Feature 2

MC's Ongoing Sustainability Initiatives

In order to contribute to the continuous development of society through its core businesses as a global business enterprise, MC is actively promoting initiatives aimed at creating a sustainable society in all areas of its businesses.

In this section, we report on our ongoing sustainability initiatives, as well as the businesses being promoted by each of our business groups and the successes they have achieved in the fiscal year ended March 31, 2009.

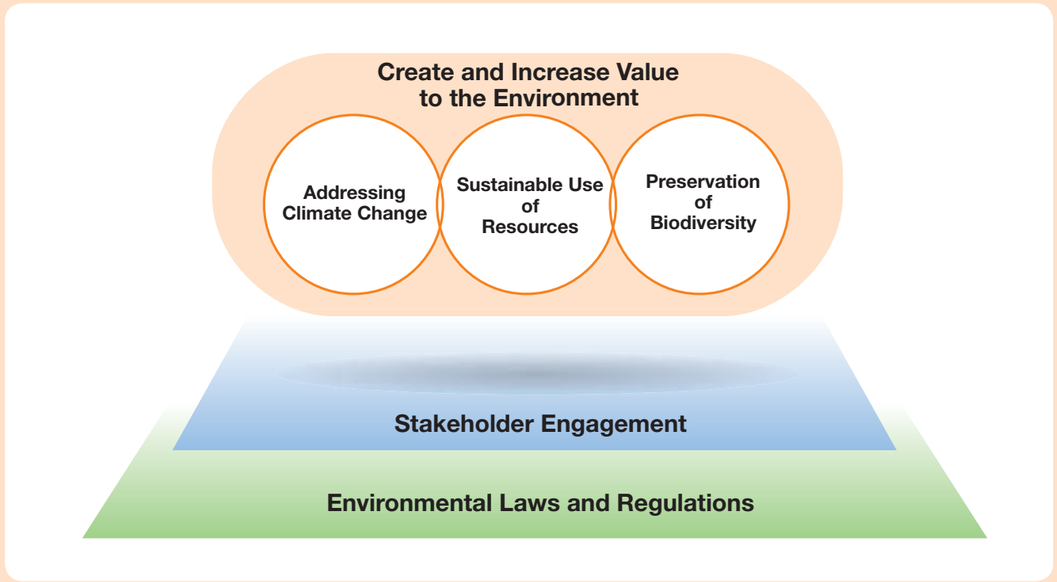
The Importance of Addressing Environmental Concerns Through Business

MC develops business with customers around the world and nearly 600 consolidated subsidiaries in a wide range of industries under a framework that consists of six business groups—Industrial Finance, Logistics & Development Group, Energy Business Group, Metals Group, Machinery Group, Chemicals Group and Living Essentials Group—and the newly established Corporate Development Section. As we engage in business development, we recognize that addressing environmental concerns is an important issue for contributing to the continuous development of society. These concerns include addressing climate change; the sustainable use of resources; and the preservation of biodiversity.

Increasing MC's Value to the Environment

In terms of specific actions, we are working to reduce greenhouse gases by helping to develop new technologies and frameworks relating to the efficiency or conversion of energy and mineral resources. Within our own commercial business operations, we are striving to improve the energy efficiency of our offices and logistics operations. Conscious of the vital importance of natural biodiversity, we are also making a contribution through our support for various environmental conservation programs.

In addition to timely and appropriate disclosure of corporate information relating to the global environment, we try to reflect various stakeholder opinions in our business activities. Naturally, we are committed to observing all relevant environmental laws and regulations, but we also aim to go beyond mere compliance with the rules by actively promoting the adoption of industry-wide best practices and internationally recognized standards that apply to our worldwide operations. Through these kinds of measures, we aim to increase MC's value to the environment over time.



Business Group Initiatives

*The parentheses in each list of main initiatives show the name of the related business investment.

Corporate Development Section

MC is promoting new businesses with medium- and long-term growth prospects that are expected to become future earnings drivers in fields such as new energy, the environment and water-related businesses, as well as IT services, which can have a big impact on strengthening the sustainability of Company-wide operations.

Main Initiatives

- Green IT (IT Frontier Corporation, Infosec Corporation, Mitaka Data Center, etc.)
- Bio-pellets (Forest Energy Hita Co., Ltd., Forest Energy Kadogawa Co., Ltd., etc.)
- Solar photovoltaic, concentrated solar power, wind power generation businesses
- Bioethanol and biodiesel (Hokkaido Bioethanol Co., Ltd., etc.)
- Development, manufacture and sales of lithium-ion batteries (Lithium Energy Japan)
- Emissions credit business
- Sewage and water services business (Manila Water Company, Inc., Japan Water Corporation)
- Biomass-fueled power generation using food waste (Bioenergy Corp.)
- Manufacturing of shipping pallets made from waste plastic (M M Plastic Co., Ltd.)

GHG Emissions Credit Trading on a Global Scale

Climate Change

Being an early advocate of and entrant to emissions credit trading has enabled MC to develop the infrastructure required to become a leader in this business. We have established the necessary internal systems to become a one-stop shop for our customers, providing the services needed for each stage of GHG emissions reduction projects. These services range from feasibility research and consultancy to the administrative work involved in securing permits, as well as finance, plant construction, monitoring and the sale of emissions credits. As of July 2009, roughly 30 projects in which we are involved in have been registered with the United Nations, with approval of around 50 additional projects pending. We have also helped to secure Japanese government approvals for around 30 projects, with more than 40 other projects under consideration. Altogether, MC has been involved in developing over 100 emissions trading projects making us the third-largest developer of such projects in the world.

Comment by Representative of MC's Emissions Credit Trading Business

To date, rather than limiting our involvement to simple trading of emissions credits, we have studied the possibilities on the ground to build up knowledge and expertise in actual GHG reduction activities. Going forward, based on increased cooperation with other business departments within MC, we plan to apply the know-how we have developed in emissions credit trading across various industries. In doing so we can increase the value of MC's core business activities and make a valuable contribution to the global environment at the same time.

Hideaki Ogata
Emissions Reduction Business Unit
Environmental & Water Business Development Division

Realizing a Recycling-Oriented Society

Resources

MC business investee M M Plastic Co., Ltd. (Futtsu City, Chiba Prefecture) manufactures shipping pallets made from waste plastic containers and packaging collected from homes. The company makes use of patented technology called "sandwich-type" molding to incorporate the recycled plastic in the pallets. Compared to alternate production methods whereby waste plastic is incinerated and pallets are made from new materials, this is expected to reduce CO_2 emissions by 27 kilograms per 20-kg pallet. The recycling of plastic in this way is contributing to a recycling-oriented society.

Pallets made by M M Plastic

New Energy Initiatives

Climate Change

In March 2009, MC acquired a stake in a solar photovoltaic project developed by Spain-based ACCIONA S.A., one of the world's largest renewable energy companies. The first project with ACCIONA S.A. is a 45.8 megawatt power station project in Moura, Portugal, that will have the world's largest solar photovoltaic generation capacity.

Meanwhile, a Sapporo-based investment of MC's named Hokkaido Bioethanol Co., Ltd. is producing bioethanol using sub-standard wheat and surplus sugar beet as feedstock. The company commenced production in March 2009.

Other business investments by MC include Forest Energy Hita Co., Ltd. in Oita Prefecture and Forest Energy Kadogawa Co., Ltd. in Miyazaki Prefecture, which manufacture wood bio-pellets that are made from residual scrap bark and generally sold as an alternative fuel to coal.

The solar photovoltaic project in Moura, Portugal

Industrial Finance, Logistics & Development Group

The Industrial Finance, Logistics & Development Group is developing a wide range of industrial finance businesses. These include merchant banking and M&A businesses such as asset management and buyout investment; asset finance and business development businesses such as leasing businesses and real estate funds; and businesses in other fields including real estate development, ownership and management, and logistics services and insurance.

Main Initiatives

- Carbon offset leases with emission credits (Mitsubishi UFJ Lease & Finance Company Limited, Mitsubishi Auto Leasing Corporation)
- Leasing of facilities that run on renewable energy (Mitsubishi UFJ Lease & Finance Company Limited)
- ESCO business (Japan Facility Solutions, Inc., Mitsubishi UFJ Lease & Finance Company Limited, Shodensya Co., Ltd.)
- Facility conversion
- Sales of light and stackable K2 pallets for greater environmental performance and load efficiency (Mitsubishi Corporation LT, Inc.)
- Returnable racks and pallets (Mitsubishi Corporation LT, Inc.)
- Reuse and recycling of computers and other office equipment (Mitsubishi UFJ Lease & Finance Company Limited)
- Fitting of diesel engines compliant with exhaust gas regulations (Mitsubishi Ore Transport Co., Ltd.)

Promoting Energy Efficiency at Offices, Hospitals and Other Facilities

Climate Change

Tokyo-based Japan Facility Solutions, Inc., one of MC's business investments, is developing an ESCO (Energy Service Company) business that helps customers to cut CO_2 emissions and reduce energy costs. Office buildings, hospitals, commercial facilities and factories are able to realize significant energy savings by introducing highly efficient equipment or by upgrading and controlling the energy efficiency of existing infrastructure. The company has been involved in developing energy-saving solutions for around 80 clients across Japan, including Tokyo Metropolitan Hiroo Hospital, Tokyo Metropolitan Bokutoh Hospital and Chofu City Hall.

MC's energy service business for Tokyo Metropolitan Hiroo Hospital received the top "Gold Award" for the 4th Excellent ESCO Business Award.

Machinery Group

The Machinery Group trades machinery in a broad range of fields, in which it also develops businesses and invests. These fields extend from large plants for producing essential industrial materials, such as electricity, natural gas, petroleum, chemicals and steel, to equipment and machinery for transportation and distribution industries, including ships, trains and automobiles. It is also active in the aerospace and defense industries, and in general industrial equipment and machinery, including construction machinery, machine tools, and agricultural machinery.

Main Initiatives

- Clean coal technology (Integrated gasification combined cycle (IGCC) power generation, carbon capture and storage (CCS))
- Wood biomass-fueled power business (Gonoike Bioenergy Corporation)
- Bioethanol (Hokkaido Bioethanol Co., Ltd.)
- Wind power fund (Green Power Investment Corporation)
- NaS batteries (Long-life, large capacity batteries made from sodium and sulfur)
- Development of vehicle management system connected with the promotion of driving in an eco-conscious manner (Jicoux Datasystems, Inc.)
- Business to promote the uptake of electric vehicles (Mitsubishi Motors Corporation (i-MiEV))
- Support for energy conservation at steel mills
- Railway business
- Handling of seawater desalination plants
- Handling of wastewater treatment, flue gas desulfurization and denitrification systems

Energy Business Group

The Energy Business Group, in addition to developing and investing in oil and gas projects, conducts trading activities in areas such as crude oil, petroleum products, liquefied petroleum gas (LPG), liquefied natural gas (LNG), and carbon materials and products.

Main Initiatives

- Biomass fuels
- Manufacture of ferro-alloys with recovered rare metals, employing used catalysts from petroleum refineries as the main feedstock (Metal Technology Co., Ltd.)
- Promotion of energy-saving equipment, sales of LNG, research and development of fuel cells and hydrogen applications (Astomos Energy Corporation)
- Photovoltaic demonstration projects in Brunei

Solar Photovoltaic Power Generation Demonstration Project in Brunei

Climate Change

Brunei has been a source of stable energy supplies for Japan ever since MC took part in a natural gas liquefaction project in the country in 1972. In August 2008, in a move aimed at supporting Brunei's aspirations to diversify its energy sources through renewable energies, MC signed a memorandum of understanding with the government of Brunei to fund a solar photovoltaic power generation demonstration project.

The project involves the installation of 1.2 megawatt of solar photovoltaic power generation capacity, the largest power output of any such project in Southeast Asia. Over a three-year operational testing period, we will work with the government of Brunei on related research and evaluation of the technology. The resulting data and know-how are expected to play a valuable role in promoting the uptake and commercialization of this technology, including the training of local personnel. Work on the project is now underway with a target start date for operations in 2010.

Solar photovoltaic power generation demonstration project (artist's impression)

Metals Group

The Metals Group trades, develops businesses and invests in a range of fields. These include steel products such as steel sheets and thick plates, steel raw materials such as coking coal and iron ore, and non-ferrous raw materials and products such as copper and aluminum.

Main Initiatives

- Supply of coal to Clean Coal Power R&D Co., Ltd., whose shareholders are made up of 10 Japanese power utilities
- Aluminum recycling business (Nikkei MC Aluminum Co., Ltd.)
- Platinum group metals (PGM) recycling
- Handling of metal scrap (Metal One Corporation, etc.)
- Recycling and processing of used metal, automobiles and home appliances (Metal One Corporation)
- Restoring the natural environment at post-mining sites (Mitsubishi Development Pty Ltd, etc.)

Environmental Restoration at Sites of High-Grade Coking Coal Extraction

Biodiversity

MC owns a 50% equity interest in the BHP Billiton Mitsubishi Alliance[*1] (BMA) through Mitsubishi Development Pty Ltd (MDP), an MC subsidiary that is based in Sydney, Australia. BMA produces 50 million tons per year of high-grade coking coal[*2]. The open-cut mining method used to obtain this coal involves removing the surface materials prior to coal extraction, storing them in a separate location, and then filling in the site again once excavation is complete. The final stage is rehabilitation, which involves fully restoring the site to its original condition by replanting the native trees and vegetation that were removed from the site. After restoration, the site is monitored regularly to check that trees, plants and shrubs have started to grow and that local wildlife has returned. Coal mining also requires the development of strict water controls to preserve local water quality along with the highest operating standards to ensure worker safety. In addition, BMA actively contributes to local communities at these sites by financing infrastructure, protecting cultural assets and making financial endowments and donations to local universities, among other activities. HSEC[*3] initiatives remain a key priority for MC's management and we plan to continue being actively engaged in environmental, social and health and safety related initiatives.

Monitoring of a restoration site after rehabilitation

*1: BMA is a 50:50 coal-mining joint venture between MDP and BHP Billiton.
*2: During steel production, coking coal is put into a blast furnace along with iron ore. The coal forms cokes, which act as a reducing agent.
*3: Health, Safety, Environment and Community

Comment by Environment/CSR Representative (Metals Group)

In addition to procuring existing steel raw materials and non-ferrous metal resources, we are also working to procure stable supplies of metals that are poorly or unevenly distributed, including rare metals, rare earths and uranium. We remain actively committed to promoting environmental and CSR-related initiatives at MC subsidiaries and affiliates from the perspective of protecting the environment and ensuring the sustainable use of resources.

Hideyuki Kanda
Investment Administration Unit
Metals Group CEO Office

Participation in CCS-Equipped Power Plant Construction in Australia

Climate Change

MC and Mitsubishi Heavy Industries, Ltd. (MHI) are jointly participating in a project in Australia to develop coal-fired power generation based on "clean coal" technology. The Australian firm ZeroGen Pty. Ltd. has commissioned MC and MHI to undertake a feasibility study for an integrated gasification combined cycle (IGCC) power plant incorporating carbon capture and storage (CCS) technology. This kind of power plant would combine high generating efficiency with a vastly reduced carbon footprint compared with the CO_2 emissions from conventional coal-fired power generators. The project aims to have the facility operational by 2015, making it the world's first CCS-equipped IGCC power generation facility on a commercial scale.

Press conference in Tokyo on June 22, 2009

Campaign to Promote Adoption of Electric Vehicles

Climate Change

MC is one of the partners that have invested in Lithium Energy Japan, a joint venture to develop and manufacture lithium-ion batteries. These batteries are being fitted to the "i-MiEV" next-generation electric vehicle (EV), which was developed by Mitsubishi Motors Corporation and launched in Japan in July 2009.

In collaboration with local governments, suppliers and business partners across Japan, we are also actively promoting the development of battery recharging infrastructure, which is essential for widespread EV adoption and use. Overseas, we are promoting EV adoption as a valuable part of pro-environment government policies. Lobbying efforts are focused on persuading EU, national and local governments to expand and upgrade frameworks for subsidizing EVs.

Chemicals Group

The Chemicals Group trades and invests in the commodity chemicals and functional chemicals fields. Commodity chemicals include petrochemicals, olefins and aromatics, methanol, ammonia, chlor-alkali, fertilizer and inorganic chemicals. Functional chemicals include plastics, functional materials, electronic materials, food ingredients, and fine chemicals.

Main Initiatives

- CO_2 polymer
- Electron donor compounds (EDC), soil and groundwater improver
- Handling of biodegradable plastics
- Catalysts for environmental protection use
- Water treatment membranes for producing pure water, desalinating seawater, recycling water, etc.
- Raw materials for environmentally friendly coatings (Mitsubishi Shoji Chemical Corporation)
- Photovoltaic power generation-related materials (Mitsubishi Shoji Plastics Corporation)
- Plastics recycling system (Mitsubishi Shoji Plastics Corporation)
- Handling of eco-friendly products such as heat-insulating coatings, energy-saving office equipment, etc. (MC Yamasan Polymers Co., Ltd.)

Development of Carbon Dioxide-Based Plastic

Climate Change

Since 2007, MC has been developing a plastic that derives 50% of its raw materials from CO_2 in partnership with a consortium of industrial and academic partners that includes Teijin Ltd., Sumitomo Seika Chemicals Co., Ltd., Sumitomo Chemical Co., Ltd. and The University of Tokyo. Compared with conventional oil-derived plastics, this product reduces CO_2 emissions by around 30% based on LCA*4 data. The product, which could be commercialized as early as the year ending March 31, 2013, is expected to have a wide range of applications, such as in materials for solar cell panels. MC's role in the project is to develop sales channels for the product.

*4: Life Cycle Assessment (LCA) is a quantitative technique for measuring resource consumption and emissions at each life cycle stage from manufacture, transportation and sale to usage, disposal and re-use. It is used to evaluate the environmental impact of products and services.

Cooperation With "Japan Challenge Program" to Compile Chemical Safety Data

Stakeholders

Established in 2005, the "Japan Challenge Program" is a joint initiative between Japanese industry and Japanese governmental agencies (the Ministry of Health, Labour and Welfare, the Ministry of Economy, Trade and Industry, and the Ministry of the Environment) to collect and disseminate safety information on commercially available chemicals. MC, which imports a variety of chemicals into Japan, has actively sponsored and participated in the program from its inception. MC has formed a consortium with other companies to compile related data. To date, these efforts have generated "Safety Information Reports" on four chemicals (sorbitol, xylose, maltitol and oxalic acid (dihydrate form)) that have been submitted to the government.

The Japanese government will disseminate these data on chemical safety to the public to provide important information for the benefit of society.

Living Essentials Group

The Living Essentials Group focuses its activities in the fields of clothing, food and home-oriented living, as well as healthcare and media businesses. Throughout the entire supply chain, from material procurement to the consumer market, we trade in products including foods, clothing, paper, packaging materials, cement, construction materials, and medical equipment as well as provide various related services.

Main Initiatives

- Switch to CFC substitutes and natural refrigerants (Toyo Reizo Co., Ltd.)
- Overseas afforestation business
- Cooperation selling fuel-efficient tires in Japan
- Wastewater treatment system (Hollow fibre membranes)
- Reduction of plastic bags, simple packaging, and reuse and recycling of trays and cups (LAWSON, INC., Life Corporation, Kentucky Fried Chicken Japan Ltd.)
- Food and food waste recycling (LAWSON, INC., Kentucky Fried Chicken Japan Ltd., Toyo Reizo Co., Ltd. Yonekyu Corporation, San-Esu Inc.)
- Reuse and donation of nursing care equipment (Nippon Care Supply Co., Ltd.)
- Collection of used uniforms, creation of recycling infrastructure
- Pilot business for turning used cotton products into ethanol
- Sustainable forestry management in pulp operations (Alpac Forest Products Inc.)
- Participation in ISSF (International Seafood Sustainability Foundation), a global partnership among tuna processors, scientists, and environmental NGOs that supports scientific research relating to marine resource sustainability) (Princes Ltd.)
- Marine resource management (Atlantic bluefin tuna, etc.)
- Trading of Rainforest Alliance-certified coffee
- Maintenance of FSC (Forest Stewardship Council) forestry certification

Position on Atlantic Bluefin Tuna Stocks

WEB Biodiversity

In response to the growing concern surrounding the overfishing of Bluefin Tuna in the Mediterranean, Mitsubishi Corporation is pursuing a number of new actions and commitments in relation to the sustainability of this important species. These can be seen in our publicly released position statement and sourcing policy available on our website*5. We are committed to working with all stakeholders in this industry in order to contribute to the responsible and sustainable use of this resource.

*5: Please go to the following website to download the Bluefin Tuna Position Statement (www.mitsubishicorp.com/jp/en/csr/vision/pdf/position_statement.pdf) and Atlantic Bluefin Tuna Sourcing Policy (www.mitsubishicorp.com/jp/en/csr/vision/pdf/sourcing_policy.pdf)

Comment by Environment/CSR Representative (Living Essentials Group)

As part of the Group's EMS*6 activities for the year ended March 31, 2009, each of our four divisions conducted environmental reviews*7 on two subjects each. Based on the concept that the Group's business activities should make a positive contribution to the environment, we aim to have as many employees as possible gain experience from these reviews so that we can further raise internal awareness of environmental issues.

Takashi Kitamura
Manager (Internal Control)
Living Essentials Group CEO Office

*6: Environmental Management System (Refer to page 32)
*7: Refer to pages 32 and 33 for information concerning MC's environmental reviews.

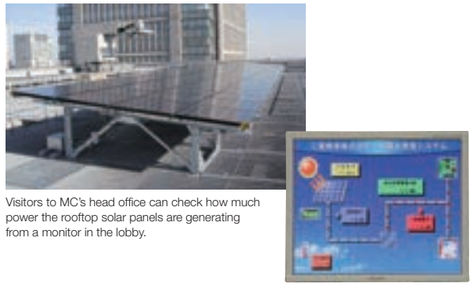
Corporate Initiatives

At a corporate level, MC is actively engaged in environmental management system initiatives such as eco-friendly office building-related activities, as well as ongoing corporate philanthropy programs around the world. These cross-functional activities are led by the Corporate Staff Section and not only benefit the environment and society, but also help reduce operating cost and raise employee awareness.

Installation of Solar Power Panels at Corporate Headquarters

Climate Change

We have installed solar panels made by Mitsubishi Electric Corporation on the roof of our corporate headquarters building in Tokyo (Mitsubishi Shoji Building). These solar panels began generating power in December 2008 with a supply capacity of about 10,000 kWh per year. This marked our first installation of solar photovoltaic power facilities on MC property. In addition, we have installed a solar power generation system in the Marunouchi Park Building, which opened in May 2009.



Visitors to MC's head office can check how much power the rooftop solar panels are generating from a monitor in the lobby.

Award Gained for Waste Disposal Initiative

Resources

In February 2009, Tokyo's Chiyoda Ward conferred an award for waste disposal on MC's head office building (Mitsubishi Shoji Building). A total of 86 buildings in the local area were candidates for the prize, which was awarded based on the volume of overall waste reduction. All of the tenants in the building, including MC, were involved in a project to achieve a 100% recycling rate based on the 3Rs (Reduce, Reuse and Recycle). Going forward, we plan to continue promoting 3R activities as part of raising environmental awareness among employees.

Waste from the building was sorted into eight categories and weighed in the presence of the building-designated supervisor and waste disposal company operatives prior to collection.

Tropical Forest Regeneration Experimental Project (Malaysia, Brazil, Kenya)

WEB Biodiversity

Tropical forests are home to some of the world's greatest biodiversity, and their destruction is a serious environmental issue. Since 1990, we have sponsored projects that aim to use intensive, mixed planting of native tree species to try to regenerate tropical forest ecosystems within 40–50 years (the natural process is believed to take 300–500 years). Projects are currently underway in Malaysia, Brazil and Kenya.

Global Coral Reef Conservation Project (Okinawa, Midway Atoll, Seychelles)

WEB Biodiversity

This collaborative project between industry, academia and concerned individuals is engaged in surveying and researching coral reefs from a number of different angles. This is all being done in an effort to uncover the causes of recent coral reef decline and to eventually find and spread scientifically proven ways to preserve them. Research programs are underway in Okinawa, the Midway Atoll National Wildlife Refuge in the U.S., and the Republic of the Seychelles. In the fiscal year ended March 31, 2009, MC was given an honorary award by the Japanese government in recognition of its longstanding financial support for coral reef research in Okinawa.

Mitsubishi Corporation Thousand Year Forest (Kochi Prefecture)

Biodiversity

In February 2009, MC began a forest development business based on a forest preservation partnership agreement with Aki City, Kochi Prefecture and a local forestry association in Aki City, the birthplace of Mitsubishi founder Yataro Iwasaki. This development came after MC joined a program established by Kochi Prefecture to promote collaborative forest restoration with environmentally progressive companies. MC will take forest land in Aki City into its care, as a company-owned forest, with the aim of contributing to the protection of the regional environment. In addition, a 212-hectare expanse of forest, which includes some Aki City-owned lands, has been named the "Mitsubishi Corporation Thousand Year Forest." MC intends to utilize the forest, which is also known as Yataro's Forest, as a place for environmental education of local residents and MC employees, in addition to conducting forest management and maintenance initiatives.

The 212 ha (roughly one square mile) forest boasts rich diversity; in addition to cedar and beech, it is also home to species such as mizunara oak.