

2.

Basic behavioral requirements



MHI employees should at all times:

- act with honesty and integrity,
- interact with one another based on mutual respect and honor each individual's right to privacy, equality and dignity,
- avoid any actual or apparent conflicts of interest between personal and professional relationships,
- ensure that all public statements or announcements made on behalf of the company are true, accurate, clear, complete, fair and timely,
- ensure that MHI complies with all applicable governmental laws, rules and regulations of the countries in which it operates and the terms and conditions of any contracts which impose further ethical conduct obligations on MHI,
- comply with applicable company rules and regulations,
- promote ethical and honest behavior within the workplace and within all work-related functions, and
- report promptly any suspected or actual violation of this Code to their line manager, the Legal Department or the Whistle-Blowing helpline.

When unsure about the right thing to do in a specific business situation, employees should consider these questions:

- Is it legal?
- Does it comply with this Code of Conduct and internal policies?
- Is my line manager aware?
- Am I involving the right people (internal and/or external expertise)?
- Could I justify the action to my supervisor and to the MHI Board of Directors?
- Could I justify the action to an independent third party investigator or regulator?
- Could I justify my action to my family or friends?
- How would the company's existing and potential customers react if they become aware of the situation?
- How would my family or friends react if they become aware?
- How would I feel if I read about my actions in a newspaper?



If you find yourself using one of the following (or similar) expressions, that's a very good indication that you are in danger of stepping over the line and being in conflict with the Code of Conduct:

- Yes, but just this once ...
- Nobody needs to know about it ...
- Everybody does it ...
- You/We shouldn't mention it ...
- Sometimes you have to turn a blind eye ...
- If we followed all the rules, we could no longer work efficiently/would not be in a position to achieve our internal goals/[insert any other reason] ...
- This is how this industry/culture works ...

Managers' and supervisors' responsibility

All MHI managers and supervisors, because of their position, should act as role models for staff by adhering to the principles set out in this Code of Conduct. Managers and supervisors have a duty to inform, encourage and monitor the people who report to them in relation to the Code of Conduct. All managers and supervisors should support employees who raise questions or concerns about the way professional activities are conducted.

Personal responsibility

The Code of Conduct and managers or supervisors responsibility do not replace the individual employee's personal responsibility or the requirement to use common sense to the specific facts of each case.

This Code of Conduct sets standards and serves as a tool to help employees understand MHI's expectations. The Code of Conduct is not intended, however, to cover every possible ethical dilemma or situation that you may face in your interactions with third parties as part of your job. You should use the Code of Conduct in conjunction with our corporate policies to guide and inform your way of conducting business; however, being confronted by a situation not covered in this Code of Conduct does not exempt employees from responsibility for their actions. In the event of any questions or concerns, you should always consult with your line manager and/or the Legal Department when appropriate.

3.

Fair competition



Observing competition laws

Fair competition is the major underlying principle for our company's continued growth in the global market, and no act in contravention of the applicable competition laws throughout the world will be tolerated at MHI. Nothing — not "closing the deal," winning the bid, achieving a profit target or even a direct order from a superior — should compromise your commitment to fair competition.

Competition laws work to try to ensure fair and healthy competition in the marketplace, which ultimately drives productivity, innovation and value for consumers and society. Competition laws generally restrict activities that might undermine or reduce competition such as price fixing, bid rigging, and market allocation.

MHI employees should not engage in any non-competitive activity or any activity that might lead to suspicion of non-competitive behavior such as:

- talking with competitors (whether current or potential) about market sensitive information such as pricing, capacity, bids, margins, distribution channels or capabilities, production plans, discounts, marketing plans, conditions of sale, terms of contract, costs or other confidential information from which competitive advantages can be derived,
- engaging in collusive tendering (including agreeing to or proposing to enter a bid for any purpose other than winning the business), or
- agreeing with competitors not to compete or to split markets or customers.

Other activities such as fixing or restricting the prices of our products in independent resale or distribution channels, offering special discounts to only select customers or entering into certain exclusive relationships with suppliers may be considered anti-competitive based on the facts of the situation. Competition laws are complex, so employees should always consult with the Legal Department whenever encountering a contractual condition or



business arrangement that restricts or that could be used to restrict competition.

In addition, each country has its own anti-competition laws and enforces those laws through its own enforcement regime. It is important to note that in certain circumstances these anti-competition laws may apply to MHI and/or the individual for an alleged offense even though the relevant act(s) occurred outside of the relevant country. For example, if there is an anti-competitive action (e.g., price fixing) involved in the sale of a part that will be incorporated into a product that is sold in the United States, England, China and India, then each of those countries may prosecute MHI and/or the individual even though the activity or the sales contract was conducted entirely in Japan. As a result, this means that a single act (in the example above, the price fixing) may subject MHI and/or the individual to fines or criminal prosecution in multiple countries and jurisdictions.

Contact and interaction with competitors

In general, contact and interaction with competitors is only permitted when there is a legitimate business reason that would be recognized as such by an independent third party. If a competitor contacts an MHI employee with the apparent intent or a suspected intent to engage in prohibited anti-competitive actions, the employee should not agree or reciprocate. Additionally the employee must inform his or her supervisor or the Whistle-Blowing helpline, as well as the local Legal Department.

The information exchanged with competitors should be kept to a minimum to support the purpose of a legitimate and legal business activity. If during any meeting with competitors, the employee becomes aware that there might be an involvement in prohibited conduct, the employee should immediately stop or leave the meeting. The employee should document his or her action (and reasons for the action) in the meeting minutes, refrain from any further contact with that competitor in the future, and inform his or her supervisor or the Whistle-Blowing helpline, as well as the local Legal Department.



3.

Fair competition (cont'd)

Trade associations

Trade associations consist of individuals and firms in the same industry with common interests that meet and carry out legitimate and lawful functions, such as setting common technical standards for products in the applicable industry. However, MHI employees must always bear in mind that members of trade associations are competitors, and in any meeting with competitors (even at a trade association meeting) great care must be taken to avoid anti-competitive behavior such as exchanging market sensitive information. If you observe any activity at a trade association meeting that appears to be illegal, suspicious or anti-competitive in nature, you should make your objection known and request that it be documented in the meeting minutes (and if necessary, excuse yourself from the meeting), notify your manager, and promptly ask for advice from the Legal Department.

Joint ventures and M&A activities

MHI is a part of many joint ventures as well as Merger and Acquisition activities, and from time to time, these joint ventures or M&A activities may also involve competitors. Competition laws also govern these activities and, depending on the situation, may require prior regulatory clearance before the joint venture or the M&A activity is consummated. Additionally, in these types of transactions, sensitive business information is often required to be exchanged, and great care must be taken to ensure that such information is treated properly within MHI and that the amount and timing of any sensitive business information exchanged is appropriate based on the circumstances. The legal requirements and safeguards required for these types of transactions are complex and must be well thought out prior to any detailed discussions with a competitor or exchange of sensitive business information, so it is essential to consult with the Legal Department as early in the process as possible.



Respecting our competitors

MHI respects its competitors and their businesses. MHI employees should never participate in spreading false rumors about competitors nor try to obtain and use competitors' sensitive information illegally or in breach of contractual obligations.

Interactions with suppliers

All of our suppliers and potential suppliers will be treated in a fair manner and will be given an equal opportunity to compete for our business. When we procure goods and services in the market, we evaluate potential suppliers in accordance with our standard criteria — such as quality, cost, lead time, safety, environmental impact, compliance, R&D capability and stability. In return we expect that all our suppliers uphold our values and compliance requirements.