diversity and social issues. Due to the success of our Global Leadership Program in training employees, MC is now appointing

an increasing number of local employees to senior positions, including to the offices of president and director at overseas affiliates and branch offices. With increasing responsibility being granted to local staff working at MC overseas offices, we have worked to introduce systems to train employees as part of the MC Group as a whole. Regional training in Southeast Asia, the U.S., and Europe, as well as training sessions that include employees involved in human resources around the world, are designed to enhance the business skills and develop the abilities of our local staff.

Approach to Human Rights

MC does not tolerate discrimination on the basis of gender, nationality, age, or disability when hiring or during employment. Compensation and promotion are also based on job performance. The MC Human Rights Awareness Committee provides employee-wide training on human rights issues to help ensure that each MC employee has a proper understanding and awareness of human rights issues.

► Protecting Employees' Health and Safety

Health and Safety Management

MC is committed to the maintenance of our employees' health. MC has established medical offices in its headquarters and Kansai branch office in Japan, and provides all of its employees with a physical examination once a year, offering additional and more extensive examinations to employees 40 years old and older. Based on the results of these examinations, MC suggests further examination programs tailored to the individual's specific physical condition. We also provide medical examinations for employees assigned to overseas positions and their families prior to their departure and after their return. We also recognize the importance of mental health, and have established a counseling room in addition to our medical offices.

Security and Crisis Management

MC is committed to ensuring the safety of our employees, particularly employees assigned overseas and their families. We therefore collect necessary information regarding local conditions and adopt risk management procedures and security measures to match the local conditions. When employees are assigned to overseas posts, MC provides orientations that cover risk management and security measures that employees should follow in their homes and when commuting to and from work. The HR & Administration Department at our Japanese headquarters maintains constant communication with offices overseas. As such, MC has established a system to deal with emergencies that emphasizes employees' lives above all other considerations.

► Employee Education Programs

Diverse Training Systems

MC has established various training programs designed to help employees develop as autonomous professionals with highly marketable skills. Major training programs include: the MC Open College, a system that allows employees to choose classes in the skills they need to develop regardless of age or qualifications according to the needs of the positions they hold; the Basic Business Skills Program for employees in their first two years on the job, which is designed to build the basic knowledge and skills that employees need in order to carry out their tasks; the Management Capacity Building Program for the purpose of training managers to work at MC or on transfer assignments; and the Career Development Program, which helps employees build and design their careers.

Employees assigned to positions overseas, those who will be transferred to companies in which MC has invested and those appointed to executive positions, are requested to attend orientation seminars geared toward each of these specific objectives.

In addition, we have set up a diverse array of training programs that include foreign language training and overseas business school scholarships, as well as private education courses for which MC pays half of the tuition costs.

CSR Education

In order to increase awareness of corporate social responsibility (CSR), MC revised its CSR guidelines and Corporate Standards of Conduct in January 2005, and now offers lectures on these issues. Employees who have recently joined the company, are due to start overseas assignments, or are to be transferred, attend lectures regarding factors that must be considered from the CSR perspective. These lectures address specific examples, including case studies of situations encountered overseas. MC also hosts lecture series on these issues to educate employees throughout the company.

Group Employee Education

In order to train individuals selected from among all MC Group employees throughout the world to be able to carry the company into the future, MC has implemented a Global Leadership Program. Trainees study project management and leadership skills through such activities as creating realistic business plans. In addition, MC offers a joint training program with our affiliates to train personnel throughout all Group companies.

Child-Rearing and Family Care Support Systems

In April 2005, MC revised its child-rearing and family care support systems in accordance with the Law on Child and Family Care Leave and related regulations in Japan. Under the revised child-rearing support system, employees are now able to shorten working hours during pregnancy and child-rearing years, and take parental leave up until the time their child is two years old. In addition, this system has been expanded to apply to both male and female employees. MC is also working to provide a working environment that is more conducive to parents' needs, adopting more lenient labor terms to extend the leave of absence allowed for family care, and establishing a new system under which an employee may take days off to care for family members.

Volunteer Leave

In April 2005, MC launched a volunteer leave system to encourage our employees to participate in volunteer activities that contribute to the broader society. Under this system, employees who have been with the company for a year or longer may take up to five days off each year for this purpose. To be eligible, activities must conform to the MC philosophy on social contribution, and be endorsed by the Environmental and Social Responsibility Office.

Message From an Employee Union Representative

MC has adopted various measures to introduce reforms that address economic globalization and market maturity. Though needed to address structural changes in the external environment, this same process leaves the internal environment at MC vulnerable. The union pays close attention to how these reforms impact the company's most valuable resource, its employees.

As corporations continue to feel the pressure to restructure to adapt to the current climate, unions must focus sharply on helping MC maintain growth

as it negotiates dramatic shifts in socioeconomic conditions. Sagging corporate growth would render MC unable to continue its social contribution activities, which would leave little hope of achieving one of our union's main objectives – to enhance our employees' economic and social standing. I will continue to listen closely to what our employees have to say so that I may faithfully represent their interests as I work to see that our union members and MC as a corporate entity are able to grow together.



Mitsubishi Corporation
Employees Union
Hajime Yamanaka

A fundamental principle of MC's corporate culture is to contribute to the wealth of societies by growing with the local and international communities in which we work. Our basic principles on CSR issues – from philanthropic contributions through to good corporate citizenship – are guiding factors in setting our corporate policies. Based on these policies, we develop CSR activities in a wide range of fields, from the global environment, social welfare and education through to culture and the arts. MC also actively supports the participation of our employees in philanthropic activities, and is committed to social contributions that meet local needs in order to help the development of local communities.

Social Contributions



Basic Policy on Social Contributions

We engage in a wide range of activities that contribute to communities around the world based on an awareness of our responsibility to be a good corporate citizen.

Tropical Forest Regeneration Project

(Global Environment)

In 1990, MC launched the Malaysian Experimental Project in Tropical Forest Regeneration (Note 1), which aims to facilitate the restoration of tropical forests. Since fiscal 2002, we have sponsored tree-planting trips to Borneo's tropical forest: eco-tours that give participants the opportunity to get involved in environmental conservation and to think about global environmental issues. Twenty-two people joined the third MC-sponsored trip in fiscal 2004, during which they inspected experimental afforestation sites and virgin forest, and planted dipterocarp seedlings. Approximately 40 participants, including local employees and representatives from the University of Malaysia, joined in these afforestation activities, planting a total of 1,500 seedlings.



Note 1: Tropical Forest Regeneration Project

http://www.mitsubishicorp.com/jp/csr/so_report/s_cont03.html



Friendship Camp for Mothers and Children (Social Welfare)

MC has held a Friendship Camp for Mothers and Children each summer since 1974. In fiscal 2004, single mothers and their children from the Tokyo area were again invited to spend time together in the natural environment of a small town in Niigata Prefecture. The camp included 60 mother-child households, a total of approximately 160 adults and children, assisted by about 40 staff, primarily company volunteers. During their time at the camp, both the children and adults enjoyed such activities as playing along the river, hiking, and sitting around the campfire. The parents and children came away from the four-day camp with new friendships and lasting memories of the summer of 2004.

Emergency Aid Charity Walk (Emergency Relief)

In order to provide assistance for those affected by the massive earthquake and tsunami that struck the Indian Ocean in December 2004, MC contributed over 10 million yen to the Japanese Red Cross Society to support disaster relief. MC also planned and sponsored its own Tsunami Relief Charity Walk on January 15, 2005. Company employees and members of their families raised about 500,000 yen from our employees, and MC matched this amount, enabling us to donate a further one million yen to the Japanese Red Cross Society.



Support for Japan Sun Industries (Social Welfare)

Japan Sun Industries (Note 2), a social welfare corporation, employs physically disabled staff as programmers and system engineers. In addition to MC's continual support of the company since 1979, we also launched a joint venture software company, Mitsubishi Shoji & Sun Co., Ltd. with Japan Sun Industries in 1983. This joint venture develops data processing systems on a consignment basis, creates content for websites, and is involved in the printing of business and name cards.

Note 2: Japan Sun Industries

Japan Sun Industries was founded by the late Dr. Yutaka Nakamura as a social welfare corporation through which the physically handicapped could gain social independence by working as programmers and system engineers. The company was founded on the twin credos, "No one is so disabled as to be unable to work at all," and "No charity, but a chance!"

Support for the Oita International Wheelchair Marathon (Social Welfare)

Launched to celebrate the International Year of Disabled Persons in 1981, the Oita International Wheelchair Marathon draws the world's top wheelchair racers every year. In 2004, the marathon was held on October 31, with 380 racers from 27 countries and regions around the world. MC began supporting the marathon in 1991 and MC employees volunteer to help with its organization. The Oita International Wheelchair Marathon also serves as a valuable opportunity for raising global awareness about disability issues.





Overseas Regional Contributions Program (Global Communication)

MC has contributed to development in local communities around the world since 1991 through its Overseas Regional Contributions Program. In fiscal 2004, MC contributed 100 million yen to the Program to implement such projects as the donation of medical equipment, construction of educational facilities, and assistance for environmental restoration projects in 15 countries around the world, including Venezuela, Mexico, India, Malaysia, and Myanmar. Since its inception, the Program has implemented a total of more than 200 projects.

Children's Art Exhibit

(Global Environment, Social Welfare)

Since fiscal 2002, MC has co-sponsored the children's art exhibit *Rice Fields and Water Native to My Hometown*, promoted by the National Federation of Land Improvement Associations, and co-sponsored by the Japanese Ministry of Agriculture, Forestry and Fisheries. This exhibit aims to help children discover the wonders of nature and cultivate a sense of the importance of native ecosystems by creating art about rice paddies and fields, the organisms that live in them, and the farming village landscapes that surround them. The Mitsubishi Corporation Award for fiscal 2004 was conferred on Shika Miyawaki (fifth grade) of Kagawa Prefecture for her excellent drawing entitled *Let's Dig Up Sweet Potatoes!*



New Projects Starting in Fiscal 2005

Supporting Employee Volunteer Activities (Social Welfare)

In addition to introducing the Volunteer Leave System in April 2005, MC also launched its Employee Volunteer Activity Database. With these new programs, our employees enjoy a working environment in which they are encouraged to engage in volunteer activities. Employees are able to choose activities in which they are interested from among those listed in our volunteer database. Each activity an employee is involved with is entered into the database, and at the end of the fiscal year, MC donates 500 yen per involved employee to the volunteer organization of their choice.



Global Marine Research Project (Global Environment)

MC's Global Marine Research Project was launched in 2005 after it was announced as part of MC's 50th anniversary initiatives in 2004. The project focuses on research into the ecology and protection of coral reefs around the world, and consists of three related scientific research studies, in Japan, the United States, and the Republic of Seychelles. MC will work with NGOs and research institutions such as Shizuoka University (Japan); the University of California Santa Cruz (U.S.A.); and the Earthwatch Institute (Europe) on this world-wide ecological project.



Other Social Contributions

Exchange Student Scholarships	MC extends scholarships to foreign students both at the undergraduate and graduate school levels. Initially launched in 1991, the MC scholarship program selected 16 foreign students to receive scholarships to attend 16 different universities in Japan in fiscal 2004.
MC International Scholarship	Based on recommendations from our offices around the world, MC extends scholarships to university students outside Japan. Under this program, we have extended scholarships to a total of 255 students in 12 countries and regions around the world, including China, Thailand, Indonesia, and Myanmar.
Open Lectures at Sophia University	MC has established two open lecture series at Sophia University for students and the general public, entitled "The Global Environment and Technology" and "Global Environmental Studies." These series, which include lecturers from outside of the university, have proven extremely popular, with close to 800 people attending them each year.
Earthwatch Institute and Earthwatch Japan	MC's support for the Earthwatch Institute's activities began in Europe in 1993, and in the U.S. in 1996. Since 2002, we have also provided support from Japan. MC employees from offices around the world participate in the Institute's hands-on field study programs to give them a greater understanding of the natural environments.
For the Children of the 21st Century	Under this program, approximately 30 elementary school students from sister cities of Niigata, Japan – Khabarovsk and Vladivostok in Russia, and Halpin in China – are invited to spend time with primary school children in Niigata. This program was launched in collaboration with local companies and governments in 1992.
Chubu Branch Friendship Camp	Each summer since 1991, some 40 sixth-graders from orphanages in Aichi Prefecture have been invited to participate in this friendship camp, which marks its 15th anniversary in 2005. The camp features a full program developed and run by employee volunteers from the MC Chubu Branch and staff from the Nagoya YMCA.
Yokohama Tree-Planting Festival	MC co-sponsored the Yokohama Tree-Planting Festival (sponsored by the City of Yokohama and Mainichi Shimbun) held in Yokohama City in June 2004, with approximately 60 MC employees and members of their families taking part in the event. The festival was attended by some 850 people who were given instructions on how to plant seedlings by Dr. Akira Miyawaki, Honorary Professor at Yokohama National University and advisor to the MC Experimental Project in Tropical Forest Regeneration.

NPOs and NGOs that MC supports

Tokyo YMCA	The YMCA was founded in 1844 in England to promote the health of young men and support local volunteer activities. MC has been a supporting member of the Tokyo YMCA since 1972. The Tokyo YMCA runs programs for the Friendship Camp for Mothers and Children and trains MC volunteers.
Tokyo Colony	The Tokyo Colony social welfare corporation promotes full participation and equality in society for the mentally and physically challenged by providing them with work opportunities. MC began supporting Tokyo Colony in 1979, and currently supports a project that enables people with severe physical handicaps to work from home by helping them learn data processing technology.
Junior Achievement Japan	Junior Achievement International is the world's largest economic education organization and was founded in 1919 in the United States. The organization's mission is to instill a love for thought and debate in young people that, in turn, will foster their ability to form independent judgments. MC has been a member since 1995.
Japan Alliance for Humanitarian Demining Support (JAHDS)	JAHDS is an NPO that was established in 1998 to develop technology for landmine removal for humanitarian purposes. It also provides technology and assistance in using these tools, offers logistics support for landmine removal, and compiles and publicizes information in Japan and abroad. MC became a supporting member in 2003.
National Federation of UNESCO Associations in Japan (NFUAJ)	The NFUAJ covers all Japanese associations created in support of the United Nations Educational, Scientific and Cultural Organization (UNESCO). Its activities include educational programs such as "World Terakoya Movement," and cultural programs such as "World Heritage Activity." MC has been supporting the NFUAJ's activities since becoming a corporate member of the governing board in 1995.
World Wide Fund for Nature Japan (WWF Japan)	WWF is the world's largest nature conservation NGO. Since 1989, MC has been a member of WWF Japan and a strong supporter of its activities. In our paper products and woodchip business, we have obtained Chain of Custody certification, which is backed by the Forest Stewardship Council (FSC) – a certification scheme that WWF has been active in promoting. We will also continue seeking further accreditation in overseas business investments relating to forest products.
World Business Council for Sustainable Development (WBCSD)	Established in 1995, the WBCSD is an international association of about 160 of the world's top corporations that promotes proposals for sustainable development. MC has been active within this organization since 1991, when it was previously known as the Business Council for Sustainable Development.



CSR Activities Around the World

MC, which is developing businesses around the world in every possible field, will continue building excellent relationships with our stakeholders worldwide. We are actively undertaking CSR initiatives, paying due consideration to the global environment, including efforts to protect biodiversity, and conducting social contribution activities in local communities. Below, we introduce some of MC's CSR initiatives in the major markets of China, Europe, and the Americas.



CSR Activities

in CHINA

Along with China's remarkable economic growth have come calls for the country to strive for sustainable development. More and more companies in China are implementing management systems that emphasize CSR issues and stakeholder opinions. MC began social contribution activities in China in 1991. Aware of our position as a global enterprise, our need to adhere to CSR principles increases as we continue to develop our business presence in China, which is clearly an important region in terms of corporate strategy.

Supporting the Foundation of a Hope Primary School in Guangdong's Qingyuan City

Project Hope, initiated in China by the China Youth Development Foundation in 1989, is an international social welfare program that contributes to the improvement of school education in poverty-stricken areas in China and elsewhere. Funds raised inside and outside China are channeled into a fund that has been established in order to enable children who have lost the chance of attending school because of poverty to continue with their studies. MC has helped support Project Hope since 2002. Thus far, we have built Hope primary schools in Yangchun City and Haifeng County, both in Guangdong Province. In 2004, MC donated funds through the Guangdong Project Hope office and the Guangdong provincial government to build a Hope primary school in Lianshan in Guangdong Province's Qingyuan City. Currently, the construction work is underway for that school, which is expected to be completed in September 2005.

Donation to the Dalian Children's Hospital Rehabilitation Center

The Dalian Children's Hospital, established in 1952, is a general children's hospital. It provides prevention and treatment of disease, rehabilitation, and other healthcare services to approximately 1.7 million children from Dalian City and the Liaonan area. The hospital's rehabilitation center, which formally commenced operations in April 2004, is treating patients from Liaoning, Shandong, Jilin, and Heilongjiang provinces. The center provides patients with early

rehabilitation and medical care to improve the quality of their lives. Nevertheless, due in part to the low standard of living, about 10% of Dalian's children still experience interrupted treatments or cannot go for medical examinations.

In October 2004, MC established the Health Fund for Physically Challenged Children, which helps pay the medical expenses of physically challenged children who cannot cover those costs. MC also made a donation for rehabilitation equipment.

Mitsubishi Corporation Ecological and Educational Support Forest

In April 2005, in cooperation with the China Environmental Protection Foundation, MC held a ceremony at the Mitsubishi Corporation Ecology Educational Forest in Zhoukoudian in Beijing's Fangshan district, where participants planted trees. Employees of Mitsubishi Corporation China Co. Ltd.'s Beijing Branch and their families – about 80 people in all – helped to plant the trees.

During this tree planting effort, the second following last year's tree planting, walnut and other saplings were planted over a 0.1 ㉫ area. In addition to "greening" the community with fruit trees, the management of which is entrusted to farmers from poor areas, a portion of the profits from the sale of harvested fruit is used to support schoolchildren in poor areas. This multifaceted project that strives to support both farmers in poor areas and the schooling of children, rather than merely plant trees, is highly regarded within China as an effort to pursue more scientific and effective development.



CSR Activities

MC is committed to good corporate citizenship in every country and region in which it has an active presence. To that end, MC established the Mitsubishi Corporation Fund for Europe and Africa, a charitable trust to promote environmental and social aims in those continents. MC offices and subsidiaries in Europe also place the highest priority on their own corporate social and environmental responsibilities, always seeking to live up to MC's Three Corporate Principles.

► UK emissions trading scheme

In response to measures such as the EU Emissions Trading Scheme, which began in January 2005, MC is also looking to accumulate know-how in emissions trading and emission-credit projects within Europe, in order to become an innovator in this new industry and prepare for the developing emissions market. As such, we are actively looking to develop our business in highly efficient "eco-plant projects" – factories, power plants and chemical plants that use the latest techniques and technology to reduce emissions as far as possible. We hope to develop our plant business especially within central and Eastern Europe, and work with local partners to actively assist countries reduce their outputs.

CSR activities

Taking the "four pillar" approach to CSR – which includes community investment, human rights and employee relations, environmental practices and ethical conduct – MC has, in Europe, implemented policies and practices as part of MC's global commitment to CSR.

Community investment

As far back as 1992, the Mitsubishi Corporation Fund for Europe and Africa (MCFEA), a UK registered charity, was established in London to support environmental and social development projects in the Europe and Africa regions. Since 1993, the MCFEA has been supporting Earthwatch Institute, which sends volunteers from all over the world to assist scientists with their fieldwork. So far, 60 employees from MC's European offices have worked as volunteers on Earthwatch projects.



An Earthwatch project in Australia

Human rights and Employee relations

In line with our commitment to global standards on human rights and employee relations, MC strives to implement best practice policies and procedures to create a sound working environment for all of its staff. There is a strong senior management emphasis on good communications across the organization and our consultation policy provides a framework for regular and effective consultation where issues of mutual interest and concern between management and staff can be discussed.

Environmental practices

MC's subsidiaries in Europe strictly adhere to all environmental legislation relevant to their businesses and have also participated in voluntary initiatives that are beyond the scope of legal obligation. For example, under the UK laws on waste packaging, Mitsubishi Corporation (UK) Plc ("MCUK"), based in London, meets its obligations to reclaim and recycle a percentage of the packaging waste that it is responsible for buying and selling each year. An example of a voluntary 'green' initiative is MCUK's participation in the UK Greenhouse Gas Emissions Trading Scheme in 2002: under this government initiated voluntary scheme, MCUK has made a commitment to cut carbon dioxide (CO₂) emissions over the period 2002-2007. Another initiative is MCUK's Green Office Policy, which encourages staff to recycle paper, to maintain environmentally friendly office purchasing practices and to conserve electricity.

Ethical conduct

MC's Code of Conduct and Environmental Charter also ensure that MC's ethical responsibilities are conducted in accordance with the highest standards of integrity across the globe.

in EUROPE

MCFEA (Mitsubishi Corporate Fund for Europe & Africa)

WildCRU

The Wildlife Conservation Research Unit (WildCRU), part of Oxford University, aims to achieve practical solutions to conservation problems through original scientific research. The MCFEA supported WildCRU's research on lion populations in Hwange National Park, Zimbabwe from 1998-2003.

The work revealed that high hunting quotas around the Park had a substantial impact on the lion population and, when these results were highlighted to local stakeholders, lion hunting was suspended in areas to allow the population time to recover. This conservation effort has thus helped ensure that a healthy population of lions remains in the area.

WildCRU also started a successful conservation education initiative: a local theatre group, who write and perform plays with strong conservation messages. The actors play to schools and villages in the area, using song, dance and story-telling – all culturally relevant and accessible to people in a region where there is limited access to other media. The long-term success of this project has been assured by a new MCFEA grant.

The Society for Dolphin Conservation

In 2003, the MCFEA began its support of the Croatian Dolphin Project of Gesellschaft zur Rettung der Delphine (GRD) - the Society for Dolphin Conservation. Together with the Veterinary Faculty of the University of Zagreb, GRD established a local NGO in Croatia through which valuable work on the conservation of dolphins in the Adriatic Sea continues. MCFEA support has so far helped the project organisers to purchase a vehicle and trailer to transport their equipment to the research sites. The MCFEA's funding programme in 2005 will help GRD to develop a research station on the Adriatic coast.

Botanic Gardens Conservation International

The MCFEA supports the BGCI, a global network of botanic gardens based in London. In an effort to conserve plant species, the BGCI disseminates information among its members, arranges international congresses and holds a vast number of species in its seed banks.



Image by WaterAid/Jon Spaul



Image by GRD

WaterAid

According to the World Bank, life expectancy in Mozambique (on the East coast of Africa) averages just under 45 years. UNICEF estimates that 76% of rural children under five suffer from diarrhoeal diseases or parasitic infections, and the Government of Mozambique estimates that only 26% of the rural population have access to an adequate water source. Since 2003, the MCFEA has supported WaterAid, an organisation dedicated to the provision of safe domestic water, sanitation and hygiene education to the world's poorest communities. In 2005, the MCFEA will continue its support by funding a project in Maputo, Mozambique, to help provide the infrastructure needed to improve the city's water supply and public sanitation.

Earthwatch

The Earthwatch Institute is an environmental charity promoting science and education on sustainable development. The MCFEA sponsors staff from MC's European offices to volunteer to assist scientists on Earthwatch conservation projects worldwide, and supports the African Fellowships Programme, which provides research training for African conservationists.

For more information on the work of the MCFEA, please visit <http://www.mitsubishicorp-uk.com/ukmcfca.htm>.

Responsible Business

MC affiliates throughout the Americas undertake CSR activities. For example, Alberta-Pacific Forest Industries Inc. (Al-Pac), one of MC's major business investments, operates a pulp mill in Canada. Al-Pac has a long tradition of commitment to environmental and social excellence, including involving stakeholders in its forest management. This includes the Forest Management Task Force, a multi-stakeholder group comprised of representation from Aboriginals, recreation users, conservation groups, other industries and the government, who help provide direction on the company's sustainable forest management planning. In addition, Al-Pac also works very closely with its Aboriginal neighbors on initiatives that provide lasting benefits to their communities, including partnerships that provide employment opportunities for local Aboriginals. As an expression of Al-Pac's commitment to socially and environmentally responsible practices, the company is currently working toward certification from the Forest Stewardship Council (FSC).

Another example of engaging with stakeholders in the Americas is Sound Energy Solutions, a joint venture between MC and Conoco Phillips, who is seeking permission to build a Liquefied Natural Gas

(LNG) receiving terminal in Long Beach, California. In doing so, it is fully consulting the local community and is giving utmost attention to safety and environmental considerations. Along with energy efficiency measures and increased development of renewable energy, LNG will help meet the challenges of improving California's air quality while contributing to energy costs by providing cleaner burning gas for energy generation and LNG fuel for vehicles.

At MIC, we know that we can always improve how we interact with the environment and society in general, and our stakeholders play a pivotal role in guiding our actions. At present, we are in the process of creating a green office policy, which at first will apply to all MIC offices throughout North America, with the goal of lessening the environmental impact of our operations. Even more importantly, we are committed to exploring how to manage a more sustainable supply chain and quantifying our footprint on the environment, particularly on greenhouse gas emissions, and then reducing that footprint.

CSR Activities

Since the mid 1990s Mitsubishi International Corporation (MIC) began to adopt a proactive stance towards understanding the societal responsibilities of corporations. MIC has welcomed a dialogue with all NGOs and has contributed to environmental causes, not to mention the many CSR conferences and NGO boards where MIC has been represented. Thanks in part to this community engagement, MIC's and MC's business activities in the Americas take into account corporate governance, compliance, environmental and social considerations.



Reddish Egret by U.S. Fish and Wildlife Service

Community Support

In addition to being responsible in our business activities, MIC is actively involved in giving back to the communities where we do business. We believe in supporting arts and culture through various museums and world-class institutions, such as Carnegie Hall. We also support the strengthening of relations between Japan and the U.S. through various means, including contributions totaling \$150,000 for mesmerizing Kabuki and Noh performances in the 2004 and 2005 Lincoln Center Festivals.

Beyond the financial support that we offer to non-profit organizations, we also believe in fostering our employees' spirit of volunteerism. For example, every year MIC sponsors the involvement of three employees on an Earthwatch expedition where they participate as volunteers on environmental research projects. Through such expeditions, not only do we contribute to furthering the study of the world's diverse ecosystems, but we create environmental awareness among our own staff that they can then apply to their daily work. We will also be assisting MC in undertaking a multiyear coral reef scientific research project in the Northwest Hawaiian Islands that will have a volunteer component.



in The AMERICAS

Mitsubishi International Corporation Foundation

(www.micfoundation.org)

In 1992, MC, together with MIC, established the Mitsubishi International Corporation Foundation in New York City. With a current endowment of nearly \$5 million, the MIC Foundation has contributed nearly \$2.5 million since its establishment to organizations supporting environmental causes and civil society throughout the Americas.

In 2004, the MIC Foundation provided a grant to Pronatura Mexico and the American Bird Conservancy for the purchase of land in Sinaloa, Mexico to provide critical habitat for migratory shorebirds that winter there. Thanks to the MIC Foundation's support, an additional \$240,000 has been secured from the North American Wetlands Conservation Act, making this important project an example of how corporations, NGOs and governments can effectively work together for the protection of the environment.

Wetlands and birds have also been a theme at two other institutions to which the MIC Foundation made grants in 2004. The MIC Foundation has provided key funding for the Mitsubishi Wild Wetlands Walk at the New York Botanical Garden and for the Wildlife Conservation Society's Mitsubishi Riverwalk at the Bronx Zoo.

The MIC Foundation's activities are not limited to grant-making.

In 1996, the MIC Foundation initiated an environmental breakfast series, which convenes the environmental community to network and learn about opportunities to collaborate around environmental issues, such as global warming and water access. Thanks to these breakfasts, which now occur three times a year, new and important funding partnerships have been formed.

The projects that the MIC Foundation supports are an extension of MC's Environmental Charter and general commitment to corporate social responsibility. The activities of the MIC Foundation together with our other corporate contributions, as well as our reach for high standards in our business conduct, reflect our desire to be regarded as a responsible corporate citizen throughout the Americas.



MC needs to maintain a solid financial structure and enhance corporate value for its stakeholders to be able to contribute to creating a sustainable society. In this section, we provide an overview of the earnings generated by the MC Group, as well as by each of our business groups. We also discuss INNOVATION 2007, our new medium-term business plan launched in July 2004, and its numerical targets.

Financial Performance and Profit Structure

Financial Highlights

Mitsubishi Corporation and group subsidiaries
For business year ended March 31

		Million yen		Million US dollars
		2004	2005	2005
Operating transactions and income	Operating transactions	¥15,177,010	¥17,132,704	\$160,119
	Gross profit	769,381	877,763	8,203
	Income from consolidated operations before income taxes	150,119	209,799	1,961
	Income from consolidated operations after income taxes	75,266	116,048	1,085
	Net income	116,020	182,369	1,704
	Core Earnings (Note 1)	211,898	330,528	3,089
Assets and shareholders' equity at end of fiscal year	Total assets	8,392,833	9,149,938	85,513
	Shareholders' equity	1,224,885	1,504,454	14,060
Per-share results (yen and US dollars)	Net income per share	¥74.11	¥116.49	\$1.09
	Dividends per share	12.00	18.0	0.17
Management indicators	ROA (%)	1.4	2.1	
	ROE (Note 2) (%)	10.7	13.4	

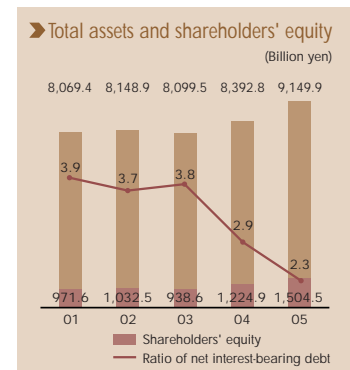
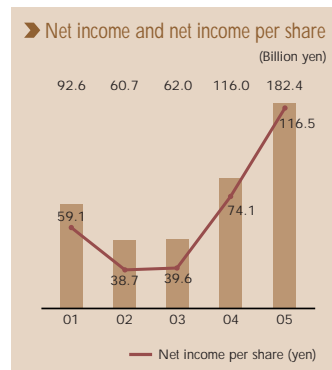
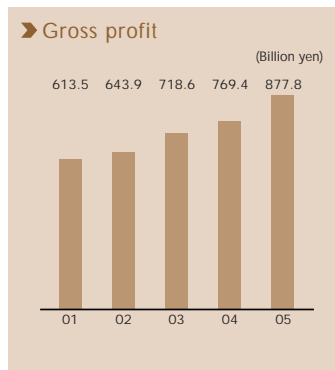
Note: US dollar amounts are given based on an exchange rate of 107 yen to the US dollar.

Note 1: Core earnings

Operating income (before the deduction of provision for doubtful receivables) + Interest expense (net of interest income) + Dividend income + Equity in earnings of affiliated companies

Note 2: ROE

An indicator that measures how well a company uses financial resources from shareholders to create earnings. ROE is a percentage found by taking the net income for the period and dividing by common stockholder equity. A high percentage means that the company is using its equity efficiently.

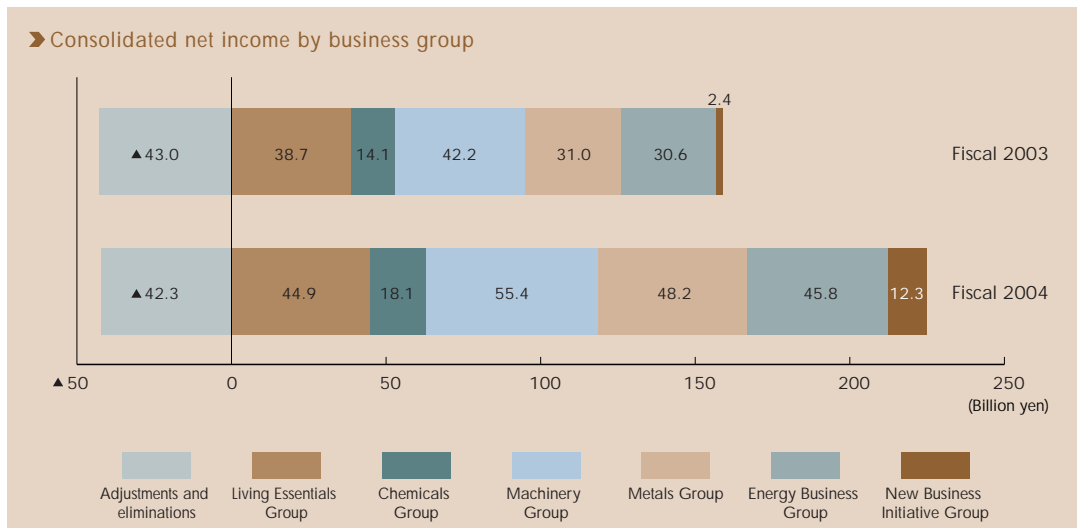


Earnings Performance by Business Group

Consolidated Net Income by Business Group

Net income in the Energy Business and Metals Groups increased significantly in fiscal 2004 due to the surge in prices for crude oil and mineral resources. The New Business Initiative, Machinery, Chemicals, and

Living Essentials Groups also reported higher net income, even though these groups were not directly affected by crude oil and mineral resource prices. All business groups achieved year-on-year growth of 10% or higher.



INNOVATION 2007

INNOVATION 2007 Numerical Targets

In July 2004, MC launched INNOVATION 2007, our new medium-term business plan, covering the four-year period from fiscal 2004 to fiscal 2007. MC's consolidated net income in fiscal 2004 was ¥182.4 billion, thanks to both our efforts to prioritize business resources by identifying and focusing on key businesses, and the current robust prices for resources. We anticipate further growth to ¥280 billion in fiscal 2005.

Under INNOVATION 2007, we are implementing a growth strategy to achieve consolidated net income of ¥200 billion after removing the impact of resource prices. We plan to review our numerical targets in light of the medium to long-term outlook for the economic environment, including resource prices, at the end of fiscal 2005, which marks the completion of the first, "hop" stage of our medium-term business plan.

