

Kawasaki Sustainability Report 2023

Kawasaki Heavy Industries, Ltd.



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Approach to Information Disclosure

Editorial Policy of Our Sustainability Website

Our Sustainability Website is for reporting Kawasaki Group's basic approach to sustainable growth as well as our management structure and activity results. In order to be fully accountable to all stakeholders and promote communication, our website discloses comprehensive information related to the Kawasaki Group's environmental (E), social (S), and governance (G) initiatives.

In 2022, we integrated the Kawasaki Environmental Report and the Kawasaki ESG Data Book issued in previous years and since then have been issuing the Kawasaki Sustainability Report as an electronic document (PDF). This report summarizes the results of activities for each fiscal year based on information posted on the website.

Scope of Reports

As a general rule, the reports cover the Kawasaki Group (Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries). Some parts of the reports may cover only Kawasaki Heavy Industries, Ltd. (non-consolidated) or another specific scope, in which case the specific scope of the report is stated explicitly.

Reporting Period

The report primarily includes information on activities carried out during fiscal 2022 (April 1, 2022 to March 31, 2023). It also includes information on past activities and activities carried out on or after April 1, 2023, as well as activities planned for the future. The information posted on the website will be updated from time to time to report on the latest activities.

Numerical Figures

Due to rounding, numerical totals do not necessarily agree with the sum of the corresponding individual amounts presented herein.

Third-Party Assurance/Verification

To ensure the reliability of the reported information concerning ESG data, greenhouse gas emissions data with a checkmark (☑) received third-party verification from SGS Japan Inc., and social performance indicators with a star (★) have been externally assured by KPMG AZSA Sustainability Co., Ltd.

- ESG Data

Guidelines Referenced

- Sustainability Reporting Standards, Global Reporting Initiative (GRI)
- International Integrated Reporting Framework, International Integrated Reporting Council (IIRC)
- Environmental Reporting Guidelines (2018 Edition), Ministry of the Environment
- UN Guiding Principles Reporting Framework, United Nations
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0, Ministry of Economy, Trade and Industry

Disclosure of Financial and Non-financial Information

The Kawasaki Group discloses financial and non-financial information through the following system. Please visit our website for the most up-to-date information.

	Financial information	Non-financial (ESG) information
Information of high importance	Business Direction Briefing https://global.kawasaki.com/en/corp/ir/library/other_presen.html	
	Kawasaki Report Information on how the Kawasaki Group creates value and achieves sustainable growth https://global.kawasaki.com/en/corp/sustainability/report/index.html	
Detailed and Comprehensive Information	Financial Results https://global.kawasaki.com/en/corp/ir/library/financial_results.html	Kawasaki Sustainability Report https://global.kawasaki.com/en/corp/sustainability/library/sustainability_report/index.html
	Securities Report and Quarterly Report (Japanese language only) https://www.khi.co.jp/ir/library/financial.html	Corporate Governance Report https://global.kawasaki.com/en/corp/ir/library/governance.html
		Kawasaki Technical Review Reports on the Company's products and technologies https://global.kawasaki.com/en/corp/rd/magazine/index.html

Message from President and CEO



Kawasaki Heavy Industries traces its history back to the 1878 founding of Kawasaki Tsukiji Shipyard by Shozo Kawasaki under a philosophy of "contributing to the nation—to society—through expertise." Afterward, the Company ventured into the rolling stock and aircraft businesses and then a wide range of other fields, such as energy and environmental engineering, industrial equipment, and motorcycles, developing into a comprehensive heavy industries enterprise. Throughout its history, the Kawasaki Group has evolved in step with its stakeholders, including customers, suppliers, employees, shareholders, and the communities in which it does business, to meet the changing needs of society with innovative products and technologies in line with its founding philosophy.

Countries around the world are currently confronting crises ranging from climate change and resource depletion to poverty, hunger, demographic graying, and shrinking workforces. Amid these trying circumstances, we believe that our ultimate duty to society is achieving the Group Mission. Established in line with the spirit of the founding philosophy, it simply states: "Kawasaki, working as one for the good of the planet."

In 2020 we defined our aspirations for the Kawasaki Group in 2030 in Group Vision 2030, which will guide our efforts to realize our Group Mission. In Group Vision 2030, we identified three focal fields and created a growth scenario by backcasting from our vision for the future of society through analyses of global social issues, as well as our business strengths and competitive advantages.

We also revised our materiality (priority issues) to reflect Group Vision 2030. This process resulted in the positioning of the three focal fields as the most important areas in which we aim to achieve long-term results. The entire Kawasaki Group will take on the challenge of finding solutions to social issues through innovation and the pursuit of synergies. By taking up this challenge, we will also contribute to the realization of the Sustainable Development Goals (SDGs) adopted by the United Nations.

We are also strengthening our ESG initiatives, which we have identified as the foundation that will support our efforts to realize Group Vision 2030. We are determined to maintain the trust of society by engaging in constructive dialogue with stakeholders, and by further strengthening our commitment in such areas as the enhancement of corporate governance, consistent compliance and the prevention of corruption, environmental management, respect for human rights, the effective utilization and development of human resources, and the improvement of the work-life balance.

Our goal is to earn continuing social recognition of the value of the Kawasaki Group as a company that contributes to the realization of a sustainable future for society. We aim to achieve that by continuing to respond to the needs of society in partnership with our stakeholders, by taking up the challenge of creating solutions for various social issues, and by pursuing ESG initiatives.



Yasuhiko Hashimoto
Representative Director
President and Chief Executive Officer

Kawasaki Group's Sustainability

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Sustainability Framework

Basic Policy on Sustainability

The Kawasaki Group has formulated the Kawasaki Group Policy on Sustainability Management to clarify the position of sustainability in management. To achieve our Group Mission, we consider our contribution to society and the environment through our products and services to be our largest mission as a company and will take on the challenge of creating and delivering innovative solutions to various social and environmental problems confronting humanity and our planet now and in the future. Also, through strengthening our responsible corporate behavior and management platform, we aim to realize a sustainable society and continuous improvement in the corporate value of the Kawasaki Group.

Positioning of Policy on Sustainability Management



Kawasaki Group Policy on Sustainability Management

1. Fundamental Concepts

Guided by our founder Shozo Kawasaki's philosophy of "contributing to the nation and to society through expertise," the Kawasaki Group for more than 120 years has been constantly taking on leading-edge technological challenges to contribute to social development through the provision of innovative products.

Today, we promote the development of solutions and new frameworks toward the future under the Group's mission of "Kawasaki, working as one for the good of the planet," which was built on the above philosophy. Our initiatives to this end range from transitioning to hydrogen energy to advocating for novel workstyles supported by robotic technologies.

To realize the Group's mission, this policy clarifies our long-term management approach in furtherance of our simultaneous pursuit of a sustainable society and ongoing improvement in corporate value. This pursuit will be underpinned by our efforts to create and deliver innovative solutions to various social and environmental problems confronting humanity and our planet now and in the future.

In line with this policy, we will identify material issues based on the real-time assessment of the socio-economic environment and formulate management plans backed by well-grounded growth scenarios. Moreover, we will strengthen corporate governance and engage all our stakeholders in dialogue and collaboration to create new economic, social and environmental value.

2. Policy on Sustainability Management

(1) Taking on the Challenge of Resolving Social Issues

We will take on the challenge of delivering innovative solutions to issues faced by society in the environmental, energy, and resource fields, as well as to other problems arising from ongoing societal changes on various fronts, with the aim of contributing to the well-being of people around the world and the good of the planet now and in the future. To this end, we will take full advantage of our technological capabilities, which we have developed over many years, while consolidating diverse insights both within and outside the Kawasaki Group. At the same time, we will continuously upgrade and transform the Kawasaki Group itself so that we remain capable of delivering new value as needed by stakeholders. Specifically, we will:

- (i) Develop and implement carbon-neutral energy technologies to support international efforts to curb climate change.
- (ii) Deliver solutions that upgrade industries and daily living in various forms to help create a safe and secure society in which everyone can enjoy abundant life.
- (iii) Establish a business model that effectively utilizes resources and thereby contribute to the realization of a circular society.

(2) Responsible Corporate Conduct

We will remain acutely aware of the social and environmental impact of our business operations and strive to enhance the sustainability of the entire value chain by implementing countermeasures in areas where our operations might pose a negative impact. Specifically, we will:

- (i) Strive to achieve net zero CO2 emissions and, to this end, proactively work to reduce any forms of environmental burden attributable to our business activities.
- (ii) Uphold international norms as well as laws and regulations enforced in countries in which we operate as part of responsible corporate conduct.
- (iii) Respect the human rights of all people who come into contact with our business while taking a sincere approach to addressing human rights issues.

(3) Strengthening Business Foundations

We will continuously strive to enhance our corporate value through improved corporate governance, a high level of employee engagement, and dialogue and collaboration with stakeholders. Specifically, we will:

- (i) Strengthen corporate governance as the basis for sustainability management.
- (ii) Enhance employee engagement and organizational resilience by fostering a corporate culture that encourages employees to take on challenges and promoting active diversity.
- (iii) Develop solid and trusting relationships with stakeholders via timely and appropriate information disclosure and constructive dialogue and collaboration, in addition to reflecting their expectations in our management decisions.

- [Kawasaki Group Policy on Sustainability Management](#) 

Sustainability Promotion System

Within the Kawasaki Group, the Board of Directors is positioned as the highest decision-making body that deliberates and decides fundamental sustainability policies and fundamental plans throughout the entire group. The Kawasaki Group adopts a system where the Sustainability Committee, as a committee of executives chaired by the President, is set up under the supervision of the Board of Directors to decide various measures based on the fundamental plans outlined by the Board of Directors and to report the progress of these measures to the Board of Directors. To integrate the realizing of Group Vision 2030 and the promotion of sustainability into the Corporate Planning Division and enhance the capacity to formulate plans for realizing the sustainability of society and the Kawasaki Group, some of the functions of the Sustainable Development Division were transferred to the Corporate Planning Division in April 2022.

The Sustainability Committee deliberates and reports on the following matters:

1. Measures contributing to the realization of the sustainability of both society/environment and the Kawasaki Group and the enhancement of the Kawasaki Group's corporate value, as well as their practice and state of achievement
2. Measures to understand, reduce, and eliminate the negative social and environmental impact of the Kawasaki Group's business activities, as well as their practice and state of achievement

The Sustainability Committee is composed of internal company presidents, the director in charge of sustainability, the general managers of Head Office divisions, and others. Outside Directors attend meetings so that the committee can glean the benefits of their external expertise and opinions and reflect them in its decision-making process. Also, members of the Audit & Supervisory Committee participate in the committee as part of their auditing of the execution of business.

The Sustainability Committee meets at least twice a year in principle. FY2022, it met three times.

Sustainability Promotion System



Responsible Officers

Chair of Sustainability Committee: Yasuhiko Hashimoto, Representative Director, President and Chief Executive Officer

Director in charge of sustainability: Katsuya Yamamoto, Representative Director, Senior Corporate Executive Officer

Risk Management Regarding Sustainability

The identification and assessment of risks regarding sustainability are carried out by the Sustainability Committee, with changes in the business environment and stakeholder demands and expectations considered from the perspective of risk management before deliberating and reporting any necessary actions. Furthermore, in the regular revision of material issues (materiality), the Sustainability Committee assesses the risks of each issue. The details of these assessments are reported to the Board of Directors at least twice a year, and the Board of Directors supervises actions taken regarding the sustainability issues.

Furthermore, of company-wide risk management undertaken by the risk management division, risk assessments and monitoring are carried out on an ongoing basis for sustainability-related issues, global environment-related issues that aim especially for the realization of a carbon-neutral and recycling-orientated society, and human resource-related issues that aim to enhance human resources and organizations that are responsible for providing new value. The details of these efforts are reported to the Board of Directors twice a year, and after discussions about the course of action, necessary feedback is fed back to the departments that are subject to each risk.

- For information on company-wide risk management, please refer to [Risk Management](#).

In-house Sustainability Education and Awareness Building

Utilizing a variety of tools, such as educational seminars and the in-house intranet, the Kawasaki Group carries out education and awareness-building programs related to sustainability for its officers and employees.

Sustainability education and awareness building are provided through grade-specific training for such groups as new employees and newly appointed assistant managers, managerial staff, associate officers, and executive officers, as well as training for persons in charge of overseas businesses and mid-career hires.

Furthermore, in fiscal 2020 we implemented e-learning training related to the Sustainable Development Goals (SDGs), which was completed by 16,084 employees. And in fiscal 2021 we implemented e-learning training related to business and human rights, which was completed by 13,245 employees.

In addition, to ensure that all Group employees are fully informed with regard to sustainability, we regularly provide information on sustainability via our Japanese-language Group newsletter Kawasaki and our Group-wide English- and Chinese-language newsletter Kawasaki On The Move!

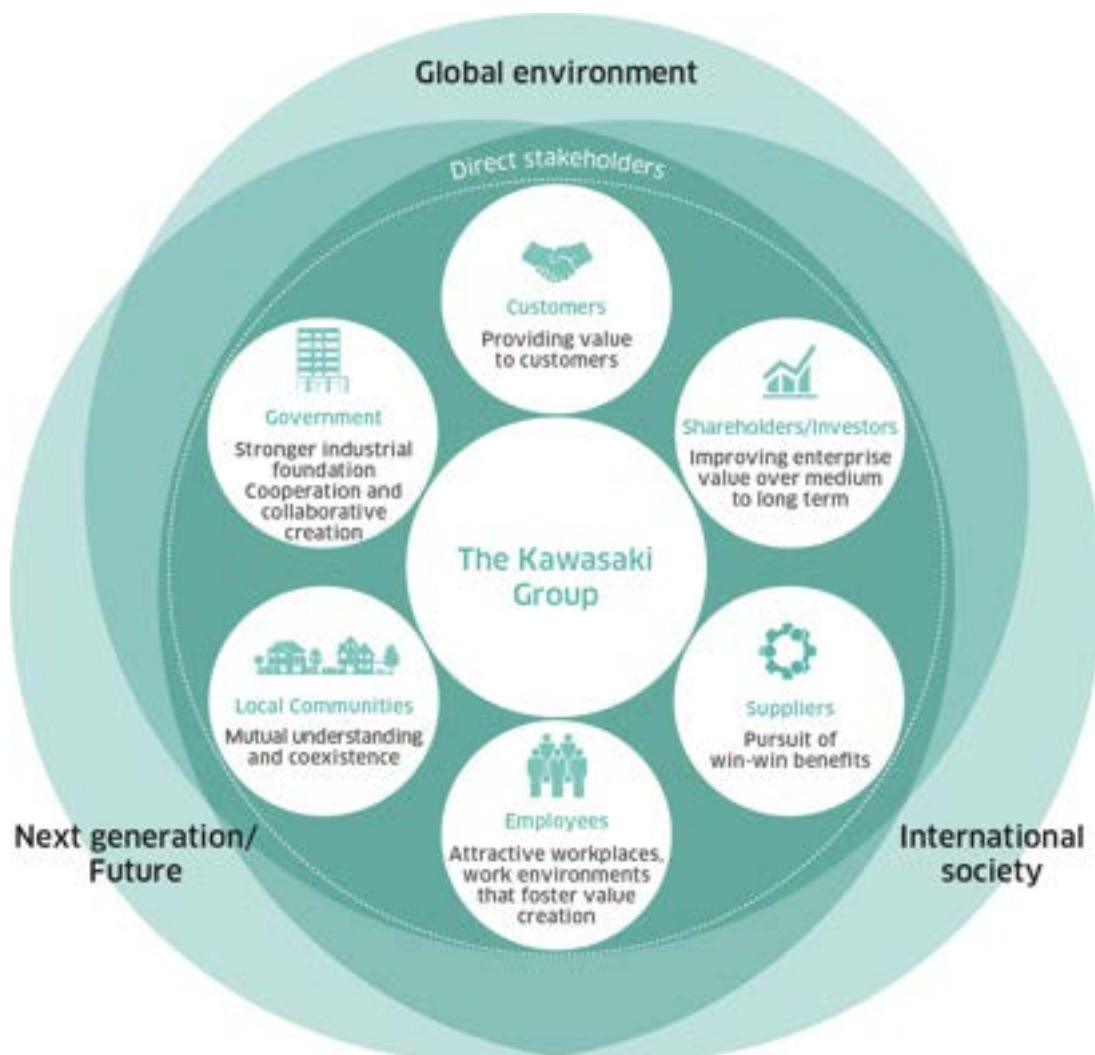
Stakeholder Engagement

The Kawasaki Group Stakeholders

To become a company that continues contributing to society, the Kawasaki Group actively strives to understand the expectations and requests of stakeholders and to realize them through our business activities.

While the Group positions customers, shareholders and investors, suppliers, employees, local communities, and government agencies as direct stakeholders, as a company supplying many products and services that are highly public in nature and will be used over a long period of time, we also recognize the global environment, the international community, and the next generation and future society to be stakeholders in the broader sense and conduct our corporate activities in consideration of the wide-ranging impact of our business.

In response to requests from stakeholders, we are working toward proactive information disclosure and striving to improve communication so as to enhance trust in the Kawasaki Group.



Communication with Stakeholders

Through our daily business activities, the Kawasaki Group endeavors to communicate with stakeholders in various ways, grasp issues, and make operational improvements. As a result of dialogue, we refer content that is deemed to be important to committees or other bodies concerned and reflect it in management strategy and business operations.

Major Results of Communication with Stakeholders

Stakeholders	Communication objectives	Major communication opportunities and approaches	Reference
Customers	<ul style="list-style-type: none"> • Creation of products and services that meet customer expectations • Response to customer complaints and inquiries • Appropriate disclosure of product and service information 	<ul style="list-style-type: none"> • Conducting customer satisfaction surveys • Television commercials, newspaper advertisements, and websites • Providing product safety information 	<u>Customer Relationship Management</u>
Shareholders/ Investors	<ul style="list-style-type: none"> • Timely and appropriate information disclosure • Reflection of shareholder and investor perspectives in management 	<ul style="list-style-type: none"> • Conducting the General Meeting of Shareholders • Conducting conferences on financial results • Conducting IR meetings with institutional investors • Conducting exclusive tours for shareholders 	<u>Investors Disclosure Policy</u>
Suppliers	<ul style="list-style-type: none"> • Solid partnerships with our suppliers based on relationships of mutual trust • Enhancement of supply chain risk management and enterprise value through sustainable procurement 	<ul style="list-style-type: none"> • Conducting training programs, liaison meetings, and other events for suppliers in Japan • Conducting the sustainable procurement survey 	<u>Working with Suppliers</u>

Stakeholders	Communication objectives	Major communication opportunities and approaches	Reference
Employees	<ul style="list-style-type: none"> • Employee-friendly workplaces • Effective use of human resources • Appropriate treatment of human resources • Promotion of occupational safety and health 	<ul style="list-style-type: none"> • Information disclosure on the K-Portal intranet • Education and training for employees • Publication of the internal bulletin • Implementing the employee engagement survey 	<u>Human Resource Management</u> <u>Human Resource Development</u> <u>Diversity and Inclusion</u> <u>Occupational Safety, Hygiene, and Health</u>
Local Communities	<ul style="list-style-type: none"> • Fulfillment of our responsibilities as a corporate citizen • Participation in communities 	<ul style="list-style-type: none"> • Organizing events for the local community • Conducting on-site classes for the handicraft and experiment courses 	<u>Social Contribution Activities</u>
Government	<ul style="list-style-type: none"> • Compliance with laws and regulations • Policy proposals • Participation in industry/government/academia projects 	<ul style="list-style-type: none"> • Participation in business groups and industry associations • Participation in public-private joint development and projects 	<u>Open Innovation</u> <u>Supply Chain</u> <u>Contribution to Carbon Neutrality</u>

The Kawasaki Group Code of Conduct

Kawasaki Group has established The Kawasaki Group Code of Conduct and set ethical standards to be the basis of decisions in the conduct of daily business of all officers and employees of Kawasaki Group.

Through compliance with the code of conduct is enforced throughout the entire Kawasaki Group, so that the officers and employees across the globe, who have diverse backgrounds, can act correctly in the conduct of their business. Kawasaki Group believes that it will enhance the credibility from the stakeholders.

The Kawasaki Group Code of Conduct

- [English \(Version 2.2\) \(PDF:3.48MB\)](#) 
- [Brazilian Portuguese \(Version 2.2\) \(PDF:3.50MB\)](#) 
- [Simplified Chinese \(Version 2.2\) \(PDF:3.76MB\)](#) 
- [Traditional Chinese \(Version 2.2\) \(PDF:4.07MB\)](#) 
- [German \(Version 2.2\) \(PDF:3.50MB\)](#) 
- [Dutch \(Version 2.2\) \(PDF:3.49MB\)](#) 
- [French \(Version 2.2\) \(PDF:3.50MB\)](#) 
- [Indonesian \(Version 2.2\) \(PDF:3.50MB\)](#) 
- [Japanese \(Version 2.2\) \(PDF:3.76MB\)](#) 
- [Korean \(Version 2.2\) \(PDF:3.59MB\)](#) 
- [Russian \(Version 2.2\) \(PDF:3.54MB\)](#) 
- [Thai \(Version 2.2\) \(PDF:3.93MB\)](#) 
- [Spanish \(Version 2.2\) \(PDF:3.49MB\)](#) 
- [Italian \(Version 2.2\) \(PDF:3.50MB\)](#) 

Kawasaki Group's Materiality

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Materiality

Process for Identifying Material Issues within the Kawasaki Group

The expectations and requirements of stakeholders are diversifying, and the business environment surrounding us is changing. In consideration of these factors, the Kawasaki Group pinpointed and arranged the impact that our Group's business activities have on society and in 2018 identified the Kawasaki Group's materiality.

Following the announcement of our Group Vision 2030 in November 2020, we revised this materiality. As in 2018, we divided materiality into the two broad categories of social and environmental value created through our business and the foundation of our business activities. We defined 1) initiatives through our principal business as the most important issues that our Group should challenge over the long term and also positioned other 2) issues as fundamental matters to be addressed toward the solution of materiality. Going forward, we will continue to regularly revise our material issues in accordance with changes in the business environment and expectations of society.

Process for Identifying Material Issues

Step 1

Step 1: Revision following the formulation of Group Vision 2030

In consideration of various social issues, the Kawasaki Group's strengths, and our envisioned image in 2030, we formulated the Group Vision 2030 in November 2020. In this vision, we stipulated the three focal fields of a safe and secure remotely connected society, near-future mobility, and energy and environmental solutions. In June 2021, after discussions in the Sustainability Committee, which is chaired by the president, these three focal fields were defined as social and environmental value created through our business.

Step 2

Step 2: Revision of fundamental matters supporting our business activities

In consideration of the business strategy outlined in the Group Vision 2030 and recent worldwide changes relating to sustainability, we revised the fundamental matters supporting our business activities. In making the revision, we extracted and sorted issues with reference to the survey items of ESG (environmental, social, and corporate governance) ratings institutions (the Dow Jones Sustainability Indices [DJSI], Financial Times Stock Exchange [FTSE], Morgan Stanley Capital International [MSCI], and Sustainalytics), the Sustainability Accounting Standards Board (SASB), investment stewardship, the Global Reporting Initiative (GRI), Future-Fit, self-assessment questionnaires from client companies, and the opinions of external advisors. We then compiled a provisional materiality matrix (importance to society and stakeholders and importance to the Kawasaki Group).

Step 3

Step 3: Interviews with outside experts and decision on material issues

We heard the opinions of outside experts and revised our materiality matrix accordingly. After discussions in the Sustainability Committee based on these opinions and the revised matrix, the Board of Directors deliberated the Kawasaki Group's materiality and reached a final decision.

Step 4

Step 4: Planning and review

Regarding our identified material issues, we will aim to comply with the management approach defined under GRI standards, stipulate responsible divisions and specific numerical targets, and, through steady practice and follow-up, promote activities toward the achievement of these targets. We will report the state of progress to the Sustainability Committee and endeavor to make improvements as necessary.

Comments of Experts Interviewed in Step 3

(Titles indicate positions at that time)

Keisuke Takegahara

Executive Fellow and Deputy Chief Research Officer,
Research Institute of Capital Formation and General Manager,
Research Center on Financial Economics, Development Bank of Japan
Inc.



- Since 2018 the Kawasaki Group's epoch-making materiality has been truly impressive. It has pioneered the framework of contributions through business and business foundations supporting those contributions. This time also, the revised materiality follows this framework and is wonderful. In particular, the three fields of a safe and secure remotely connected society, near-future mobility, and energy and environmental solutions manifest the unique traits of the Kawasaki Group, and the approach of solving issues in these fields and growing while supplying value is very clear.
- From the perspective of financial institute, we think about what nonfinancial factors are necessary for the Kawasaki Group to realize the three values to be created through business. In consideration of the Group's distinguishing features, it will be important to realize proprietary technologies and monetize them. I feel that they should bring technological capabilities and the strength to create innovations within their intellectual property more to the fore.
- In its targets and key performance indicators for energy and environmental solutions in 2030, the Kawasaki Group typically highlights hydrogen, but the timeframe for hydrogen to be practically implemented in society, including customers, stretches beyond that year. In 2030 hydrogen will still be classified in the realm of innovation. In terms of environmental contributions up to 2030, there is the Kawasaki Ecological Frontiers system (formerly the Kawasaki-brand Green Products system). Kawasaki links this system to the International Organization for Standardization and discloses quantitative information, so maybe it could be added to the KPIs.
- Ordinary companies are now in a transitional phase, and I sense that they are awaiting the realization of hydrogen energy. The Kawasaki Group is taking a hands-on approach toward building business foundations, such as hydrogen energy, so that as many companies as possible can make the jump after 2030. In other words, the Group's transition is going to produce innovations for other companies. I think that when this scenario is explained in terms of value creation, investors will find it easy to understand.

Mari Yoshitaka
Principal Sustainability Strategist,
Mitsubishi UFJ Research and Consulting Co., Ltd.



- The three focal fields in the Group Vision 2030 include climate change, healthcare, and mobility, which are of keen interest to investors as areas contributing to growth. As the contents of growth strategy, they are very exciting indeed. The enumeration and disclosure of KPIs in the Global Vision 2030 is epoch-making.
- I would like you to show us more clearly, with a timeframe, how the “foundation of our business activities” is going to link with “social and environmental value created through our [KHI’s] business.” The implementation of product liability/safety and compliance are obvious. More importantly, I would like you to show how sensitive the Kawasaki Group will be toward risks and crises that will arise in the future.
- Amid the COVID-19 pandemic, investors are placing importance on sustainable supply chains and human rights, so maybe these two factors should be given a little more attention so as to meet the expectations of society and stakeholders.
- The Kawasaki Group engages in business globally, so it would be better if the diversity of directors, closure of the gender gap, and the globalization of employees were shown as material issues. How management views these issues is important.
- Similarly, the Kawasaki Group’s response to the Task Force on Climate-related Financial Disclosures (TCFD) should be shown clearly as material issues. I would like you to clearly indicate your thinking about not only zero CO₂ emissions and business opportunities but also risk factors, such as supply-chain risks and distribution risks.
- The problem of resource depletion due to abnormal weather and geopolitical risks is becoming increasingly serious worldwide, so I think the issue of the effective use of resources needs to be included in materiality too. In the case of the Kawasaki Group, resource depletion is a business risk when procuring materials and components. Regarding environmental changes, I think it would be a good idea to set KPIs by collecting not only past data but also data gathered from the point of view of backcasting.



- Overall the material issues seem to have been put together based on a consistent logic, and the content is fine as long as it is practically possible to channel management resources into materiality. There is no mention in the “foundation of our business activities” of either decarbonization or the Kawasaki Group’s response to the TCFD, so these topics need to be added. But as long as 2030 is the target, I think there are no other problems.
- Regarding social and environmental value created through business, what meaning do the three businesses that will generate this value have in the Kawasaki Group’s financial strategy and what weight do they have in sales, revenue, and business portfolio? Whether or not the Kawasaki Group can answer these questions is becoming the most important point for materiality.
- Regarding ESG issues, it is important to think about the whole supply chain. When deciding material issues, it is necessary to verify to what extent such matters as decarbonization, biodiversity, and business and human rights are being controlled and managed in the supply chain and whether there are firm commitments and practices in the supply chain to prevent any negative impact.
- Regarding the vision timeframe when deciding material issues, the current issues is fine if the target is 2030. But if you are looking ahead to 2050, which is the target year for net zero emissions and carbon neutrality, your strategy needs to be given greater consideration.
- It is said that because of technological innovations occurring in the first half of the 2030s, the cost of renewable-derived hydrogen will fall to less than the cost of fossil-fuel-derived energy. After these technological innovations take place, fossil fuel may well become completely meaningless. Regarding hydrogen, if you are thinking about materiality by backcasting from a super-long-term strategy, it would be better to think in terms of a slightly longer timeframe.

Response to Experts' Comments

The position of each material issue is shown in the materiality matrix. In light of the comments by experts, we amended the matrix to raise the degree of importance to society and stakeholders of “sustainable supply-chain management” and “business and human rights.”

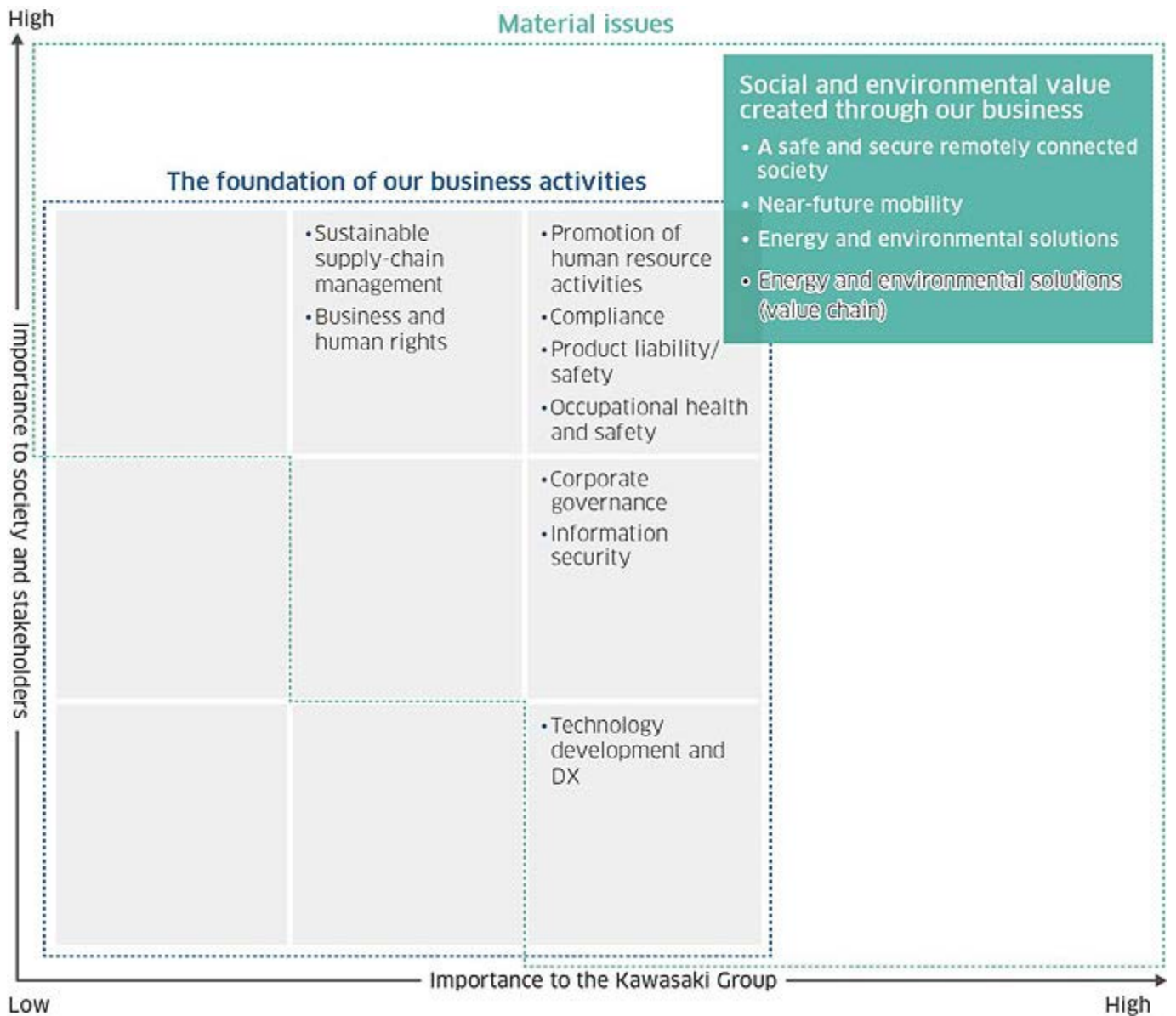
Regarding the foundation of our business activities, in light of their comments, we classified these material issues into the following three categories and, as necessary, clarified the priority matters for each one.

- (1) Especially important matters going forward (matters exerting an increasing impact on future financial conditions)
- (2) Matters given importance until now but to be steadily strengthened going forward
- (3) All mechanisms to be improved as business foundations

Furthermore, after taking a broad view of the flow from planning and design to product use and the whole value chain from related suppliers to customers, we clarified the scope of initiatives for each issue in categories 1 and 2 above and compiled a table of the Kawasaki Group's materiality and priority matters. The Group's materiality is shown in the matrix and table of priority matters.

Regarding sustainable supply-chain management, since the matters that should be addressed are wide-ranging, in the table below priority matters are shown in the “Suppliers” column.

Materiality Matrix



The Kawasaki Group's Materiality and Priority Matters

Social and environmental value created through our business				
A safe and secure remotely connected society		Near-future mobility		Energy and environmental solutions
: Scope of initiatives		Suppliers	Kawasaki Group	Customers
The foundation of our business activities	Especially important matters going forward (matters exerting an increasing impact on future financial conditions)	Energy and environmental solutions (value chain)	Decarbonization	
			Improvement of resilience to climate change	
			Effective use of resources	
		Business and human rights	Implementation of human rights due diligence	
		Promotion of human resource activities	Personnel system reform and human resource development	
			Promotion of diversity	
	Technology development and DX	Co-creation intellectual property strategy toward new business creation		
		Open innovation		
		Promotion of DX		
	Matters given importance until now but to be steadily strengthened going forward	Product liability/safety	Product liability/safety	
Compliance		Compliance with the Kawasaki Group CSR Procurement Guidelines	Compliance with the Kawasaki Group Code of Conduct	
		Anticorruption measures		
Occupational health and safety		Occupational health and safety		
Information security		Strengthening of product security		
		Strengthening of information security		
		Strengthening of cyber defense		
	Personal information protection			
Corporate governance (all mechanisms to be improved as business foundations)				

KPIs and Results for Materiality "The Foundation of Our Business Activities"

Promotion of Human Resources Activities

Goals of Group Vision 2030

- Strengthen and effectively use human capital (efficient allocation and human resource development) to achieve Group Vision 2030.
- Enhance employee engagement and build a company culture in which employees can continue to work with enthusiasm.
- Promote diversity and inclusion to build an organization in which a wide array of employees can maximize their individuality and potential.

Priority matters	Target indicators (or key performance indicators)	Fiscal 2022 results
<ul style="list-style-type: none"> • Implement the personnel system reform and human resource development in ways that enhance corporate value • Promote diversity and inclusion 	Ratio of employees for whom both "supportive environment" and "employee engagement" are high (employee engagement survey results)	29% (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors)
	Rate at which women, foreign nationals, and individuals with mid-career hires are promoted to senior manager or above	7% (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors)
	Rate at which male employees take childcare leave	17.8% (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors)

Occupational Safety and Health

Goals of Group Vision 2030

- Ensure that there are no serious occupational accidents Group-wide.
- Reduce the need for sick leave.
- Maintain and improve employee health.

Priority matters	Target indicators (or key performance indicators)	Fiscal 2022 results (calendar year basis)
<ul style="list-style-type: none"> • Implement appropriate occupational safety and health measures: to prevent work-related accidents, to reduce the need for sick leave, and to encourage employees to improve lifestyle habits 	Lost Time Injury Frequency Rate (LTIFR)	0.30 (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors)
	Health score*	3.93 (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors)

* Kawasaki's internally generated index based on a scoring of six lifestyle habits that affect labor productivity, derived from the results of health checkups. A higher score (with a maximum of 6) reflects a healthier lifestyle.

Sustainable Supply Chain Management

Goals of Group Vision 2030

- Remain aware of environmental, human rights, and other risks associated with the entire supply chain and work with suppliers to promote sustainability.

Priority matters	Target indicators (or key performance indicators)	Fiscal 2022 results
<ul style="list-style-type: none"> • Revise and distribute sustainable procurement guidelines • Implement sustainable procurement survey of suppliers and review or audit based on their responses • Initiatives including human rights due diligence, promotion of decarbonization, and efficient use of resources, in the supply chain 	Sustainable procurement guidelines	Completion of revision and distribution
	Number of major suppliers responding to our sustainable procurement survey	Completion of selection of suppliers (535 companies) targeted for survey in fiscal 2023
	Number of reports from our supplier hotline	Completion of installation of the hotline

Business and Human Rights

Goals of Group Vision 2030

- No violations of human rights throughout the value chain and no complicity in human rights violations.

Priority matters	Target indicators (or key performance indicators)	Fiscal 2022 results
<ul style="list-style-type: none"> • Implement human rights due diligence among subsidiaries and suppliers 	Number of subsidiaries confirming prohibition of child labor and forced labor (implementation at subsidiaries where the company president has changed)	26 companies
	Number of participants in human rights training	Release of educational videos on business and human rights on the company-internal portal (total number of video views in the three months following the release: 3,429 times)
	Number of human rights audits conducted and revised at subsidiaries and suppliers	Implemented SAQ* targeting six overseas subsidiaries

* Self-assessment questionnaire (self-assessment sheet)

Technological Development/Digital Transformation (DX)

Goals of Group Vision 2030

- Deliver new products and new businesses to market which contribute to the resolution of global environmental and social challenges.
- Successfully acquire and utilize intellectual property rights linked with business strategies.
- Promote process innovation, increase sophistication of processes and integrate digital technologies throughout the value chain.

Priority matters	Target indicators (or key performance indicators)	Fiscal 2022 results
<ul style="list-style-type: none"> • Promotion of open innovation • Building of intellectual property strategy (strengthening of intellectual property strategy) for the co-creation of new businesses • Promotion of digital transformation (DX) throughout the value chain 	Number of products and cases of commercialization in three focal fields of the Group Vision 2030	13 products and cases Commercialization of products including the self-propelled industrial robot, TRanbo-7, and of the three-wheeled electric vehicle, noslisu
	Number of cases of participation in planning of open innovation projects	8 cases Projects aimed at the implementation in urban areas of leading-edge technology services such as 5G in Nishi-Shinjuku, projects demonstrating community vitalization using "Real D You," and launch of the open-innovation hub for robotics development, the "Future-Lab HANEDA," among other things.
	R&D expenses	50.7 billion yen

Information Security

Goals of Group Vision 2030

- Maintain and manage cyberattack response and the protection of customer and product information with the world's highest level of security.

Priority matters	Target indicators (or key performance indicators)	Fiscal 2022 results
<ul style="list-style-type: none"> • Strengthen information security governance throughout the Kawasaki Group 	Number of employees taking information security training: 20,000	9,803 persons
	Frequency of targeted threat mail training: 20 times	5 times
	Number of receivers of targeted threat mail training: 4,000	2,308 persons
	Scores of 80 points or more for all domains owned by KHI from security risk rating	Percentage of domains exceeding target values: 84%

Compliance

Goals of Group Vision 2030

- Monitor as accurately as possible the risks arising from compliance violations.
- Build an inclusive and effective compliance system tailored to given risks, and continuously manage and regularly update this system.

Priority matters	Target indicators (or key performance indicators)	Fiscal 2022 results
<ul style="list-style-type: none"> • Further improve compliance awareness throughout the Group • Strengthen anti-corruption measures throughout the Group 	Number of cases of serious fraud or scandals per year	0 cases
	Number of employees taking the Code of Conduct training	Code of Conduct/Compliance Guidebook e-learning training 17,860 persons (73.3% of target)
	Degree of compliance permeation in employee awareness surveys	70 points

Product Liability/Safety

Goals of Group Vision 2030

- Deliver trustworthy and safe products and services from the customer's perspective based on consistent quality policies covering from top management to work-site operators.

Priority matters	Target indicators (or key performance indicators)	Fiscal 2022 results
• Promote TQM activities	TQM level* 3.0 or above	Average across all business segments: 3.1
	Number of TQM training participants (Targeted attendance rate: 100%)	Participants: 1,421 (Attendance rate: 100%)

* Our company's original index for evaluating the status of promotion of TQM activities in all business segments, based on the standards set by the Japan Society for Quality Control (on a 5-point scale: standard status is 3)

Kawasaki's Approach to the SDGs

In 2015, the General Assembly of the United Nations adopted the Sustainable Development Goals (SDGs) which are a set of 17 goals that we should achieve by 2030 including eradication of poverty, inequality and unfairness and response to climate change. The SDGs are specific action plans which request businesses, governments and communities around the world to address the global agenda jointly in order to realize the prosperity of humankind and the earth. It is widely believed that the contribution by business enterprises to resolve of social issues through business activities is indispensable.



※[About the SDGs - Reference : UN](#)

We believe the Kawasaki Group Mission—“Kawasaki, working as one for the good of the planet”—is extremely compatible with the SDGs. Furthermore, we believe that our efforts to provide solutions to social issues through our business activities will contribute significantly to the achievement of the SDGs.

In the process of identifying material issues the Kawasaki Group designated three ways of creating social and environmental value through its businesses as its greatest priorities over the long term. These ways are the three focal fields on our Group Vision 2030: “a safe and secure remotely connected society,” “near-future mobility,” and “energy and environmental solutions.” The three fields are also positioned as a clear statement of our commitment to contribute to the SDGs through our business. Additionally, the management identified SDGs that the Group should contribute to and set non-financial targets to reach by 2030. We will periodically disclose its progress toward these targets while working to maximize social and environmental value, achieve sustainable growth, and contribute to the realization of the SDGs.

Kawasaki Group's Approach to the SDGs

*Click the image below to open the PDF file.

Focal field and goal	Main actions	Social outcomes/ results	Targets/ Key Performance Indicators/ KPIs	Specific measures	Achievements in Fiscal 2021
<p>A safe and secure remotely connected society</p> <p>New value creation using remote technology</p> <p>Create a society that is rich, safe and secure for all with remote technology</p>	<ul style="list-style-type: none"> • Healthcare <ul style="list-style-type: none"> • Promote disease testing business • Build a robust business • Promote life business • Business in automated, autonomous, and remote technology sector for manufacturing and service industries • Offer new ways of working and living to realize a remotely connected society <ul style="list-style-type: none"> • Provide a platform to match workers with businesses seeking labor using remote robots • Joint venture business with Sony Creative Inc. • Provide transportation, power generation, and other equipment at sites of disaster 	<ul style="list-style-type: none"> • Introduce disease testing to provide the support of disaster and rapid up-take in the movement of people including air travel demand • Reduce the burden on healthcare and nursing care workers • Advanced treatment using remote robot system • Carried repair disasters • Improve productivity and alleviate labor shortage • Work style reforms <ul style="list-style-type: none"> • Work flexibility • Enhance education, skills, and digitalization work • Remote work that includes on-site operations • Provide opportunities for all people to participate in society • Support for evacuees (improve quality of life) • Save lives/loss 	<p>Targets for 2020</p> <ul style="list-style-type: none"> • Increase % of users' approximately 2,000,000 users (Kawasaki) and service workers (market estimated at over ¥1 billion) • Generate % of repair approximately 6,000,000 users (Kawasaki) and service industry workers (market estimated at over ¥2 billion) <p>KPIs</p> <ul style="list-style-type: none"> • Remote platform active users • Number of users carried out with remote robot system 	<ul style="list-style-type: none"> • Introduce disease testing system <ul style="list-style-type: none"> • Joint R/D among research with universities, R&D testing service at airports for detecting passengers' international flights, expanding domestic use from monitoring to covering the full implementation • Demonstration of laboratory performed at a distance of 30 km using remote robot system (remote testing, world's first laboratory) (remote direct using commercial 3C network) • Adoption of remote care robots in hospitals • Market introduction of personal care products that use remotely connected technology • Development and implementation of robots for agriculture and other • Practical application of humanoid robots • On-site work using remotely controlled robot at power plant or concept demonstration (operational in fiscal 2022) • Deliver medical service telecareers • Deliver security (remote care) 	<ul style="list-style-type: none"> • Number of tests handled by the PCR testing service (fiscal 2020) • Total system accounts 18 • Total number of users in university More than 140 • Number for medical institution for use in governmental hospitals and prefectural hospitals and university conducting demonstration tests • Participation in three telemedicine projects and currently conducting demonstration tests • Autonomous Remote Robotics Inc., a joint venture (Kawasaki) and the remote robot platform business, with Sony Creative Corporation
<p>Near-future mobility</p> <p>Transforming the movement of people and freight</p> <p>Create a society where people and freight move safely, quickly, and efficiently using new forms of mobility</p>	<ul style="list-style-type: none"> • Offer new equipment and systems, such as delivery robots and unmanned transport technologies • Offer automated, autonomous, and remote solutions for the specific industry • Reduce environmental burden and utilize advanced safety technologies in transportation equipment • Respond to mobility as a service (MaaS) • Increase speed and efficiency of near-city transport • Promote optimization via integrated control of marine, land, and air transport • Develop new digital mobility • Take part in super city projects (Coordinate with municipalities to realize advanced cities) 	<ul style="list-style-type: none"> • Enhance existing capacity volumes and alleviate labor shortages • Provide safe working conditions • Provide a safety that reduces the environmental burden and CO2 emissions of people and freight • Secure labor • Realize business urban transportation (Increase the speed and efficiency of the movement of people and freight) • Alleviate traffic congestion and improve transit • Develop resilient connectivity building (Real transportation of emergency supplies, etc.) 	<p>Targets for 2030</p> <ul style="list-style-type: none"> • Generate gain of users' approximately 100,000 users (Kawasaki) in logistics workers • Optimize new mobility <ul style="list-style-type: none"> • Optimize VTL, smart terminal • Take air and landing rights • Introduce four services • Supply (rent optimization services) • Autonomous marine transport (Marine Transportation Project) • Take part in super city projects <p>KPIs</p> <ul style="list-style-type: none"> • Number of unmanned VTL, both land and sea vehicle transported • Number of delivery robot users and total volume transported 	<ul style="list-style-type: none"> • Logistics chain optimization (Phase 1) <ul style="list-style-type: none"> • Autonomous transportation and loading equipment (equipment that extends to the sea line) • Phase 2 <ul style="list-style-type: none"> • Terminal (smaller systems construction, vehicle efficiency) including for reducing systems • Customer response by 2030 • New mobility <ul style="list-style-type: none"> • Commercial delivery robots and autonomous four-wheelers by 2025 • Full-scale operation of VTL and integrated transport service business by 2030 • Reduce water cities <ul style="list-style-type: none"> • Coordinate with municipalities to take part in urban city environmental optimization of urban transportation, including the placement of people • Build smartworking management systems for the movement of people and freight (for MaaS) • Operate link lines with other (local) businesses • Build closer relationships with logistics companies and software companies • Reduce water cities <ul style="list-style-type: none"> • Coordinate with municipalities to take part in urban city environmental optimization of urban transportation, including the placement of people • Build smartworking management systems for the movement of people and freight (for MaaS) • Operate link lines with other (local) businesses • Build closer relationships with logistics companies and software companies 	<ul style="list-style-type: none"> • As Fukushima Robot Test Field, carried out vehicle demonstration tests of various autonomous cargo transport via unmanned VTL, aerial in cooperation with a delivery robot • City public roads in Kawasaki and Tokyo (Shibuya in Tokyo, conducted a demonstration test aimed at realizing a logistics system without human intervention via a terminal, the world's first delivery robot) • Conducted a demonstration test of a multi-use VTL aimed at realizing connected transport of goods in a smart terminal at Kawasaki's Osaka Plant • Commenced by the City of Tsukuba, Fukushima City to conduct VTL, Cargo Transport Platform Development Project • Conducted demonstration tests of autonomous delivery etc. at Fukuoka Institute of Technology, Smart Building, Smart Campus, and other (other service projects for 3C and other cutting-edge technology)
<p>Energy and environmental solutions</p> <p>Working toward the stable generation of clean energy</p> <p>Quickly achieve a steady, diversified, carbon-neutral society at low cost</p>	<ul style="list-style-type: none"> • Build a hydrogen supply chain (high-pressure, ultra-high pressure, power generation systems, transportation equipment, etc.) • Expand the use of hydrogen (power generation systems, transportation equipment, etc.) • Develop products (transportation equipment and systems as well as components for construction machinery) • Alternative fuels (Sustainable Aviation Fuel (SAF), biomass, etc.) • EVs (Capture and use CO₂ in fuels that speed sustainable fossil fuels) • Reduce environmental burden throughout the value chain 	<ul style="list-style-type: none"> • Reduce the price of hydrogen energy • Help address climate change by reducing CO₂ emissions • Provide clean power and transportation by land, sea, and air • Help address climate change by reducing CO₂ emissions 	<p>Targets for 2030</p> <ul style="list-style-type: none"> • Hydrogen <ul style="list-style-type: none"> • Hydrogen supply from Kawasaki solutions 200,000 (over 100,000 commercial) • CO₂ reduction of 1.4 million tons (electricity used through hydrogen energy from Kawasaki solutions) • Develop products <ul style="list-style-type: none"> • Manufacture of zero-emission environmentally friendly products • Reduction of CO₂ emissions from products • KPIs <ul style="list-style-type: none"> • Hydrogen supplied by Kawasaki solutions • CO₂ emissions from Kawasaki's hydrogen energy solutions • Develop products <ul style="list-style-type: none"> • Reduction of CO₂ emissions through product design improvements • Number of equipment products and new uses in Kawasaki's strategic markets (Sustainable Green Production) 	<ul style="list-style-type: none"> • Fight a hydrogen consortium <ul style="list-style-type: none"> • Technological development • Develop technologies for large-scale hydrogen supply and distribution • Reduce transport volume <ul style="list-style-type: none"> • 70% in more carbon in 2030 (20% in more carbon in 2020) • Develop hydrogen-fueled engine • Mass production of hybrid and electric motorcycles and all-terrain four-wheelers <ul style="list-style-type: none"> • Deliver hybrid and electric marine propulsion systems • Begin pilot-scale demonstration testing of energy-saving CO₂ separation and capture system (Kawasaki Electric Power Company) 	<ul style="list-style-type: none"> • Hydrogen <ul style="list-style-type: none"> • Completed the world's first marine transport of liquefied hydrogen, including its loading and unloading, from Osaka to Kobe, Japan • began cooperation with Actua for the shipment of hydrogen in liquid hydrogen tanks • Understanding higher for green fuels of the shipping of hydrogen supply chain at various stages from the production of hydrogen to its transportation to airports and supply to aircraft • Develop products <ul style="list-style-type: none"> • Reduction of CO₂ emissions through product design improvements (by turbine 17.3% motor 1.0%) • Number of equipment products and new uses in Kawasaki's strategic markets (Sustainable Green Production) (with new sales of ¥2.8 billion)

Correlation between applicable SDGs and the 169 targets (PDF: 272KB)



Governance

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Corporate Governance

Basic Views

The Kawasaki Group's basic stance on corporate governance is to raise enterprise value through effective and sound management while forming solid relationships with all stakeholders, including shareholders, customers, employees, and communities, through highly transparent management practices. Our Group is striving to further strengthen and enhance corporate governance systems as appropriate for its businesses and scale.

Overview of Corporate Governance Systems

Kawasaki is a company with an Audit & Supervisory Committee and has voluntarily established a Nomination Advisory Committee and a Compensation Advisory Committee as advisory bodies to the Board of Directors as well as a Management Committee, an Executive Officers Committee, and other governance bodies.

Our main deliberative bodies and their details are as follows.

Board of Directors

The Board of Directors comprises 13 Directors (of whom, five serve as Audit & Supervisory Committee Members), with the addition in June 2023 of one Outside Director who is independent from business execution. As a result, seven of the 13 Directors are Outside Directors (of whom three serve as Audit & Supervisory Committee Members), comprising a majority of the Board. In addition, three of the Directors are women, and two are foreign nationals, providing a balance of knowledge, experience, and skills and enhancing diversity. By avoiding having Directors serve concurrently as officers responsible for specific businesses (the internal company presidents, etc.), the Company seeks to enhance the separation of management oversight and business execution and thereby further reinforce the Board of Director's oversight functions. Chairman of the Board serves as presiding officer pursuant to a resolution of the Board.

In addition to deliberating on individual proposals submitted in accordance with the decision-making rules, the Board of Directors also discusses topics set based on the results of evaluations of the effectiveness of the Board. In the fiscal year 2022, the Board examined business reforms, policies to reinforce compliance, succession plans, ensuring the diversity of the Board, DX strategies, and other issues. We also created a system whereby the Board discusses fundamental policies on key management issues, such as sustainability, compliance, risk management, and quality control, and can request reports on the status of these issues from the business execution side.

In addition to the above, the Nomination Advisory Committee and the Compensation Advisory Committee have been established for the purpose of improving the transparency and objectivity of its deliberations. The Nomination Advisory Committee deliberates on the policies and standards regarding the appointment and dismissal of Directors and the appropriateness of such, and the Compensation Advisory Committee deliberates on the policies and systems regarding the compensation of Directors and the appropriateness of the individual compensation, and reports or advises the Board of Directors, respectively.

Audit & Supervisory Committee

The Audit & Supervisory Committee comprises five Directors, including three Outside Directors. To secure effective oversight, the two Internal Directors have been appointed as full-time Audit & Supervisory Committee Members. To ensure the reliability of financial reports, at least one person with sufficient knowledge of finance and accounting is appointed to the Committee.

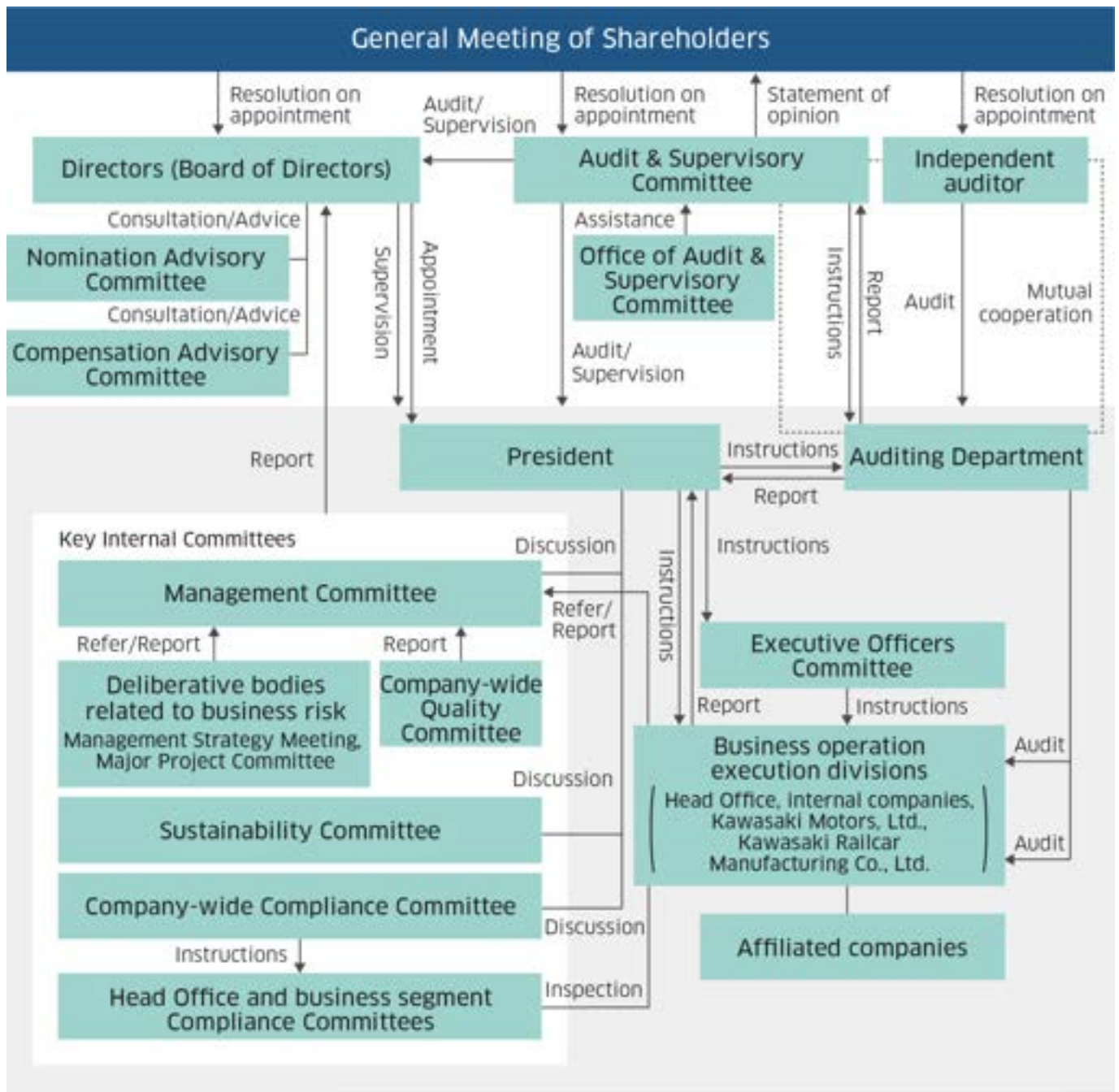
Business Execution Framework

Kawasaki has adopted an executive officer system in order to facilitate response to rapid changes in the business environment. To accelerate decision making, a great deal of authority over business execution decisions is delegated to the executive officers, who are appointed by the Board of Directors.

In addition, the Company has established a Management Committee consisting of Representative Directors and presidents of internal companies, etc., as an advisory body to the President, to deliberate on important matters related to business execution, thereby creating a system that enables more appropriate and efficient decision making and business execution.

The Executive Officers Committee, chaired by the President and consisting of all executive officers, has been established. In addition to issuing business execution policies based on decisions made by the Board of Directors, the Committee also exchanges opinions on management issues in an effort to unify decision making in Group management.

Corporate Governance System Diagram (as of July 4, 2023)



- [Corporate Governance Report](#) 

Corporate Officers (As of June 28, 2023)

Name	Position at the company	Executive	Independent	Years of Service as a Director*	Nomination Advisory Committee	Compensation Advisory Committee	Woman	Non-Japanese National	Board of Directors Meetings Attended	Audit & Supervisory Committee Meetings Attended
Yoshinori Kanehana	Chairman of the Board			11					16/16	-
Yasuhiko Hashimoto	Representative Director, President, and Chief Executive Officer	○		5	○	○			16/16	-
Katsuya Yamamoto	Representative Director, Senior Corporate Executive Officer	○		6	○	○			16/16	-
Hiroshi Nakatani	Representative Director, Senior Corporate Executive Officer	○		3					16/16	-
Jenifer Rogers	Outside Director		○	5			○	○	16/16	-
Hideo Tsujimura	Outside Director		○	3	○ Presiding officer	○ Presiding officer			16/16	-
Katsuhiko Yoshida	Outside Director		○	1					12/12	-
Melanie Brock	Outside Director		○	New			○	○	-	-
Akio Nekoshima	Director (Audit & Supervisory Committee Member)			3 (5)					16/16	14/14
Nobuhisa Kato	Director (Audit & Supervisory Committee Member)			1					12/12	9/9
Atsuko Ishii	Outside Director (Audit & Supervisory Committee Member)		○	3 (6)	○	○	○		16/16	14/14
Ryoichi Saito	Outside Director (Audit & Supervisory Committee Member)		○	3 (4)	○	○			16/16	14/14
Susumu Tsukui	Outside Director (Audit & Supervisory Committee Member)		○	1					12/12	9/9

* Years of service figures in parentheses for Audit & Supervisory Committee Members include years of service as Audit & Supervisory Board Members when Kawasaki was a company with an Audit & Supervisory Board. Note that Kawasaki transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee on June 25, 2020.

Presiding Officer of the Board of Directors

The Chairman of the Board of Directors serves as the presiding officer of the Board of Directors.

- [Executives](#)

Corporate Governance Functions (organizations, committees, etc.)

Nomination Advisory Committee	
Role	An advisory body on policy and standards for the appointment and dismissal of corporate officers and such appointment and dismissal.
Composition	Presiding officer: An Outside Director Members: Two Internal Directors and three Outside Directors, the latter of which includes two Audit & Supervisory Committee Members
Meeting frequency	12 times in fiscal 2022

Compensation Advisory Committee	
Role	An advisory body on the policy for and systems of corporate officer compensation as well as individual compensation.
Composition	Presiding officer: An Outside Director Members: Two Internal Directors and three Outside Directors, the latter of which includes two Audit & Supervisory Committee Members
Meeting frequency	7 times in fiscal 2022

Management Committee	
Role	Assists the President as an advisory body with regard to Group management. Discusses important business execution issues.
Composition	Presiding officer: The President Members: Representative Directors, internal company presidents, and others Note: The full-time Audit & Supervisory Committee Members participate in the committee as part of their auditing of business execution.
Meeting frequency	Roughly three times a month (32 times in fiscal 2022)

Executive Officers Committee

Role	Instructs about business execution policy based on management policy and management plans determined by the Board of Directors as well as information on important matters decided by the Management Committee. Serves as a venue for communicating necessary and important information regarding business execution and for exchanging opinions.
Composition	Presiding officer: The President Members: All executive officers appointed by the Board of Directors Note: The full-time Audit & Supervisory Committee Members participate in the committee as part of their auditing of business execution.
Meeting frequency	Twice a year (twice in fiscal 2022)

Sustainability Committee

Role	Discusses and decides on measures to promote social, environmental, and Group sustainability. Monitors adherence to such measures and the achievement of their aims.
Composition	Chair: The President Members: Directors (excluding the Audit & Supervisory Committee Members and Outside Directors), internal company presidents, Director in charge of sustainability, Head Office division general managers, and others Note: The Outside Directors participate in the committee so that the committee can glean the benefits of their external expertise and opinions and reflect them in its decision-making process. The Audit & Supervisory Committee Members participate in the committee as part of their auditing of business execution.
Meeting frequency	At least twice a year (three times in fiscal 2022)

Company-wide Compliance Committee

Role	Discusses and decides on measures to ensure thorough compliance throughout the Kawasaki Group. Monitors adherence to such measures and the achievement of their aims.
Composition	Chair: The President Members: Directors (excluding the Audit & Supervisory Committee Member and Outside Directors), internal company presidents, Director in charge of compliance, Head Office division general managers, and others Note: The Outside Directors participate in the committee so that the committee can glean the benefits of their external expertise and opinions and reflect them in its decision-making process. The Audit & Supervisory Committee Members participate in the committee as part of their auditing of business execution.
Meeting frequency	At least twice a year (twice in fiscal 2022)

Company-wide Quality Committee

Role	Discusses Company-wide quality control policy and ensures its application. Shares information about quality control among the Head Office, internal companies, and other related companies.
Composition	Presiding officer: The Senior Corporate Executive Officer in charge of technology Members: Representatives from the Corporate Planning Division, Corporate Technology Division, related divisions of the internal companies and other related companies, and others
Meeting frequency	Roughly four times a year (four times in fiscal 2022)

Management Strategy Meeting

Role	Formulates and reviews management strategies and management plans for each business segment
Composition	Presiding officer: The President Members: Representative Directors, internal company presidents, general managers of each internal company's Planning & Control Division, and others
Meeting frequency	Twice a year (established in fiscal 2023) * Met twice in fiscal 2022 as the Short-Term Plan Conference and Mid-Year Review Conference

Major Project Committee

Role	Manages risk before bidding on and making investment decisions regarding major projects that could significantly impact operations and financial performance. Evaluates the risks of projects and considers ways of addressing such risks.
Composition	Presiding officer: The general manager of the Corporate Planning Division Attendees: Representatives of relevant Head Office divisions and the divisions handling relevant projects
Meeting frequency	Held as needed

- [Composition of Nomination Advisory Committee and Compensation Advisory Committee and Record of Meetings \(ESG Data\)](#).

Director Appointment

Director Appointment Process

Candidates for Director are nominated by the Board of Directors in accordance with its established "Qualifications Expected of Directors." As the Company has various business segments with different business activities, the Board of Directors appoints Internal Directors with broad experience as managers of each business and head office function, and external directors with rich experience in corporate management, legal affairs, and public administration, respectively. As a result, the Company has secured a diverse Board of Directors, taken on the whole, with the needed balance of knowledge, experience, and ability, as well as gender, race, nationality, and other attributes, as summarized in the following table. The items listed in the skills matrix are based on the definition of the areas of supervision necessary to realize Vision 2030 as "vision, strategic thinking, and governance to increase enterprise value," "business structure transformation," and "growth initiatives related to infrastructure development." To realize Vision 2030, the following areas* designate expectation and experience required of each director.

* An area in which the Board of Directors is expected to use its knowledge and experience to lead discussions.

Name	Position at the company	Areas of expectation							Required experience			
		Business strategy	Governance	Finance and accounting	Personnel & organizational management	Monozukuri (technology, development, production & quality)	Sales & marketing	IT, DX & security	Corporate management	Global	Legal & administration	Finance & research organizations
Yoshinori Kanehana	Chairman of the Board	✓	✓			✓	✓		✓	✓		
Yasuhiko Hashimoto	Representative Director, President, and Chief Executive Officer	✓	✓		✓	✓	✓	✓	✓	✓		
Katsuya Yamamoto	Representative Director, Senior Corporate Executive Officer	✓	✓	✓	✓				✓	✓		
Hiroshi Nakatani	Representative Director, Senior Corporate Executive Officer	✓	✓			✓		✓	✓			✓
Jenifer Rogers	Outside Director	✓	✓	✓						✓	✓	✓
Hideo Tsujimura	Outside Director	✓	✓		✓	✓	✓		✓	✓		
Katsuhiko Yoshida	Outside Director	✓	✓				✓		✓			
Melanie Brock	Outside Director	✓	✓				✓			✓		
Akio Nekoshima	Director (Audit & Supervisory Committee Member)	✓	✓	✓					✓	✓		✓
Nobuhisa Kato	Director (Audit & Supervisory Committee Member)	✓	✓	✓					✓	✓		
Atsuko Ishii	Outside Director (Audit & Supervisory Committee Member)	✓	✓		✓						✓	
Ryoichi Saito	Outside Director (Audit & Supervisory Committee Member)	✓	✓	✓	✓				✓	✓		
Susumu Tsukui	Outside Director (Audit & Supervisory Committee Member)	✓	✓								✓	

Director Appointment Criteria

Qualifications Expected of Directors

1. Possess in-depth understanding and support for the Kawasaki Group's management philosophy and vision.
2. Be able to make positive contributions towards sustainable growth and the enhancement of enterprise value over the medium and long term.
3. Maintain a Company-wide perspective and bring the wealth and breadth of experience, insight and expertise to do so.
4. Be able to supervise the management and execution of business operations from an independent and objective position as a member of the Board of Directors.
5. Be able to exercise one's authority in an active and positive manner, and appropriately voice opinions at Board of Directors meetings or to management.

Note: To ensure the effectiveness of audits, Directors serving as Audit & Supervisory Committee Members must be familiar with the Company's business or have deep insight and expertise in corporate management, legal affairs, finance and accounting, government and other fields. At least one Director serving as an Audit & Supervisory Committee Member must have sufficient knowledge of finance and accounting.

Independence Criteria for Outside Directors

If none of the following items apply, the Company judges that an Outside Director is sufficiently independent.

1. In the event that a company (including an important subsidiary as defined by the Company) in which the Outside Director is currently employed or has been employed in the past 10 years as an executive director, executive officer, manager or other important employee (hereinafter referred to as the "originating company") conducts business with the Kawasaki Group, the average transaction amount for the past five fiscal years exceeds 2% of the average net sales of the Group and the originating company for the past five fiscal years.
2. The average amount of compensation (excluding compensation as an officer of the Company) received by such Outside Directors directly from our Group as a legal, accounting or tax specialist or consultant (or a corporation if the Outside Director has legal personality) for the past five fiscal years exceeds ¥10 million.
3. The average amount of donations, etc. from the Group to the non-profit organization for which the Outside Director serves as executive officer for the past five fiscal years exceeds ¥10 million and exceeds 2% of the organization's total revenue or ordinary income/expenses.
4. The company from which the Outside Director hails is a major shareholder holding 10% or more of the Company's total outstanding shares.
5. A relative within the second degree of kinship of the Outside Director is a person who meets the conditions set forth in the preceding four items or is an executive director, executive officer, manager, or other important employee of our Group.

- [Reasons for Appointment of External Directors](#)

The Effectiveness of the Board of Directors

Directors' Terms of Office/Restrictions

Directors' terms of office	Directors	1 year
	Directors (Audit & Supervisory Committee Members)	2 years
Criteria regarding restrictions on concurrent service as Director	The Board of Directors stipulates that if a director of the Company is to serve concurrently as an officer of another listed company, the maximum number of concurrent appointments is limited to three companies excluding the Company. The Company discloses the status of concurrent positions held by each director in the notice of the General Meeting of Shareholders and in the Annual Securities Report.	

- [Record of Board of Directors Meetings \(ESG Data\)](#)

Evaluating the Effectiveness of the Board of Directors

The Board of Directors strives to ensure that its members, including independent Outside Directors, engage in free, vigorous discussion based on their insights and experience and reach appropriate management decisions. As part of these efforts, since fiscal 2015, the Board of Directors annually evaluates and analyzes the effectiveness of its operations.

Efficacy Evaluation Methods

The evaluation was conducted via anonymous questionnaire to all directors with the advice and assistance of external experts. The specific evaluation procedure is as follows.

1. Confirm the status of initiatives to address issues identified via the previous evaluation of the Board of Directors and determine evaluation methods to be used, key items to be surveyed and other matters pertaining to the upcoming evaluation
2. Conduct a survey of all of the members of the Board of Directors
3. Compile and analyze the survey results for discussion at Board of Directors meetings
4. Determine issues to be addressed at Board of Directors meetings and policies for countermeasures based on findings from analysis and results of the Board of Directors' discussion

Items Surveyed

The survey questions (main items) are as follows, with a 5-point scale and free writing section. Also, these questions take into account the changes made in the revision of the Corporate Governance Code while maintaining continuity with previous surveys.

- Survey Question Items
 - (1) Optimal status of the Board of Directors
 - (2) Composition of the Board of Directors
 - (3) Operation of the Board of Directors
 - (4) Discussions of the Board of Directors
 - (5) Monitoring function of the Board of Directors
 - (6) Training
 - (7) Interactions with shareholders (investors)
 - (8) Actions by the respondent
 - (9) Audit & Supervisory Committee
 - (10) Summary

Evaluation Results and Results of Deliberation by the Board Based on those Results

The analysis of survey results found that the Board of Directors' operations were evaluated highly overall, as was the case in the previous year, and the weighted average values for all questions (excluding the free writing section) were higher than the previous year.

The item with the highest score was that relating to "Enhancing the content of the Board of Directors' discussions regarding medium- to long-term management policies," and many respondents highly evaluated the structure that enables regular deliberation of important issues by the Board. Also, the item with the greatest score improvement was that relating to "Strengthening risk management structures." This was the result of high evaluations of measures to improve systems for reporting to the Board of Directors.

In addition, among the items raised as issues for the Board in the previous fiscal year, "Committing to the fulfillment of the requirements for Director candidates" and "Formalizing leadership succession plans" continued to receive high scores. It is believed that this is the result of steady progress on these firmly establishing processes that were newly introduced.

On the other hand, the item relating to "Strengthening group-wide internal control systems" received the lowest score. As a result, it is desirable that the Company reinforce systems that can oversee and control compliance issues and scandals for the entire group including overseas subsidiaries (for details of specific measures, referred to "Measures to Address Prior Issues").

In light of these results, we will continue to make efforts for improvement.

Please refer to “Initiatives to Further Improve Effectiveness” for details.

As a result of discussions at the Board of Directors meeting based on the results of the above analysis and other factors, the operations of the Board of Directors have been deemed effective.

Measures to Address Prior Issues

The status of initiatives undertaken to address the five issues raised based on the results of last year’s survey is as follows.

- 1. Committing to the fulfillment of the requirements for Director candidates**
We elected Directors for the next term in accordance with our policy of enhancing human resources in terms of both diversity of attributes, such as gender, race, and nationality (demographic diversity) and diversity of perspectives and ways of thinking (cognitive diversity). By preparing a skills matrix, a method of selecting human resources that balances business strategies and the Board of Directors is taking root, and we will continue our efforts to recruit human resources appropriate for conditions.
- 2. Firmly establishing leadership succession plans**
We are creating a system by making repeated improvements to the human resource hiring process for selecting the President, Vice President, company presidents, and executive officers and report on the progress to the Board of Directors.
- 3. Strengthening internal control systems and risk management structures**
With regard to confirmation of the status of overseas subsidiaries, which was a concern with the internal control system, we are moving forward with the introduction of hybrid operation of remote audit methods and on-site audits for business audits. Also, the President has taken responsibility and each internal company president as well as the Presidents of Kawasaki Railcar Manufacturing and Kawasaki Motors serve as deputies, promoting group-wide quality control and compliance enhancement. Issues identified through monitoring are reported to the Board of Directors as appropriate, and the Board deliberates on measures to prevent reoccurrence.
To strengthen risk management structures, we created a system for regular risk monitoring reports to the Board of Directors, and that system has taken root. Also, we established and put into operation a system that enables immediate reporting of emergency situations to Directors in accordance with established reporting routes and reporting criteria.

4. Securing diversity among core human resources

In accordance with the policy of hiring diverse human resources, including women, foreign nationals, and mid-career personnel with varied work histories in excess of 20% of leaders and professionals who are involved in management on the general manager level and higher by 2030, in fiscal 2022 we conducted mid-career hiring in priority fields, such as the hydrogen business, based on securing human resources in line with our business strategies. We also established a system for actively supporting the empowerment of women by setting a quota for women in executive training with the objective of developing core female human resources internally.

5. Enhancing the content of the Board of Directors' discussions regarding medium- to long-term management policies

In the previous fiscal year, we raised and discussed reinforcing compliance, leadership succession plan, the diversity of the Board of Directors, DX strategies, reinforcing external affairs, business reforms, and financial strategies for raising corporate value as important issues.

Initiatives to Further Improve Effectiveness

Based on the results of this evaluation and the discussions at the Board of Directors meeting, the main issues to be addressed are as follows. We will continue our efforts to further improve the effectiveness of the Board of Directors.

1. Firmly establishing leadership succession plans

The details of initiatives to be undertaken in the future are as follows.

- We will continue to firmly establish succession plan by developing the human resource recruiting system currently being implemented and establishing stable operations.
- We will promote the systemization of training measures for future successor candidates and raise the effectiveness of training and assessments.
- We will take action to expand the competencies (behavioral characteristics) needed for management to all officers by thoroughly informing them.
- We will reinforce systems and operations by regularly creating opportunities for information sharing and discussion with members of the Board of Directors.

2. Securing diversity among core human resources

We will investigate mechanisms for developing diverse human resources through succession plans, discuss specific action plans in the Board of Directors, and take action to ensure diversity suited to the Company's management status of business characteristics.

3. Strengthening group-wide internal control systems within quality control

With the objective of reinforcing governance further, this fiscal year we will again position quality as an important management issue, review business processes, foster a quality-first organizational culture, create a system for reporting to the Board of Directors, and reinforce monitoring of internal control system development and operating evaluation results for the entire Group, including subsidiaries.

4. Enhancing the content of the Board of Directors' discussion regarding medium- to long-term management policies

This fiscal year, we will continue to select themes in line with important issues for achieving the Group Vision 2030, conduct deliberations in the Board of Directors, implement set policies on the executive side, and take further measures that will lead to specific action.

Priority Themes That We Plan to Investigate This Fiscal Year

Review of the portfolio, enhancement of human capital, diversity, securing diversity among core human resources, human resource development policies, development of the internal environment, implementation of DX, intellectual property strategies, etc.

Audits

Internal Audits

The Auditing Department, which is an internal audit division and consists of 18 persons, works to improve the internal control function by, for example, conducting regular audits to confirm that the Kawasaki Group's execution of general business activities is properly conducted in accordance with laws and internal rules. Furthermore, the Audit & Supervisory Committee and the Auditing Department exchange information regarding their respective audit results and findings.

The general manager of the Auditing Department reports the results of individual audits to the President and Audit & Supervisory Committee through audit reports and submits comprehensive reports to the Board of Directors and the Management Committee twice annually.

Audits Conducted by the Audit & Supervisory Committee

The Audit & Supervisory Committee comprises five Directors who serve as Audit & Supervisory Committee Members, three of whom are Outside Directors (independent directors specified in the rules of the Tokyo Stock Exchange) with no interests such as business dealing with the Company. Also, two Internal Directors are appointed as full-time Audit & Supervisory Committee Members to ensure the effectiveness of audits, and members with sufficient knowledge of finance and accounting are appointed to ensure the reliability of financial reporting.

All Audit & Supervisory Committee Members including Outside Directors closely share information with one another to enhance the audit functions of the Audit & Supervisory Committee.

In addition, the Company has established the Office of Audit & Supervisory Committee, which has two full-time employees, to assist the Audit & Supervisory Committee in the execution of its duties. The prior consent of the Audit & Supervisory Committee shall be obtained for any personnel changes, evaluations, etc. of these full-time employees, to enhance their independence from the executive directors and to ensure the effectiveness of the instructions of the Audit & Supervisory Committee.

The full-time Audit & Supervisory Committee Members attend important meetings, such as those of the Board of Directors and Management Committee, voicing their opinions as needed. They work to maintain the auditing environment, gather information within the Company, and build and regularly monitor the operation of internal control systems. The full-time members also share the information they collect internally with the Outside Directors serving as Audit & Supervisory Committee Members on a regular basis.

The Outside Directors serving as Audit & Supervisory Committee Members attend meetings of the Board of Directors and, when necessary, other important meetings, such as those of the Management Committee, voicing their opinions as needed based on their respective expert knowledge. They strive to obtain the information necessary for auditing through the above activities and to maintain the auditing environment in cooperation with the other Audit & Supervisory Committee Members. They also share information with the full-time Audit & Supervisory Committee Members by such means as attending meetings of the Audit & Supervisory Committee.

- [Record of Audit & Supervisory Board and Audit & Supervisory Committee Meetings \(ESG Data\)](#)

Independent Audits

With regard to independent auditing, Kawasaki undergoes audits of its financial statements by the independent auditor KPMG AZSA LLC. The Audit & Supervisory Committee receives an outline of the audit plan and a report on important audit items from the independent auditor, and the Audit & Supervisory Committee explains its auditing plan to the independent auditor. The Audit & Supervisory Committee periodically receives reports on the results of audits by the independent auditor and, conversely, the independent auditor receives reports on the results of audits by Audit & Supervisory Committee, which strives to keep lines of communication open with the independent auditor by also exchanging information and opinions. When necessary, Audit & Supervisory Committee Members take part in the audits performed by the independent auditor, and may also receive reports from the independent auditor concerning audits when appropriate.

- [Independent Auditor Compensation \(ESG Data\)](#)

Director Compensation

The compensation system for Directors (excluding Audit & Supervisory Committee Members and Outside Directors) is based on the following basic policy with the aim of achieving the Group Vision 2030, "Trustworthy Solutions for the Future," established in November 2020.

Basic Policy

Placing stronger emphasis on contribution to the Company's goals, the revised compensation system is designed to reward each recipient based on their responsibilities and accomplishments. To this end, it not only provides short-term incentives but also rewards Directors for their contributions to medium- to long-term improvement in corporate value. In this way, we aim to promote the sharing of value between Directors and stakeholders, including shareholders.

Compensation for Directors (Excluding Audit & Supervisory Committee Members and Outside Directors)

Compensation for Directors consists of basic compensation, short-term incentives, and long-term incentives. Basic compensation and short-term incentives are paid in cash. Long-term incentives are paid in the form of performance-based stock compensation to promote the sharing of benefits and risks between the Directors and shareholders in addition to more strongly incentivizing medium- to long-term contribution to corporate value.

For long-term incentives, points granted may be revoked in whole or in part by resolution of the Board of Directors, in given circumstances such as when an eligible Director is dismissed or resigns due to damage caused to the Company.

These three components of Director compensation account for approximately 50%, 30%, and 20%, respectively, of the total, assuming that the Group's consolidated operating results in the preceding fiscal year reached target levels and that each Director's individual performance targets for said fiscal year are fully met.

Compensation Levels

Compensation levels are set appropriately, taking into consideration conditions at other companies and officer compensation survey data from an external specialized organization. Compensation levels for each position are generally as indicated below, with compensation for the Director, President, and Chief Executive set at 100.

Chairman of the Board: 87

Director, President, and Chief Executive: 100

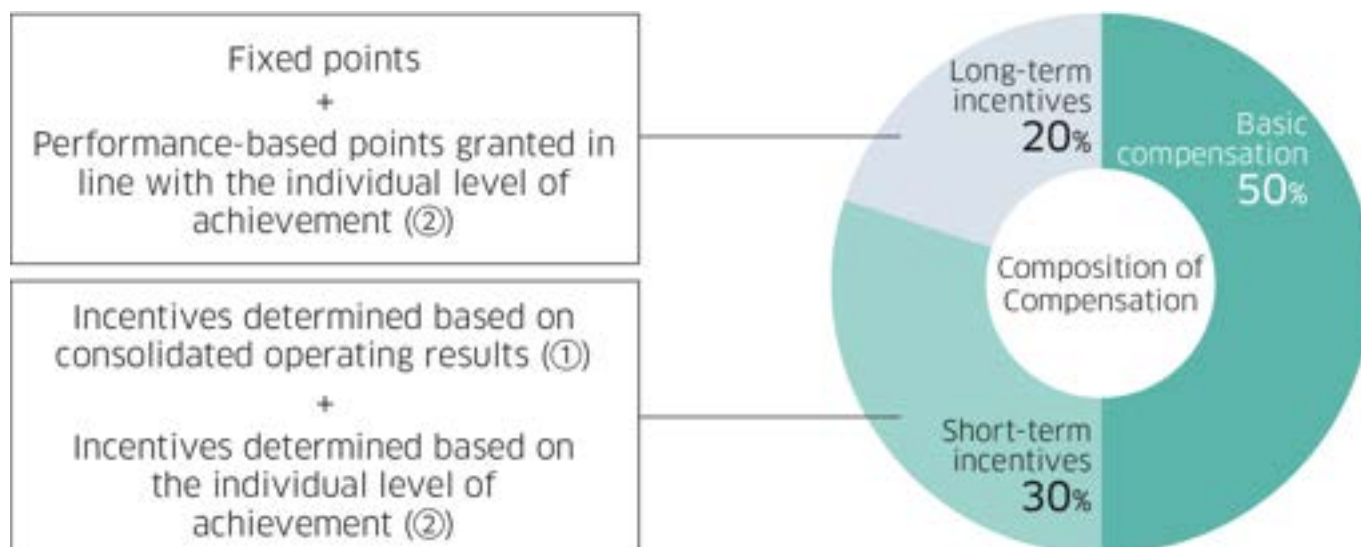
Director, Senior Corporate Executive Officer: 65

Director, Managing Executive Officer: 44

Composition of Director Compensation (Excluding Audit & Supervisory Committee Members and Outside Directors)

Payment method		Details
Basic compensation (fixed compensation)	Cash	Each Director's pay grade is determined based on the missions assigned to them.
Short-term incentives (performance-based compensation)	Cash	<p>Performance-based compensation is determined in line with single-year operating results and other indicators. Specifically, the amount of this compensation is determined based on consolidated operating results and the level of achievement of each Director's individual performance targets.</p> <p>Profit attributable to owners of the parent is used as the indicator for assessing consolidated operating results, with the aim of providing incentives for the steady accomplishment of single-year operating results targets and promoting the sharing of value with shareholders. The payment ratio applied to this performance-based compensation is determined based on the profit attributable to owners of the parent for the year, as presented in (i), below. Details of the process for determining the level of achievement are presented in (ii), below.</p>
Long-term incentives (fixed portion and performance-based portion)	Stock	<p>Long-term incentives utilize a stock benefit trust and are determined based on fixed points granted to Directors in line with their periods of service as well as performance-based points granted for their accomplishments vis-à-vis individual performance targets. In principle, these incentives are paid to the recipients in the form of both Company shares and cash (the latter being in an amount equivalent to the value of a portion of said shares after conversion) at the time of their retirement as Director. Points granted are divided into fixed points and performance-based points. With regard to fixed points, value is shared with shareholders by granting a certain number of shares based on the term of service. Also, performance-based points are given as incentives to increase corporate value over the medium to long term by granting shares based on the degree of achievement of targets by each eligible director. The degree of achievement of targets by each eligible director is the degree of achievement of targets concerning medium- to long-term issues of the entire company and the organizations and business for which each director is responsible set for each director in the previous fiscal year.</p> <p>The proportions of fixed points and performance-based points are designed to account for 50% each when the recipient's level of achievement is at a standard level. For the time being, the ratio of the fixed portion and the performance-based portion will be set at 50%:50%, but in the future, the ratio of the performance-based portion will be raised to increase incentives to enhance corporate value over the medium to long term. Details of the process for determining the level of achievement are presented in (ii), below.</p>

Composition of Director Compensation



* In the case where the Group's consolidated operating performance in the preceding fiscal year reached target levels and each Director's degree of achievement of targets set for the preceding fiscal year is 100%.

(i) Payment Ratio Based on Profit Attributable to Owners of Parent

Profit attributable to owners of parent	Payment ratio (%)
Less than 0	-
0 to less than ¥25 billion	0 to 45
¥25 billion to less than ¥45 billion	50 to 95
¥45 billion to less than ¥70 billion	100 to 195
¥70 billion or more	200 or more

(ii) Process for Determining Level of Achievement of Individual Performance Targets

Setting of Targets

Each Director sets their own targets in terms of addressing short-, medium- and long-term issues, including those associated with business units and operations under their supervision and Company-wide issues, with the degree to which these are achieved reflected in short-term and long-term incentives. These include targets pertaining to important financial indicators as well as targets associated with initiatives aimed at realizing the United Nations Sustainable Development Goals (SDGs), efforts to improve employee engagement, and other aspects of non-financial performance. Targets for the short- and medium-term issues are as described below, and actions and achievement levels for respective targets to be implemented by each Director toward their realization are established.

- Targets for short-term issues: Targets to be achieved by the end of the fiscal year
- Targets for medium- to long-term issues: Targets to be achieved in light of the Group Vision 2030

Methods for Assessing the Level of Target Achievement

The targets set by Directors are assessed at the end of each fiscal year, and the degree of achievement is reflected in compensation. The assessment of each Director is determined as described below.

- **President:** All Outside Directors who serve as members of the Compensation Advisory Committee conduct individual, face-to-face interviews with the President and make a determination through deliberations among those Outside Directors.
- **Senior Corporate Executive Officers:** Outside Directors who serve as members of the Compensation Advisory Committee conduct individual, face-to-face interviews with the Senior Corporate Executive Officers and make a determination through deliberations among those Outside Directors and the President.
- **Other Directors:** The President conducts individual, face-to-face interviews with the individual Directors jointly with the Senior Corporate Executive Officers, and formulates an assessment through deliberations with the Senior Corporate Executive Officers, before referring the matters to the Compensation Advisory Committee for a decision.

Compensation of Audit & Supervisory Committee Members and Outside Directors

To ensure their professional independence, compensation for these individuals consists only of fixed compensation and is not linked with performance.

Methods for Determining Compensation

The total maximum amount of compensation for Directors (excluding Audit & Compensation Committee Members) is set by a resolution passed at the General Meeting of Shareholders. Within this limit, the amount of compensation is determined by the resolution of the Board of Directors based on the deliberations of the Compensation Advisory Committee. The presiding officer and a majority of the members of the Compensation Advisory Committee are Outside Directors.

The Board of Directors may also resolve to entrust the President with the responsibility of determining the amount of compensation for each Director. In such cases, however, the President is required to honor the conclusions reached via the deliberations of the Compensation Advisory Committee and comply with policies regarding the determination of the amounts of Director compensation and methods for calculating such compensation.

Compensation for Audit & Supervisory Committee Members is determined by deliberations among Directors who serve as Audit & Supervisory Committee Members.

* In accordance with application of the International Financial Reporting Standards (IFRS), the Board of Directors, at its meeting of March 31, 2023, adopted a resolution to replace the evaluation indicators for short-term incentives since the performance-linked remuneration based on results from fiscal 2022 onwards as indicated below.

Changed from net profit under Japanese standards to profit attributable to owners of parent under the international standards.

- [Director Compensation \(ESG Data\)](#)

Compliance and Anti-corruption Measures

Compliance

Approach to Compliance

Strict compliance should be at the foundation of all Kawasaki Group business activities, and all Group officers and employees must engage in business with a proper awareness of compliance. The Group engages in diverse business, and we are required to comply with various laws and regulations in each business area and to act properly at all times according to the circumstances. In order to make proper decisions in a timely manner, it is optimal that each employee is able to take it for granted that he or she will unconsciously engage in proper conduct within his or her area of responsibility, that is, that compliance on a deeper level is achieved. To achieve compliance on a deeper level, the Kawasaki Group will continue to undertake a variety of initiatives in the future. Through various initiatives, each employee will become aware of the fundamentals of compliance, which is not merely following laws, regulations, and rules, but also always acting correctly to gain the trust of society, and we will promote the accumulation and deepening of actions based on a constant awareness of the fundamentals of compliance in order to make the Kawasaki Group a sustainable group that is trusted by society even more and where every employee can work with pride.

Compliance Policy

In July 2017, we established the Kawasaki Group Code of Conduct as a set of ethical standards to guide the decision making of Kawasaki Group officers and employees, and we also issued an explanatory pamphlet concerning the code at that time. The code was amended in January 2019, and a second version of the explanatory pamphlet was produced in April 2019. The code was established following consultations with the Management Committee and approval by the Board of Directors, and the same procedure is followed when making revisions as needed.

In the statement by the president at the beginning of the Code, he implores Group officers and employees to work as one and uphold the Code, stating, "The Kawasaki Group Code of Conduct shall serve to help all Group officers and employees in each country and region come together in unity, with a deep awareness that the Code will serve as the foundation for ensuring the highest standards of conduct in our business activities at all times and that we shall maintain steadfast compliance, engage in dialogue with stakeholders, and adhere to the Code in making decisions and taking action, even in difficult circumstances."

Scope of Policy Application

Kawasaki Group officers and employees

- The Kawasaki Group Code of Conduct

Structure

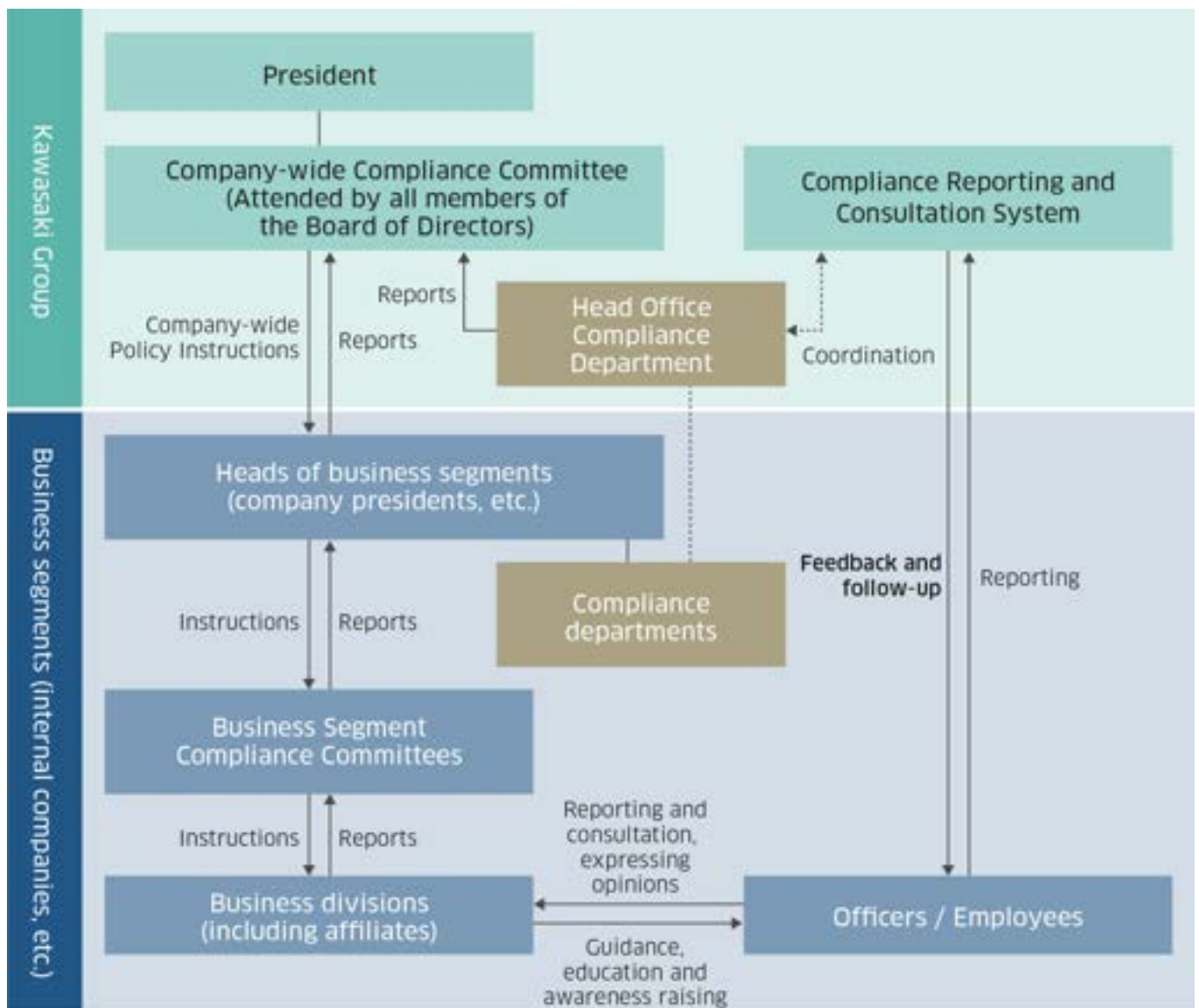
The Company-wide Compliance Committee is chaired by the Kawasaki president. The committee meets at least twice a year (two meetings were held in fiscal 2022). Its functions are to discuss and determine measures to ensure strict compliance within the Kawasaki Group and to monitor the status of achievement and compliance. All members of the Board of Directors attend meetings of the Company-wide Compliance Committee and supervise compliance-related matters. To ensure that the objectives of the Company-wide Compliance Committee extend to all corporate structures, Business Segment Compliance Committee meetings are held at the Head Office and internal companies at least twice a year to promote compliance throughout the Group.

In addition, the Kawasaki Group formulates annual Group-wide compliance activity plans with various measures that, following the approval of the Company-wide Compliance Committee, it carries out. Furthermore, the internal companies each formulate annual activity themes that they use to carry out compliance-related initiatives.

The main initiatives carried out in fiscal 2022 in accordance with the company-wide action plan are listed below.

Main Initiatives in Fiscal 2022	
Compliance education measures	<ul style="list-style-type: none">• In addition to e-learning for employees in Japan, new e-learning programs were conducted at overseas subsidiaries.
Compliance awareness survey	<ul style="list-style-type: none">• Surveys of awareness were conducted in Japan and at overseas subsidiaries.
Development of anti-bribery systems	<ul style="list-style-type: none">• Anti-bribery rules were established at high-risk overseas subsidiaries.
Enhancement of whistle-blowing system	<ul style="list-style-type: none">• Rules were revised, employees were designated, and other measures were taken to reflect amendment of the Whistleblower Protection Act.

Compliance Promotion Structure



Responsible Officer

Chair of Company-wide Compliance Committee: Yasuhiko Hashimoto, Representative Director, President and Chief Executive Officer

Responsible Executive Organ and/or Committee

To ensure rigorous compliance throughout the Kawasaki Group, we maintain a Company-wide Compliance Committee, comprising the Directors (excluding the Audit & Supervisory Committee Members and Outside Directors), the internal company presidents, the executive officer in charge of compliance, the general managers of the Head Office divisions, and others, with the President serving as presiding officer. The Company-wide Compliance Committee discusses and decides measures to ensure thorough compliance and monitors the achievement of targets and compliance with such policy.

For the sake of auditing business execution and to reflect a broad range of external insights and opinions in the committee's decisions, Directors who serve as Audit & Supervisory Committee Members as well as the remaining Outside Directors also attend the committee's meetings, and supervision of compliance-related matters is performed by all members of the Board of Directors.

Corporate regulations provide that the committee shall meet at least twice annually. In fiscal 2022, the committee met twice.

Audits and Certification of the Compliance System by Third Parties

The state of compliance is audited annually by Audit & Supervisory Committee Members and independent auditors.

Efforts to Promote Compliance

e-Learning

To raise awareness of compliance, we conducted e-learning-based training for all Kawasaki Group employees in Japan. In fiscal 2022, 17,860 employees underwent training (73.3% of IT users). At overseas subsidiaries, we conducted e-learning on the Kawasaki Group Code of Conduct in nine languages from October to December 2022, and 3,447 employees underwent training.

- [Number of Employees Who Underwent Compliance Education \(ESG Data\)](#)

The President's Statement on Compliance

The president issued the President's Statement of Compliance as an internal and external expression of the entire Kawasaki Group's commitment to compliance. The declaration is included in the initial part of the Kawasaki Group Code of Conduct.

- [The President's Statement on Compliance](#) 

Declaration to Observe Laws and Regulations

Each officer and managerial staff member of the Kawasaki Group, at his or her appointment, is required to prepare and submit to the Company a completely handwritten Declaration to Observe Laws and Regulations to reconfirm the awareness that he or she will never commit a violation and will cause other employees to ensure compliance. This Declaration includes the representation that they understand that they may be subject to a penalty or punishment if they commit a violation.

Compliance Guidebook

The Compliance Guidebook provides information that is necessary and useful for ensuring thorough compliance within the Company in an easy-to-understand way. The guidebook is distributed to officers and employees at Kawasaki Group companies in Japan. The Compliance Guidebook outlines the Group's compliance system and activities as well as the Compliance Reporting and Consultation System, which serves as the Group's internal whistle-blower system. The guidebook uses illustrations to present easy-to-understand examples of important compliance-related matters.

The guidebook also contains an index of the corresponding sections of the Kawasaki Group Code of Conduct and serves as a text for increasing compliance awareness. The Compliance Guidebook is used in internal compliance training and educational activities. Since the first edition was issued in 2003, its content has been constantly updated in light of evolving compliance requirements around the world. The current edition is the sixth (issued in April 2021).

Compliance Month

October of each year is designated Compliance Month with the aim of reaffirming and enhancing awareness of compliance, and various compliance-related activities are conducted. In fiscal 2022, the President issued a message and Kawasaki, the Group newsletter, included articles intended to raise compliance awareness as well as an overview of the Compliance Reporting and Consultation System (whistle-blowing system). In addition, announcements were made encouraging utilization of the Compliance Reporting and Consultation System, compliance training was conducted via e-learning, and other activities were conducted.

Implementation of Employee Compliance Awareness Surveys

The Kawasaki Group implements periodic employee awareness surveys to monitor internal compliance violation risks.

Beginning in fiscal 2020, questions about compliance awareness have been made part of the employee engagement survey, and the survey is conducted each year. We analyze changes and trends in employee awareness based on multiple factors including by internal company and position and reflect the results in the development of necessary compliance measures and other initiatives.

In fiscal 2022, we also conducted awareness surveys on compliance for employees at overseas subsidiaries.

In addition to the above survey, in October 2022, we conducted compliance awareness surveys with a focus on quality and inspection related issues at Kawasaki Group companies in Japan in response to incidents of improper inspections at Kawasaki Thermal Engineering Co. Ltd.

Compliance Awareness Survey Results (The Kawasaki Group (domestic))

						(FY)
	Unit	2018	2019	2020*1	2021*2	2022
Survey response rate	%	93.8	-	80.0	85.0	89.0
The percentage of respondents who replied that their company was being managed in a compliant manner	%	78.6	-	77.0	70.0	70.0

*1 Scope: Kawasaki Heavy Industries, Ltd. (non-consolidated)

*2 Scope: Kawasaki and main domestic subsidiaries

Whistle-Blowing System and Consultation Points

Kawasaki and Domestic Subsidiaries

We have established the Compliance Reporting and Consultation System, with an outside lawyer acting as the contact, so that executives and employees of the Company and domestic subsidiaries can report or seek consultation regarding suspected violations of compliance practices relating to their operations. The system has been easier to use since October 2019, when the capability to accept anonymous reports and consultations was added with the aim of fostering a corporate culture and mechanisms that effectively self-correct.

Under the Compliance Reporting and Consultation System, employees report to or consult with an outside lawyer directly. For anonymous reports, responses are determined based solely on the content of the reports themselves. The lawyer then investigates to determine whether or not there is in fact a compliance problem, and, if a problem is found, advises the Company on how to remedy it. During the investigation of reports or consultations not made anonymously, the name of the employee who used the system is not disclosed to the Company without his or her permission.

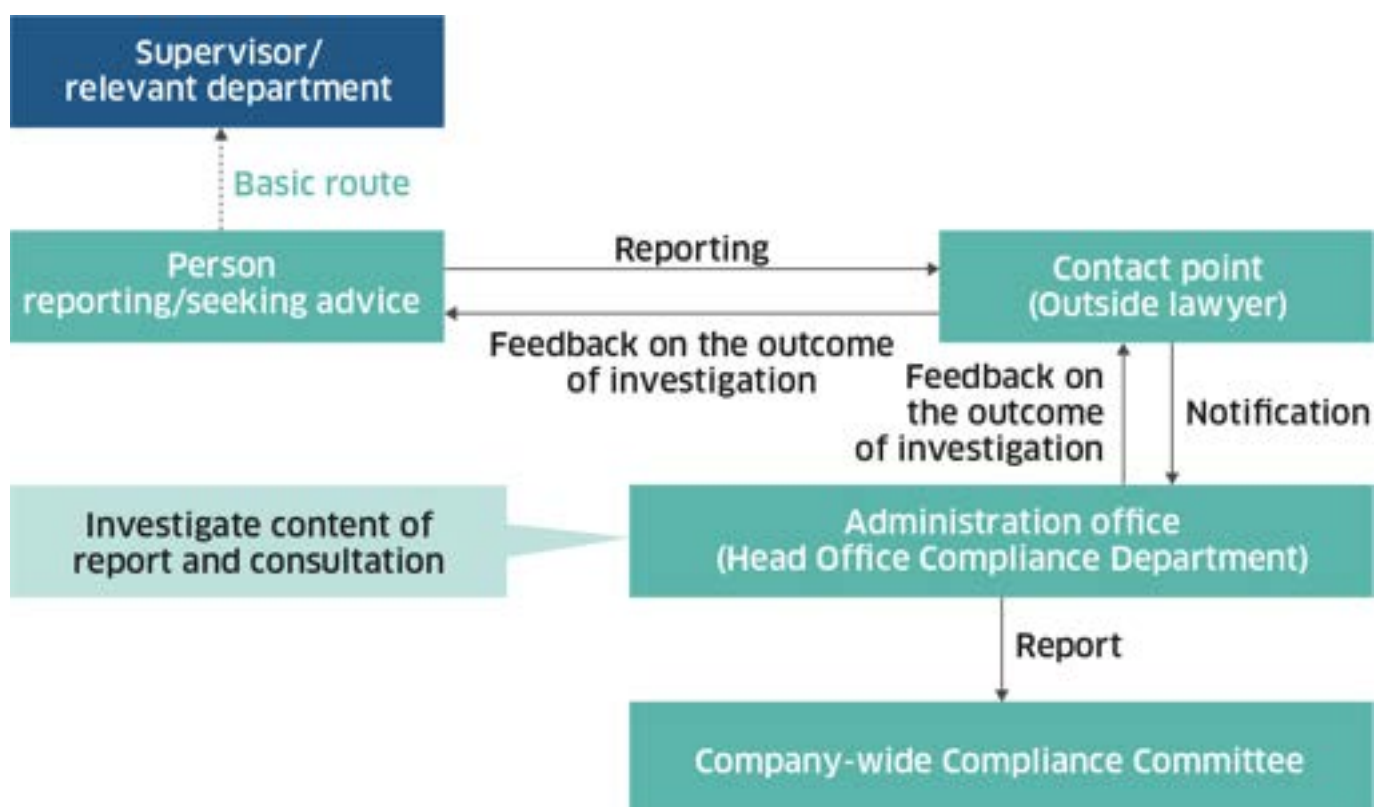
The lawyer contacts the person who made the report or sought consultation directly to explain the results of the investigation. For anonymous reports, summaries of the reported issues and progress in addressing them are posted on the Company intranet.

The Group works to ensure that employees know how to use this system by regularly providing information about it in the Company intranet, leaflet inserts in Kawasaki Group Code of Conduct pamphlets, the Compliance Guidebook, the Kawasaki Group newsletter, and other publications.

Also, to enhance the efficacy and reliability of this system, we revise it as needed, working to make it easier for employees to use.

The number of reports made to the Compliance Reporting and Consultation System as well as the details of specific consultation matters are reported to the Company-wide Compliance Committee, ensuring that the system is operating effectively.

Compliance Reporting and Consultation System Flow Chart (domestic)



Number of Whistle-Blowing Reports and Breakdown of Reports (The Kawasaki Group (domestic))

In fiscal 2022, a total of 54 reports were submitted via the Compliance Reporting and Consultation System.

Of these reports, 15 of the matters were determined to be compliance violations, and corrective measures were required concerning 21 reports. There were no major violations.

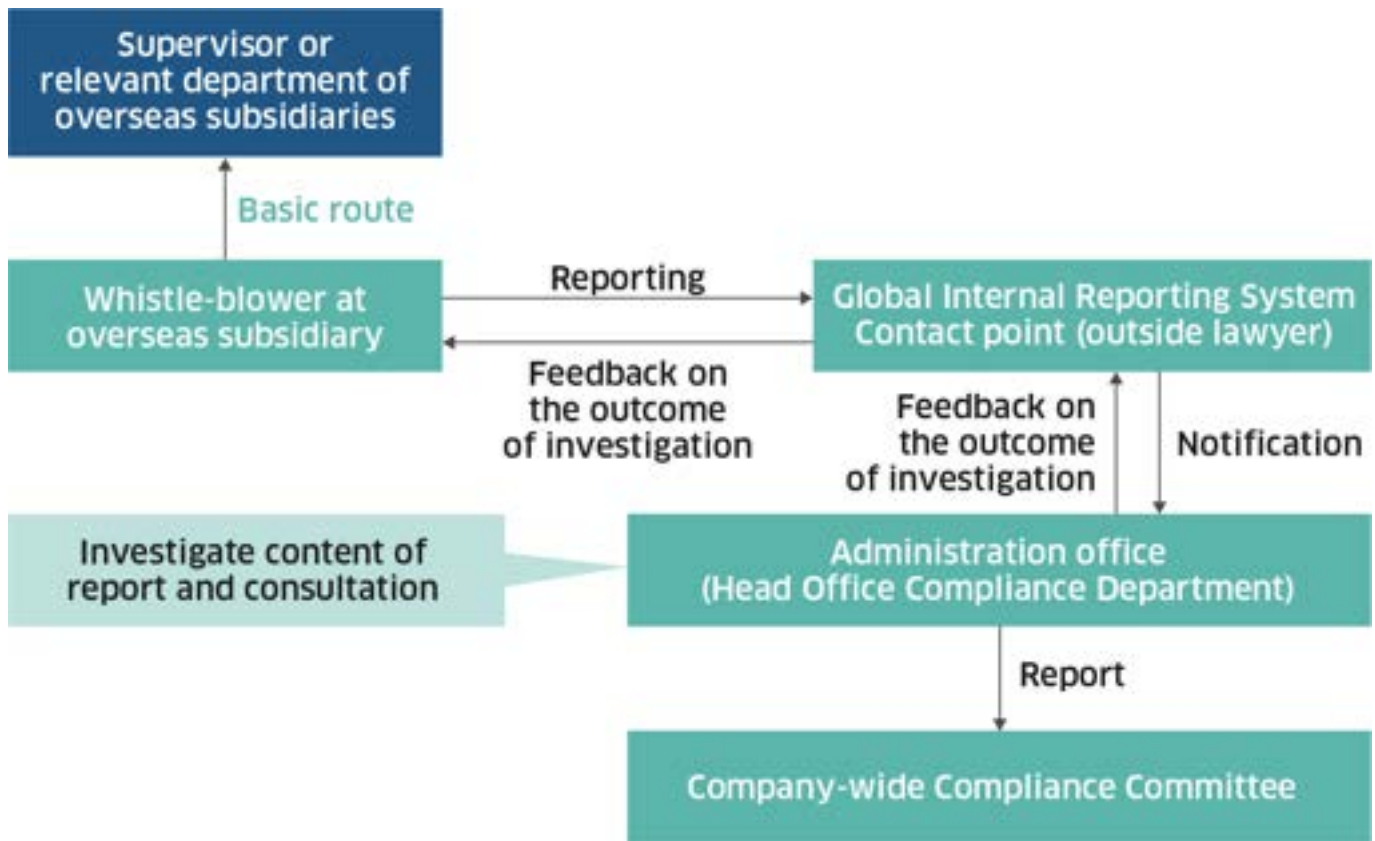
- [Number of Whistle-Blowing Reports and Breakdown of Reports \(ESG Data\)](#).

Establishment of Internal Reporting System at Overseas Subsidiaries

Since 2020, we have been introducing the Global Internal Reporting System at overseas subsidiaries, and introduction at more than 90% of overseas subsidiaries was completed through fiscal 2022.

Under the Global Internal Reporting System, external law firms and internal administrative offices function jointly as contact points, accepting both anonymous and non-anonymous reports.

Global Internal Reporting System Organizational Chart



Handling Reports Made outside the Whistle-Blowing System

When reports are delivered in writing, by email or by other means to persons or offices other than the Compliance Reporting and Consultation System contact points, if a compliance violation is suspected, an investigation is conducted and corrective measures are taken as needed.

- Number of Consultations Made to Other Reporting Systems (ESG Data)

Number of Compliance Violations, Details of Violations, and Actions Taken


- Target: Zero serious compliance violations

See below for information on the details of the serious violation that occurred in fiscal 2021 and the measures taken to prevent reoccurrence.

- Number of Compliance and Anti-bribery Violations (ESG Data)

Inappropriate actions during product inspection at Group subsidiary (recurrence prevention initiatives)

An investigation was completed by the special survey committee comprised of outside attorneys formed in response to the inappropriate conduct relating to inspection of some absorption refrigerators manufactured and retailed as air conditioning systems, mainly for use in buildings, discovered at Kawasaki Thermal Engineering Co., Ltd. and announced in June 2022. We issued a press release on March 24, 2023 concerning the details of the investigation report received from the committee and the response measures to prevent reoccurrence adopted pursuant to a resolution of the Board of Directors.

For details, refer to [the March 24, 2023 press release titled "Investigation Report of the Special Survey Committee concerning Improper Conduct at Kawasaki Thermal Engineering, Co., Ltd."](#) (Japanese language only). 

Anti-Corruption

Approach to Anti-Corruption

The Kawasaki Group's business entails numerous opportunities for contact with government agencies and public officials, and we are aware that there is a high likelihood of exposure to corruption risk. Accordingly, the Group takes action through its business activities and employee training under a compliance system in accordance with various policies to prevent all forms of corruption including bribery of domestic and foreign public officials, bribery of business partners, embezzlement, and money laundering. The Group has been a signatory to the United Nations Global Compact since 2020, and we strive to promote and raise awareness concerning the Compact's 10 principles in four areas including anti-corruption.


Bribery Prevention Policy

The Kawasaki Group has set up and operates the following framework to prevent bribery.

1. The Kawasaki Group Code of Conduct To ensure that each individual Kawasaki Group officer and employee acts correctly to prevent bribery, the Kawasaki Group Code of Conduct specifies that Kawasaki Group does not provide any inappropriate entertainment or gifts or otherwise tolerate bribery and lays out how individuals should behave.
2. The Kawasaki Group Policy on Anti-Bribery To gain the understanding of stakeholders regarding the Kawasaki Group's anti-bribery initiatives, the Group publicly provides information on its anti-bribery systems and measures.
3. Bribery Prevention Regulations We established the Bribery Prevention Regulations, the basic policy of which states that the Kawasaki Group will uphold laws in the execution of business activities and that bribes to public officials in Japan or overseas will not be tolerated.

We also established the following internal regulations in addition to the Bribery Prevention Regulations.

- Rules on Entertainment and Gifts to Public Officials in Japan
In line with Japan's laws and regulations concerning public official ethics (including the National Public Service Ethics Act and the National Public Service Ethics Code), these rules establish application procedures, approval guidelines, and record keeping requirements for entertainment and gifts.
- Rules on Preventing Bribery of Foreign Public Officials
These rules establish application procedures for entertainment, gifts and expenses; approval guidelines; record keeping requirements; and check list items for the selection and continued use of intermediaries, such as sales agents and consultants.

- [The Kawasaki Group Code of Conduct](#)
- [The Kawasaki Group Policy on Anti-Bribery](#) 

Anti-Bribery Measures at Overseas Subsidiaries

We use a risk-based approach that makes reference to the Corruption Perceptions Index from Transparency International to identify high-risk sites, and we take measures including the establishment of anti-bribery rules at Kawasaki Group overseas subsidiaries in Asia and South America. As of June 2023, all 35 subject subsidiaries in Asia and South America had completed the adoption of rules.

Anti-Bribery Training for Employees

We provide overseas bribery prevention training for employees in Japan involved in overseas businesses every year. In fiscal 2022, 2,051 employees took part in e-learning for employees in Japan. We conduct surveys of participants in e-learning to confirm their understanding of the material. Furthermore, compliance training on bribery prevention is included in training programs for employees in charge of overseas businesses. In addition, we conducted e-learning on anti-bribery in eight languages for employees at overseas subsidiaries in Asia and South America from February to March 2023, and 1,920 employees underwent training.

Number of Anti-Bribery Violations, Details of Violations, and Actions Taken

Over the most recent five years, there have been no cases of bribery that were subject to administrative disciplinary action or sanction.

- [Expenditures to External Organizations \(ESG Data\)](#)

Compliance with the Antimonopoly (Competition) Act

Approach to Compliance with the Antimonopoly (Competition) Act

The Kawasaki Group is focusing efforts on compliance with the Antimonopoly Act. Since 2006, the Board of Directors has adopted a resolution to comply with the Antimonopoly Act and strive to maintain and improve the Company's enterprise value in society at the first Board of Directors meeting held immediately following each year's general meeting of shareholders. The Kawasaki Group Code of Conduct also states that the Group will not obstruct free and fair competition and will work to maintain a healthy market.

Scope of Policy Application

Kawasaki Group officers and employees

- [The Kawasaki Group Code of Conduct](#)

Employee Training on Compliance with the Antimonopoly (Competition) Act

The Company publishes a variety of guidebooks on the Antimonopoly Act for employees to ensure a broader awareness of situations at the Kawasaki Group that could become problematic and conducts regular training on the Antimonopoly Act. In fiscal 2022, we conducted e-learning on competition laws in three languages for employees of overseas subsidiaries in Europe and North America from February to March 2023, and 973 employees underwent training.

Number of Violations Relating to the Antimonopoly (Competition) Act, Details of Violations, and Actions Taken

Since 2010, there have been no serious violations that were subject to administrative disciplinary action by the Japan Fair Trade Commission. Since 2006, there have been no serious violations that were subject to criminal penalties.

Other Compliance Risks

Prevention of Insider Trading

The Kawasaki Group has prohibited insider trading, and the Kawasaki Group Code of Conduct contains provisions on the prohibition of insider trading. To prevent insider trading, Kawasaki has established corporate regulations titled the Insider Trading Control Rules that it uses to implement and regulate related actions. To further ensure the prevention of insider trading, the Company established a new system in fiscal 2013 that obligates Company officers and employees who intend to trade Company shares to notify the Company by a prescribed date (the Treasury Stock Trading Prior Notification System).

Number of Violations, Details of Violations, and Actions Taken

Since 1989, when the amended Securities and Exchange Act, which regulates insider trading, was enacted, there have been no serious violations by the Kawasaki Group or Group employees that were subject to penalties or administrative monetary penalties.

- [The Kawasaki Group Code of Conduct](#)

Elimination of Antisocial Forces

The Kawasaki Group resolutely rejects inappropriate requests from antisocial forces and undertakes various measures to break off any relationship with such forces.

Specifically, in addition to what is described in the Kawasaki Group Code of Conduct and the Compliance Guidebook, we publish the Manual of Responses to Antisocial Forces and strive to promote awareness and full compliance with established internal practices and systems relating to antisocial forces as well as with prescribed response procedures. In addition, we have established a unit at the Head Office Compliance Department to supervise responses associated with the elimination of antisocial forces. This unit works closely with the police and other external specialist organizations to establish an internal structure to systematically deal with inappropriate requests from antisocial forces.

Number of Violations, Details of Violations, and Actions Taken

All inappropriate requests and requests for meeting appointments from antisocial forces and other similar organizations have been denied and eliminated, and there have been no instances of violations since 1997.

- [The Kawasaki Group Code of Conduct](#)

Measures to Prevent Money Handling Risks at Small-scale Operating Sites

There is a tendency for compliance risk to be higher at small-scale operating sites, such as sales offices and satellite branches. These organizations may be ill-equipped to perform sufficient checks or may have particular individuals within the organization who have become fixed to a particular position due to difficulties in implementing personnel rotation. The Company has improved the manuals for checking procedures and enhanced audits in order to reduce risks, particularly as they relate to the handling of money.

Number of Violations, Details of Violations, and Actions Taken

Over the five years in the immediate past, there have been no cases of corporate misconduct that were subject to administrative disciplinary action or sanction.

Export Control

Export Control Policy

In fiscal 2020, we established and published the Kawasaki Group Policy on Export Control, laying out basic principles of conduct regarding export control.

The Kawasaki Group recognizes that compliance with laws and regulations on export control is an integral part of its corporate social responsibilities (CSR) and essential to maintaining peace and security in the international community and supporting humanity's harmonious coexistence with the global environment. In line with this recognition, the Group shall establish and maintain a strict export control system and implement appropriate security trade control so as to ensure that its products and services are not provided for transactions aimed at such purposes as the development of weapons of mass destruction or the excessive accumulation of conventional arms.

To ensure legal compliance, we carry out export control with consideration given not only to Japan's Foreign Exchange and Foreign Trade Act, but, because our businesses have significant ties with the United States, also to U.S. reexport regulations and economic sanctions. By doing so, we work to reduce the risks of violations of these laws and of government sanctions.

- [Kawasaki Group Policy on Export Control](#) 

Export Control Structure

To ensure compliance with export control laws and regulations throughout the Kawasaki Group, we have formulated a set of corporate export control regulations for goods and technologies relevant to security maintenance and have put in place an export control system in which a Representative Director acts as Chief Export Control Officer.

As a first measure, we set up the Export Control Laws and Regulations Compliance Screening Committee ("Screening Committee"), chaired by the Chief Export Control Officer, at the Kawasaki Group Head Office. The Screening Committee undertakes the final assessment of important export transactions across the Group to confirm compliance with export control laws and regulations and provides guidance and supervision regarding the export control systems of the internal companies. In addition, the Head Office Trade Compliance Department provides secretariat services to the Screening Committee and oversees export control throughout the Kawasaki Group. We have also established the Working Level Committee, comprising the departments responsible for export control of the internal companies, under the control of the Screening Committee. The Working Level Committee undertakes export screenings, discusses matters delegated to it by the Screening Committee and undertakes the horizontal rollout of export control-related information.

Next, each internal company operates an export control committee that screens all the export transactions of the company and refers the screening results to the Screening Committee for discussion.

Furthermore, to promote legal compliance, we have set up export control systems at subsidiaries in and outside Japan that engage in exporting through their respective overseeing internal companies.

Export Control Structure



Responsible Officer

Hiroshi Nakatani, Representative Director, and Senior Corporate Executive Officer

Responsible Executive Organ and/or Committee

The Export Control Laws and Regulations Compliance Screening Committee undertakes the final assessment of export management matters across the Group. The Screening Committee meets once a month, in principle.

In attendance for the Screening Committee are the chairman, who is the Representative Director with representative authority, the general managers of the Head Office divisions, the internal company presidents, and persons designated by the chairman.

Export Control Training and Guidance

We provide export control training tailored to different personnel and objectives for the entire Group, including consolidated subsidiaries. To enhance the coverage and efficiency of export control, we began using e-learning in this area in fiscal 2018. In fiscal 2022, such e-learning was provided for 14,297 employees. In addition, each internal company offers export control training as part of its grade-specific training to impart the knowledge required by managers and other personnel to execute their operations. Furthermore, practical training on classification and transaction screening is provided for export control administrators and persons in charge of export control at each internal company.

With regard to export control audits, the Auditing Department and the Trade Compliance Department work together to perform individual audits of and provide guidance to all the internal companies and major subsidiaries in Japan once a year.

Moreover, overseas subsidiaries are subject to an annual survey of their export control systems, export records, and related matters. Based on the survey results, the Trade Compliance Department works with the relevant internal company to provide appropriate guidance and support on export control.

Tax Transparency

Policy on Tax Transparency

The Kawasaki Group considers tax payment to be one of the most important social responsibilities for a company to fulfill and thereby complies with the tax-related laws applicable to each country and makes tax payments appropriately.

Furthermore, the Kawasaki Group has established the Kawasaki Group Policy on Tax Affairs and works to promote awareness of the policy internally as part of efforts to manage tax risk related to business globalization.

- [Kawasaki Group Policy on Tax Affairs](#) 

Management Structure

The director in charge of accounting and finance is responsible for ensuring appropriate tax payments and proper tax expenses, and tax-related issues will be reported to the Audit & Supervisory Committee and be discussed by the Board of Directors for decision-making depending on their importance. When conducting tax operations, the Head Office Accounting Department conducts Kawasaki Group tax operations in coordination with relevant accounting divisions.

Responsible officer: Katsuya Yamamoto, Representative Director, Senior Corporate Executive Officer

Responsible department: Head Office Accounting Department

Risk Management

Approach to Risk Management

Stance on Risk Management

As a Group that operates globally across a wide range of fields, Kawasaki regards the management of serious risks that could impede its business activities as important and conducts integrated risk management.

Kawasaki's overall risk management system entails the integrated execution of business segment-level risk management and Group-wide risk management. Based on the Group's Risk Management Regulations, Kawasaki has established a Corporate Risk Management System and created manuals outlining specific risk management procedures. By comprehensively understanding potential risks based on shared Group standards, we work to avoid and minimize risks and loss caused by risks.

With regard to the risks associated with the execution of individual businesses, the relevant divisions carry out assessments and analyses and sufficiently examine countermeasures in advance in accordance with Kawasaki's Board of Directors Regulations, Management Meeting Regulations, Approval Regulations, and other related rules. The Company practices even more thorough risk management for major projects with significant impact on operations in accordance with such corporate regulations as the Major Project Risk Management Regulations. This includes management at the time of bidding and concluding agreements for such projects as well as regular follow-up by the Head Office, internal companies, and business divisions as needed after a project begins.

Kawasaki Group Policy on Risk Management

In line with its objective of achieving sustainable corporate growth and medium- to long-term improvement in its corporate value, the Kawasaki Group will put in place preemptive risk management measures against a variety of risks that could exert a significant impact on business operations while striving to ensure that, should such a risk materialize, the resulting damage is minimized. To this end, the Group established the Kawasaki Group Policy on Risk Management with the aim of acting as a company worthy of the trust of society.

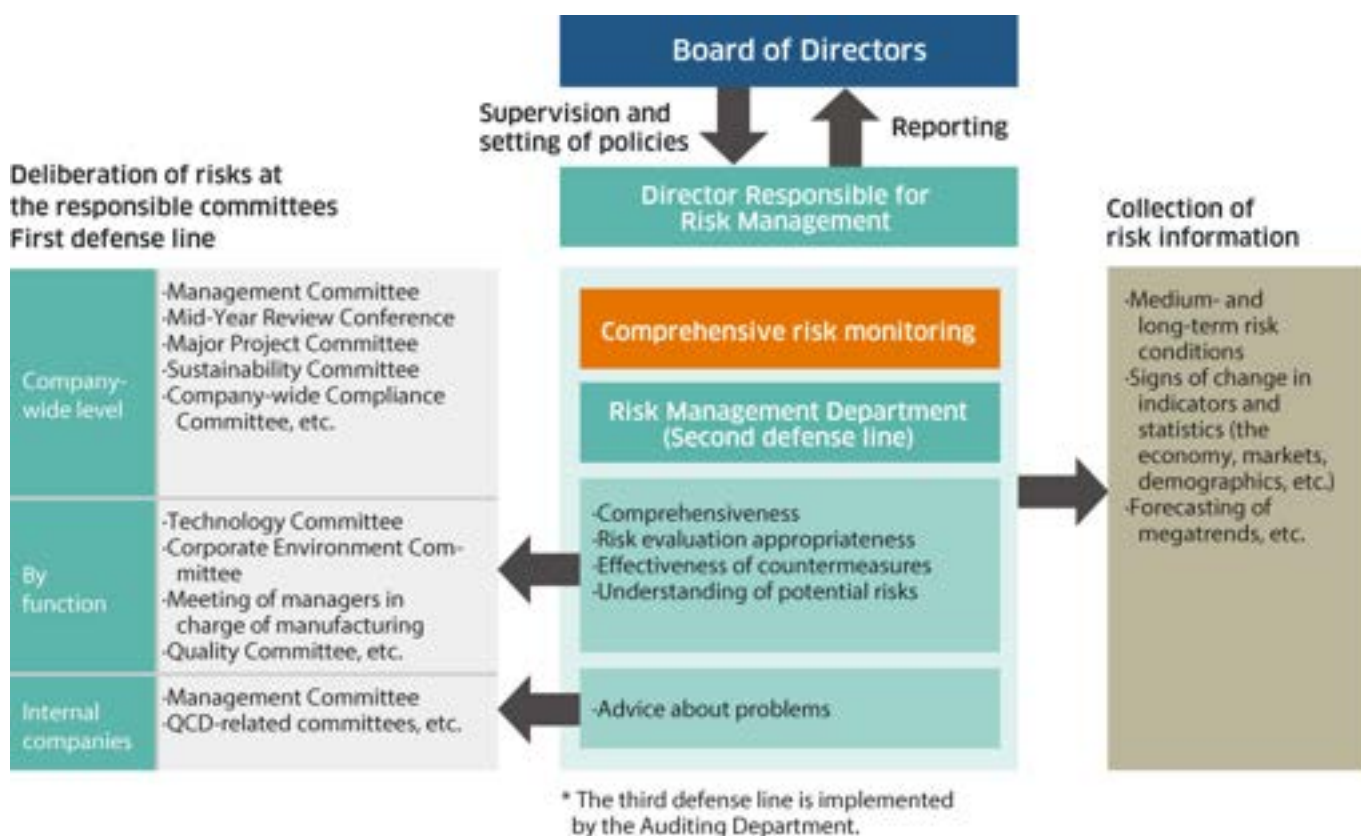
- [Kawasaki Group Policy on Risk Management](#) 

Risk Management System

The Kawasaki Group has established a risk management system to ensure a uniform level of risk management across the Group. Through this system, we identify and respond to major risks with the potential for serious impact on operations and work to enhance risk management as outlined in the Kawasaki Group Management Principles.

In order to appropriately handle diverse risks, Kawasaki designates internal committees and divisions as responsible for specific risk types to establish and operate management methods and systems. In addition, we have established a system for the centralized monitoring of the effectiveness and workability of such management systems, thereby managing risks both individually and comprehensively. Further, four times a year, the director in charge of risk management reports to the Board of Directors the information obtained by the Risk Management Department, an organization that is independent of operating divisions, through risk monitoring and analysis results of global risk trends surrounding the Company. After the Board of Directors selects the important risks that the Company should pay close attention to currently, those risks are reported to the Management Committee and reflected in the measures of the operating divisions.

Risk Management System



Responsible Officers

Director Responsible for Risk Management (CRO): Katsuya Yamamoto, Representative Director, Senior Corporate Executive Officer

Executive Officer Responsible for Risk Management: Takeshi Kaneko, General Manager of Corporate Planning Division and Executive Officer

Risk Management Training for Directors

Lectures on economic security and leadership in crisis management are conducted by experts approximately twice each year for members of the Board of Directors including Outside Directors.

In light of developments in protecting both civilian and advanced technologies that have military applications, which have deep implications for our business owing to trends in economic security, the risk of covert maneuvering against our employees for purposes of using our business information fraudulently is rising. Accordingly, we have been holding related lectures with the goal of protecting our employees.

Risk Assessment

Risks Covered and Risk Assessment Methods

The Kawasaki Group defines risks as "factors or phenomena that hinder the execution of business operations or the achievement of organizational goals" and works to manage all risks classified as either external risks or internal risks (with the latter further classified as strategic risk or business risk), while giving due consideration to the positive effects associated with strategic and other risks.

The Company's risk management process consists of a version of the COSO framework and ISO 31001, customized for the Company's environment and circumstances.

Risk monitoring activities are reported to the Board of Directors four times a year, and the Board selects and sets priority risks that the Company should pay close attention to currently, and based on the results, feedback is provided to the departments at risk. Further, for items judged to be high risk by the Board, we focus on risk monitoring activities called "checking the appropriateness of risk management activities."

Risk Factors Currently Covered in the Scope of Risk Management

Types of risks			
External Environment	Government/Regulatory authorities	Laws and regulations	Business strategy Vision (strategies and policies) Corporate governance, etc.
	Financial institutions/Investors	Raising capital	Business functions Legal affairs (contracts and lawsuits) Intellectual property, security, etc.
		Market expectations	Management and efficiency Project management Finance and accounting, personnel management, etc.
	Customers/Consumers/Competitor companies/New entrants	Emergence of competitors, market changes Technological innovation	Technological innovation Product development, etc.
	Job seekers	Securing human resources	Product defects Quality management and quality assurance, etc.
	Suppliers	External procurement	Production capacity Process control, etc.
	Business partners	Supply chain and logistics	Governance and compliance Organizational fraud, harassment, internal control etc.
	Nature/Social culture/Population	Disasters, environmental pollution, SDGs, CSR, climate change, etc.	
		Internal Environment	

Risks That the Company Should Pay Close Attention to Currently

As a result of company-wide monitoring activities, the Kawasaki Group has determined the following risks that should currently be paid close attention to in the order of severity.

Priority risks to pay close attention to	Degree of severity (risk ranking)		Hazard assessment			
			Status of manifestation	Timing of impact	Impact on profit	Difficulty of taking action
Quality management	Extremely high	1	Highest	High	High	High
Compliance	Extremely high	1	Highest	High	High	High
Contracts	High	3	High	High	High	High
Geopolitics (economic security)	High	3	High	High	High	High
Cyber security	Medium	5	High	High	Medium	Medium
Shortages of human resources and personnel	Medium	6	High	Medium	Medium	Medium
Carbon neutrality (Climate change)	Medium	7	Medium	Low	High	High

Notes: 1. The degree of severity is assessed based on the status of manifestation, timing of impact, impact on profit, and difficulty of taking action.

2: Set to "high" in cases where the period of impact until the impact manifests is short, and set to "low" when the period is long.

Risk Response Status

Risks to pay close attention to	Risk awareness and status of responses
Quality assurance → Quality management and quality assurance risks	<ul style="list-style-type: none"> We are sincerely reflecting on the serious incident involving a series N700 Shinkansen railcar bogie frame, and are committed to making efforts to maintain and improve quality through company-wide promotion of total quality management (TQM), development and design process reform dubbed the Kawasaki Design Process Transformation (K-DPX), and engaging in production improvement activities (KPS: Kawasaki Production System), in order to prevent any recurrence in our business.
Governance → Governance and compliance risks	<ul style="list-style-type: none"> We take the inappropriate conduct that occurred at Kawasaki Thermal Engineering Co., Ltd. very seriously, and we are striving to further beef up compliance. Additionally, the Group as a whole strives to maintain and strengthen governance as violations that deviate from international norms and ethics related to human rights, bribery, competition law, export control, and taxation among other things, lead to a decline in social trust, restrictions on business activities, and an increase in costs related to countermeasures.

Risks to pay close attention to	Risk awareness and status of responses
Strengthening contract management →Contract risks	<ul style="list-style-type: none"> For important projects that have a significant impact on business, we are striving to improve business profitability and increase profits by ensuring contract management (such as legal aspects), based on reflections on major losses incurred in the past.
Geopolitics (economic security) →Geopolitical risks	<ul style="list-style-type: none"> Due to the spread of COVID-19 and Russia's invasion of Ukraine, the impact on the Company's business from climate change, the rise in the cost of materials (including the sharp rise in costs for primary commodities), distribution difficulties, energy issues, and food problems is becoming materializing in conjunction with changes in the global environment and international conditions. We are making efforts to deal with risks from a long-term perspective as a matter of economic security, and we will work to strengthen business continuity.
Strengthening and maintaining appropriate levels of cyber security →Cyber security risks	<ul style="list-style-type: none"> Cyberattacks are always a high risk in our field of business, and in conjunction with the spread of the digital society, attacks that affect not only intellectual property fraud but all business activities such as supply chain disruptions and our digital infrastructure (DX business infrastructure including after-sales services and remote operations) are rapidly evolving. Hence, we are committed to continued adoption of protective measures and securing our business activities.
Securing and developing human resources →Risk of shortage of human resources and personnel	<ul style="list-style-type: none"> We recognize that to achieve the Group Vision 2030, it will be necessary to change workstyles and increase employees who play essential roles related to digital transformation and so forth. To do this, will strongly encourage the reskilling of employees and promote diversity and inclusion in our human resources (promote women's advancement, promote the hiring of employees globally and of mid-career professionals) with the goal of strengthening our human capital. In addition, we foster a culture of taking on challenges and will operate a personnel system that enables employees to actively take advantage of opportunities to take on challenges.
Addressing carbon neutrality Global Risks →Climate change countermeasures →Abnormal climate conditions	<ul style="list-style-type: none"> By developing the hydrogen business and decarbonizing products and business activities, we will actively work toward the development of a carbon neutral society, a global social issue.

Emerging Risks

Emerging risks that may have an impact in the medium to long term (in three to five years) and are of serious importance are as follows.

Risks related to developing low-carbon and decarbonized products	
Overview of Risk	<p>Many of the Kawasaki Group's products use fossil fuels, and the net sales of three businesses—the Energy Solution & Marine Engineering Company (manufacture of power-generation facilities, various industrial plants, ships, etc.), Aerospace Systems Company (manufacture of aircraft, etc.), and Kawasaki Motors, Ltd. (manufacture of motorcycles, four-wheel utility vehicles, etc.)—account for 73% of our consolidated sales (fiscal 2022). In addition, nearly 90% of CO2 emissions from the lifecycle of our Group's products (from procurement of raw materials to disposal) are generated in the use of Scope 3 Category 11 products.</p> <p>Under the Paris Agreement, the world's major emitting countries including Japan set a goal of achieving carbon neutrality by 2050. Accordingly, it is expected there will be changes to the external environment, including major changes to the energy composition, tightened regulations on CO2 emissions such as the introduction of carbon taxes, a surge in raw material prices, and greater customer demand for improvements to product performance.</p> <p>Furthermore, we believe that there will be a serious impact on our Group's performance if we are unable to launch as planned the products and solutions that will contribute to lowering carbon and decarbonization that the Group is researching and developing, or if products are launched by our competitors that have a competitive advantage.</p>
Potential Impact	<p>Demand for products that contribute to lowering carbon and decarbonization is forecast for Europe, North America, Japan, and elsewhere. The majority of our Group's customers are located in Europe, North America, and Japan. They account for 77% of net sales (fiscal 2022). Accordingly, in the event that future climate change risks become actualized, current products and solutions may lose their competitive advantage, it could have a significant impact on business plans, and that impact may be prolonged.</p>
Mitigation Measures	<p>We are moving forward on the transition to products that use cleaner power sources, such as by switching to electric power for products and by developing products that use hydrogen as a power source. Specifically, in addition to our intentions to launch two types of electric motorcycle in 2023, we also plan to launch a hybrid motorcycle in 2024. Furthermore, we are engaged in developing internal combustion engines that can handle a variety of fuels and contribute to carbon neutrality, such as our aim to put into practical use hydrogen engine motorcycles by the first half of the 2030s.</p> <p>Additionally, we are developing products that will be able to handle the next generation of fuels, such as introducing power generation equipment that allows for mixed hydrogen or exclusive hydrogen firing, and developing hydrogen aircraft.</p>

Cyber security risks

<p>Overview of Risk</p>	<p>Recently, cyberattacks over the internet have been growing more sophisticated, even taking place on a global scale. Generally speaking, there have been cyberattacks against companies through malware such as computer viruses, and there is a rise in such risks as “serious information leaks occurring,” “ransomware attacks that cause systems to go down and make it difficult for business activities to continue,” and “damages that arise from business email fraud.” In addition, there are risks that cannot be ignored from cyberattacks somewhere in the supply chain whose impact on parts procurement and subcontracted processes affects this Group’s business.</p> <p>In the office, while workstyle reforms have led remote work to take root and employees can select from a variety of working styles, the risk of being infected by malware is also on the rise from using company-supplied PCs in environments outside the company.</p> <p>In plants and other production sites, creating smart factories through the use of digital technologies is on the rise, leading to significant improvements in productivity and convenience. However, with that risks that could have a major impact on business activities are rising, such as cyberattacks that lead to interruptions in production activities and stoppages. Among these, with the digital transformation of plants being promoted at the Kawasaki Group and elsewhere, work to visualize plant operations through the use of telecommunications networks and digital technologies is moving forward. As a result, the risk of being damaged by cyberattacks is increasing.</p>
<p>Potential Impact</p>	<p>In the event of a cyberattack, there is the possibility that not only our confidential information but also that of our customers and business partners will be leaked. In particular, because Kawasaki Group manufactures products that are related to public infrastructure and defense equipment, we believe that taking cyber security measures is extremely important.</p> <p>In addition, while we are encouraging digital transformation with the goal of having plans that are connected throughout the value chain, in the event that there is damage due to a cyberattack somewhere in the supply chain, there is the possibility that it will have an impact on operations not just in the Kawasaki Group but also throughout the entire supply chain.</p>
<p>Mitigation Measures</p>	<p>We have developed a global security policy conforming with the National Institute of Standards and Technology (NIST) cyber security framework, and have established all regulations relating to information security aligned with this policy as part of our measures to deal with cyber security risks.</p> <p>We are steadily building a technical defense mechanism conforming with the NIST cyber security framework and a defense system that operates 24 hours a day and all year round. We are also steadily promoting education and awareness raising among employees with regard to these policies, regulations, and technical defense mechanisms.</p> <p>In addition, we are implementing countermeasures for issues as they come to light following analyses of the current situations at respective production sites. Kawasaki has completed a campaign to alert our major suppliers on cyber security measures for the supply chain through procurement departments and has published information security guidelines for suppliers.</p>

Risk Culture

Risk Management Training and Awareness Building

Kawasaki explains the importance of risk management in its grade-specific training programs for employees. In addition, our commitment to improving our enterprise value based on the guiding principles of “selective focusing of resources,” “emphasis on quality over quantity,” and “risk management” is clearly stated in the Kawasaki Group Management Principles, part of the Kawasaki Group Mission Statement. We also post the Mission Statement at work areas and distribute Mission Statement cards to employees to build awareness of these principles.

Checking and Reporting of Potential Risks

We have established and are operating the Compliance Reporting and Consultation System for the domestic Kawasaki Group to identify any potential risks that may exist at the employee level.

Crisis Management

The Kawasaki Group's Risk Management Regulations contain crisis management provisions set out in readiness for the emergence of a risk. These regulations set forth behavioral guidelines and response systems that serve to protect lives and preserve assets, minimize damage and loss, and expedite the resumption of business activities in the event of unplanned interruption.

Basic Policy

Paragraph 3 of the basic policy of the Group's Risk Management Regulations lays out the Kawasaki Group's policy for responding to crises.

In addition to, of course, putting human lives first, the policy also clearly lays out the Company's priority of fulfilling its social responsibility as a company involved in infrastructure-related industries. Specifically, in the event of a major earthquake, we will help operate equipment used for disaster relief (such as aircraft and ships), work to quickly restore and maintain the operation of infrastructure (such as rolling stock, power generation facilities, and waste processing facilities), and support our customers and suppliers.

Crisis Management System (at Times of Crisis and Non-Crisis)

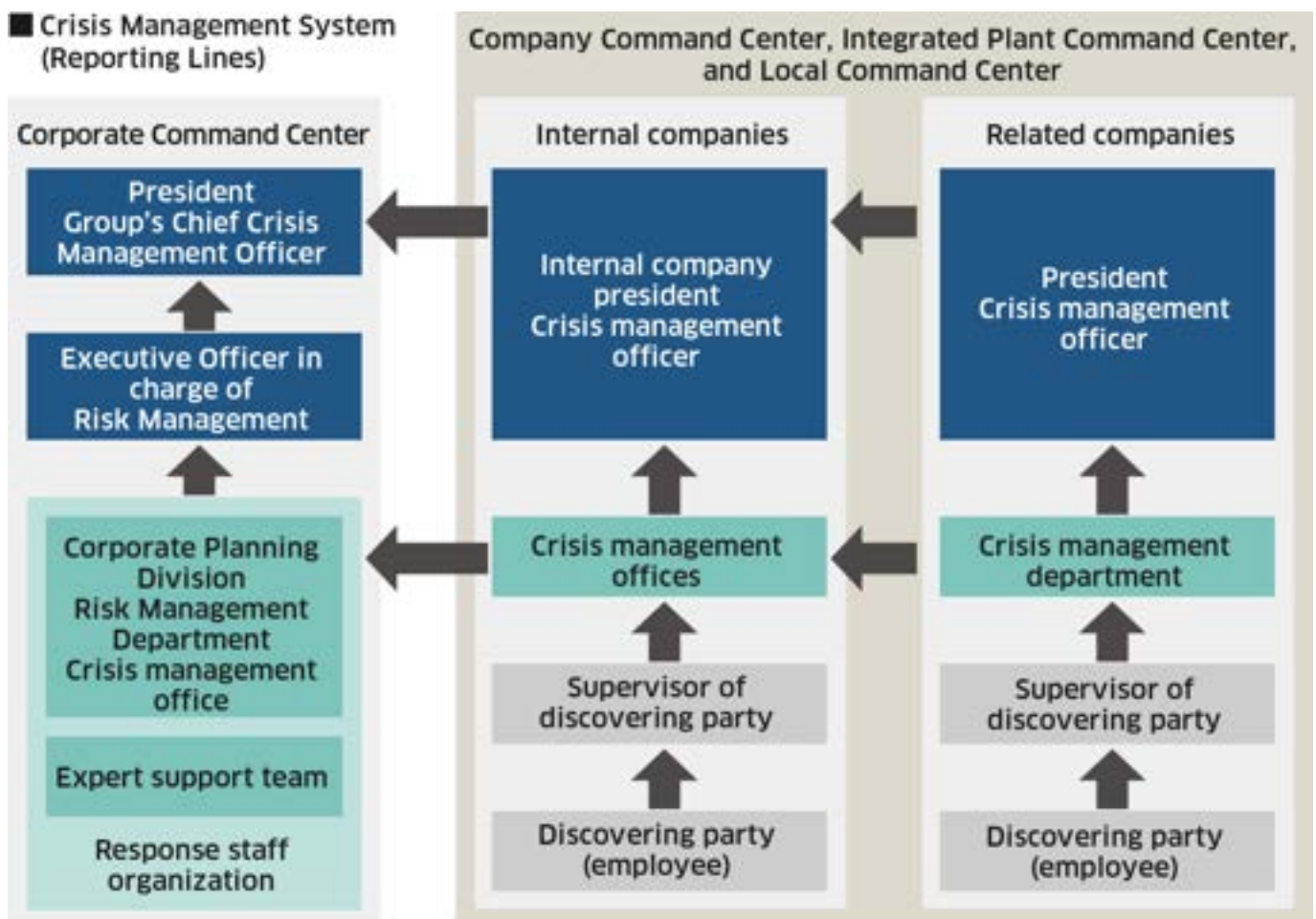
In readiness for risks, including large-scale disasters, we maintain a Group-wide horizontally integrated Crisis Management Organization at all times.

The president is the Group's Chief Crisis Management Officer, while the head of each operating site or organizational unit acts as its crisis management officer. Crisis management offices are set up under the crisis management officers to assist them and are charged with the practical work of putting in place and maintaining a first response system in normal times for mobilization in the event of an emergency. Meanwhile, the heads of the various Head Office divisions and other staff members whom they designate form an expert support team for the crisis management offices.

In Times of Disaster or Accident

The crisis management system sets out in advance emergency reporting lines and organizations charged with responding when emergencies occur. Complementary to the emergency reporting lines, we have set up contact networks covering each internal company, business division, and operating site to ensure quick internal reporting and information promulgation.

Crisis Management System in Times of Disaster or Accident (Reporting Lines)



Emergency Communication System

The Kawasaki Group has introduced an emergency communication system for the entire domestic Group to rapidly confirm the safety of employees when a disaster occurs. Tests are conducted every year to ensure that employees are familiar with the system and know how to use it.

Business Continuity Plans

A business continuity plan (BCP) is itself a management strategy. In addition to typical measures related to response immediately after a disaster, such as setting up disaster-prevention supplies and running evacuation drills, a BCP requires consideration of measures to continue business operations with minimal interruption and fulfill the corporate mission.

Based on the basic policy of the Risk Management, the Kawasaki Group has formulated BCPs for major earthquakes, pandemics, and other disasters.

Business Continuity Plan Review

The lessons learned in the Great Hanshin Earthquake, which hit the Kobe area in January 1995, formed the basis of the Group's disaster-prevention measures. In light of the Great East Japan Earthquake of March 2011, the Group significantly revised its BCP for large-scale earthquakes. In response to the COVID-19 pandemic in 2020, we have revised our pandemic response BCP to include, for example, remote working and other new workstyles. Furthermore, we regularly implement drills and use the results to revise BCPs on an ongoing basis.

1. Basic Policy

Based on basic policy, determine course of action to be taken by the Kawasaki Group in the event of natural disasters.

2. Head Office and Internal Company Priorities

With the basic policy in mind, designate functions to be maintained at the Head Office, internal companies and business divisions even in the event of disaster. We have identified priorities for the Head Office, internal companies and business divisions in line with our basic policy and have designated certain functions that must be maintained even in the event of disaster with due consideration given to the different business content of each internal company and business divisions and the features inherent in products and services.

3. Response in Times of Disaster and Preparation during Normal Times

Consider responses appropriate in the wake of disaster and prepare for the eventuality of such events during normal times.

Many disaster scenarios indicate the possibility of a massive earthquake centered directly under Tokyo as well as a cascade-like triple megaquake event along the Tokai–Tonankai–Nankai segment of the Pacific Ocean coastline. Bearing these potential events in mind, we considered the responses necessary should such catastrophes occur and activities that could be undertaken during normal times to prepare for such eventualities. We formulated a plan that designates specific divisions with specific tasks, and outlined preparations necessary to achieve the desired objectives. Preparations are moving ahead in line with this plan.

4. Drills and Revisions

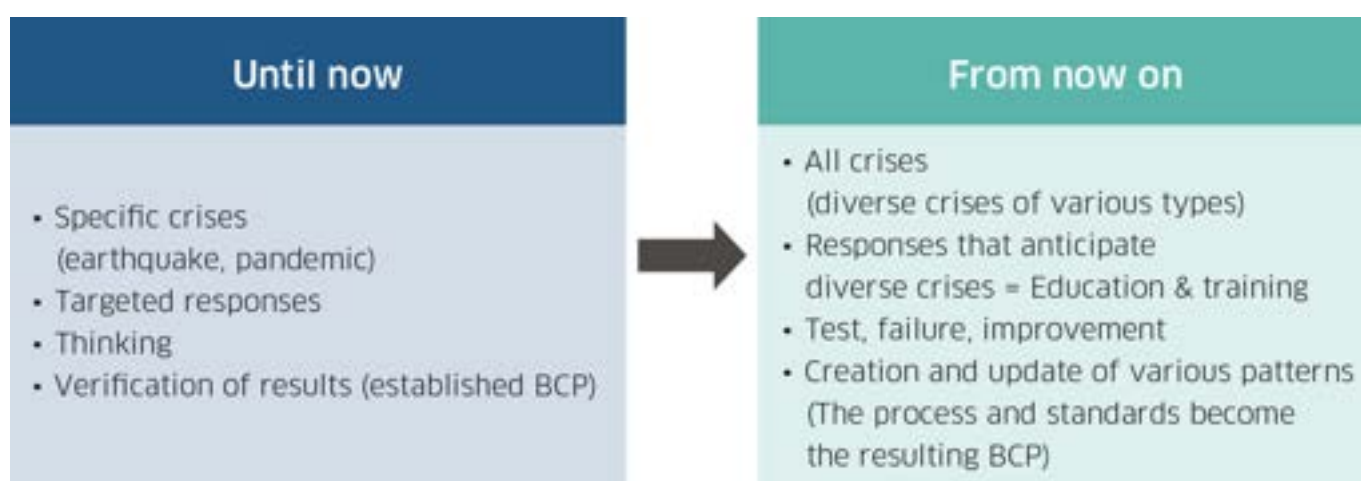
Run drills regularly and revise BCP content based on the results.

We are constantly running BCP drills and revising BCP content based on how the drills were performed.

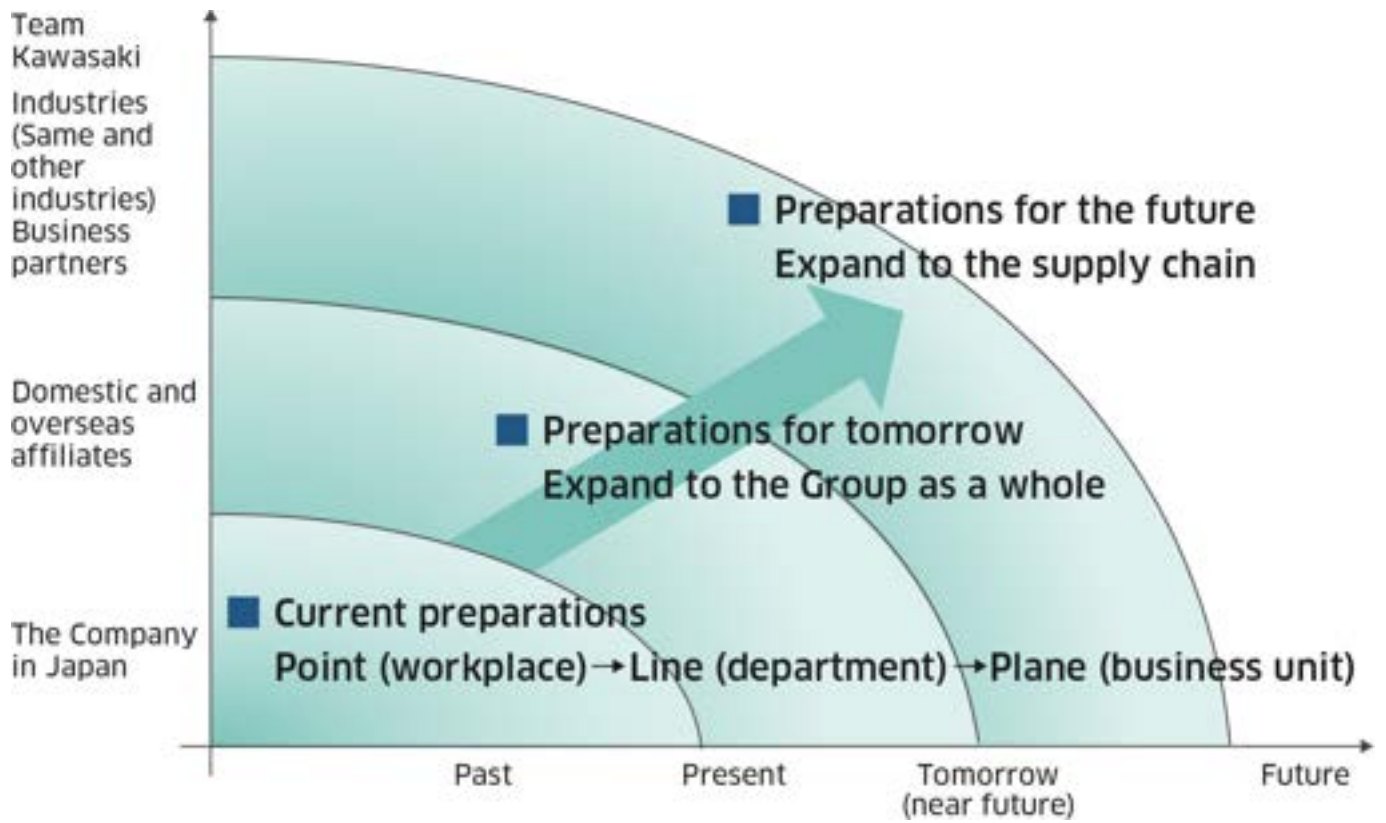
Details of Business Continuity Plan Review

Against a backdrop of growing uncertainty regarding the future of the global economic, including the risks of pandemic, conflict, resources, new energy, and environmental issues, in light of the Japanese government and external demands, we are working to expand the scope of activities and strengthen education and training to establish a BCP that can respond to any crisis that occurs in the future, rather than focusing on earthquake and pandemic crises.

Strengthen BCP Education and Training



Expand Scope of Action




Information Security

Information Security Policy

The Kawasaki Group provides products to a diverse range of customers, from business, the public sector, and general consumers to the Self-Defense Forces, and constantly works toward maintaining and improving its information security to protect information relating to our customers and suppliers as well as information on our businesses to suit the requirements of each customer sector.

The necessary information security management practices have been established as corporate regulations to ensure compliance with domestic and international laws and contracts with clients and to protect our businesses. These corporate regulations are comprised of the underlying Policy on Information Security, along with various other Group policies as well as the internal rules and regulations for establishing administrative management guidelines, including those for the development, implementation, and use of information systems.

The Kawasaki Group recognizes that ensuring information security is a corporate social responsibility and considers it an important management challenge related to business continuity. In order to manage and protect information handled by the Group as an important asset, we have established the following information security policy and aim to ensure proper operations in our business activities.

- [The Kawasaki Group Policy on Information Security \(full text\)](#) 

Information Security Management Structure

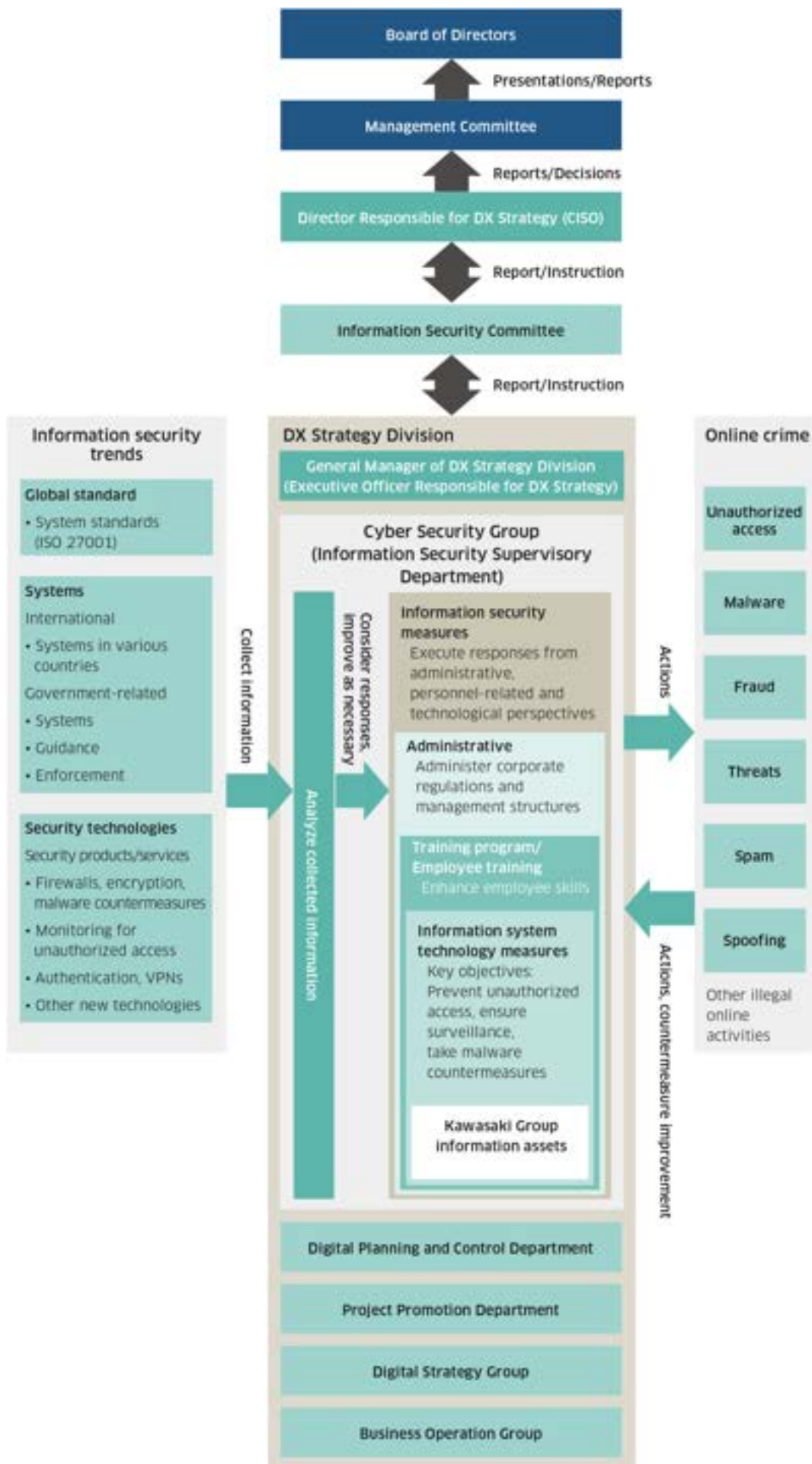
Led by the Head Office DX Strategy Division, we are bringing together the strengths of all internal companies to strengthen the Group's cyber security. We have also established structures to manage the information systems of each internal company within the Head Office DX Strategy Division, and implement security measures based on Company policy.

We have established a dedicated framework under the Corporate Risk Management System to handle information security management for the Group. We adhere to a management cycle with an emphasis on rules, training, and technology measures to address constantly changing information security risks while systematically implementing, maintaining, and enhancing information security measures.

In addition, Benic Solution Corporation, a subsidiary that handles the Group's data center, has acquired ISO 27001 certification, an international standard for information security management, and strives to uphold a high level of operational reliability.

We implement vulnerability analyses of the servers of our demilitarized zone (DMZ) network, which connects internal systems with the outside network, both in-house and with the help of security vendors. Furthermore, we have implemented systems to prevent unauthorized access to data from outside as well as information leaks from inside and to stop the spread of computer viruses as well as systems to check for illicit activity.

Information Security Management System



Responsible Officers

Director Responsible for DX Strategy (CISO): Hiroshi Nakatani, Representative Director, Senior Corporate Executive Officer

Executive Officer Responsible for Cyber Security: Hironobu Urabe, General Manager of DX Strategy Division and Executive Officer

Responsible Executive Organ and/or Committee

- The Director in charge of DX strategy takes on the role of CISO and chairs the Information Security Committee.
- The General Manager of the DX Strategy Division oversees the execution of the cyber security strategy as executive officer and has jurisdiction over the Cyber Security Group, which is the management department. Further, the Cyber Security Group within the DX Strategy Division is the Information Security Supervisory Department and is responsible for cyber security practices.
- Incidents and response status related to cyber security are reported to the Director responsible for DX (CISO) through the Information Security Committee by the General Manager of the DX Strategy Division who is the officer in charge of the Cyber Security Group.

Information Security Education and Training

We conduct regularly education and training focused on information security for Kawasaki Group employees.

This instruction covers laws and social customs as well as corporate rules and examples of incidents, and course content is tailored by position, with content for newly hired employees, general employees, and managerial staff. Training includes regular drills using simulations of targeted attack phishing emails to help employees learn how to avoid damaging situations, such as cyberattacks and online crime, which can occur in the course of daily business operations.

In fiscal 2022, 9,803 employees took the information security training, while 2,308 employees underwent training drills using targeted attack phishing emails.

- [Information security training participants \(ESG Data\)](#).

Number of Violations, Details of Violations, and Actions Taken

There were no cases of violations pertaining to information security in fiscal 2022.

Product Security

The Kawasaki Group's products continue to evolve to provide more advanced features and services by connecting to networks and the cloud. Meanwhile, as the risk of cyberattacks increases due to the advance of digitalization, we are committed to maintaining and improving product security to protect our customers and their businesses.

Supplementary to our compliance with domestic and international laws and regulations, standards, and agreements with customers, we have established the Kawasaki Group Product Security Policy as our policy for providing safe and secure products and services by preventing breaches from cyberattacks. In addition, we maintain guidelines to ensure proper security in activities throughout the entire product lifecycle, from product and service planning, development, and manufacturing to their operation. The Kawasaki Group has also established a dedicated organization to oversee product security which manages product security processes to ensure that they function properly.

- [The Kawasaki Group Product Security Policy \(full text\)](#) 


Personal Information Protection

Kawasaki abides by its Privacy Policy, a basic policy for protecting personal information. This policy is disclosed. Further, we control personal information by such means as appointing a personal information administrator, establishing corporate regulations titled Personal Information Protection Rules, and issuing the Personal Information Protection Manual, which explains the rules clearly for employees. In 2020 we established the Kawasaki Group Policy on the Protection of Personal Information, laying out Group-wide rules for the proper handling of personal information.

In accordance with the revision of the Act on the Protection of Personal Information of Japan in April 2022, we revised relevant corporate regulations, the Privacy Policy and the Personal Information Protection Manual. For the control of personal information, such measures are taken as constructing the security control systems for the personal information possessed by each division and preparing and regularly updating the personal data handling ledger in which the handling status of such personal information can be checked.

With regard to personal information in the Company's possession, we have put in place a structure that ensures a prompt response to requests from individuals related to their own personal information, such as requests for disclosure or discontinuance of utilization.

While cyberattacks targeting the Kawasaki Group with the potential to lead to virus infection are on the increase, there were no substantial incidences of damage from information leaks from the Group's network in fiscal 2022.

- [Privacy Policy](#)
- [Kawasaki Group Policy on the Protection of Personal Information](#) 

Response to the General Data Protection Regulation

The Kawasaki Group has established corporate regulations regarding compliance with the European Union's and UK's General Data Protection Regulation (GDPR), laying out rules for the proper handling of personal information covered by the GDPR.

Research and Development

Management Approach

Our Approach and Policy on R&D

The business segments and Corporate Technology Division come together in an effort to concentrate available technologies, pursue the utilization of technological synergy, and thereby develop competitive new products and new businesses toward enhancement of the Kawasaki Group's corporate value into the future.

The Kawasaki Group's R&D also endeavors to achieve a good balance between the activities of each business segment to develop new products and new businesses, and to create future new products and new businesses, and the nurturing and strengthening of basic technologies for the achievement of this end.

Engineers in each business segment and specialists in the Corporate Technology Division with expertise in various fields form project teams to share issues and develop new products and new businesses with the aim of consistent overall optimization. Furthermore, the Corporate Technology Division acts as an intermediary facilitating mutual access to the technological core competencies possessed by each business segment so that they can be applied to products in other segments. This approach enables the multifaceted expansion of technology and realizes major synergistic effects.

Thus, by adopting so-called matrix management combining the core technologies of each business segment and the basic technologies of the Corporate Technology Division, we aim to create technological synergy throughout the entire Kawasaki Group and to further enhance corporate value.

Based on this approach, we have established the Kawasaki Group Policy on R&D.

- [Kawasaki Group Policy on R&D](#) 

Structure

Each business segment carries out R&D in area specific to its business, while the Corporate Technology Division handles forward-looking R&D on a Company-wide basis. The business segments and Corporate Technology Division work together closely on each project.

In addition, the entire Company works as one toward the realization of Group Vision 2030.

The Corporate Technology Division comprises the Corporate Technology Planning Center, Technical Institute, System Technology Development Center, Process Engineering Center, Intellectual Property Department, and HR and General Administration Department. Working together with the Hydrogen Strategy Division, the Head Office Presidential Project Management Division, and DX Strategy Division, these bodies collaborate to advance R&D.

Responsible Officer

Hiroshi Nakatani, Representative Director, Senior Corporate Executive Officer, General Manager of Corporate Technology Division

Responsible Executive Organ and/or Committee

The business segments and the Corporate Technology Division meet regularly to share information about the market environment and business strategy and form consensus regarding development themes.

They also regularly take steps to concentrate technologies from across the Company to plan and follow up on important Company-wide R&D, facilitate the horizontal exchange and sharing of technologies, and promote synergy.

- R&D Expense (ESG Data)

Promotion of Innovation

Open Innovation

We have promoted open innovation as specified in the fourth section of Kawasaki Group Policy on R&D.

4. Pursuit of R&D Efficiency


In addition to pursuing R&D activities that leverage the mutual utilization of technologies possessed by business units within the Group, the Kawasaki Group will take advantage of open innovation to access cutting-edge technologies being developed at universities and external research organizations at home and abroad. Furthermore, the Group will proactively promote collaboration with external businesses.

Initiative in Open Innovation

Kawasaki Opens “Future Lab HANEDA”—An Open-Innovation Hub for Robotics Development

On April 20, 2022, Kawasaki Group launched “Future Lab HANEDA” for open-innovation-based development of robotics products and services and demonstrations for their potential real-life implementation at Haneda Innovation City, a large-scale, multi-purpose complex with retail facilities and offices located adjacent to Haneda Airport.

The Lab—which was established by a consortium comprising Kawasaki, Intellectual Capital Management Group (ICMG), Kiraboshi Bank, Ltd., Haneda Airport (Japan Airport Terminal Co., Ltd. and Haneda Future Research Institute Inc.), and Ota City, Tokyo—offers a space for conducting demonstration tests intended for social implementation of robotics products to resolve various social issues. The launching of the Lab was part of the “Haneda Kyoso (Co-Generation) Project,” aimed at establishing a sustainable service ecosystem.

- [Kawasaki Opens "Future Lab HANEDA" — An Open-Innovation Hub for Robotics Development \(Kawasaki Press Release on April 20, 2022\)](#). 

Process Innovation

- Improved our transportation process that applies 3D data
- Improved our production process with front-loading that utilizes VR technology
- Introduced an automated testing system that employs image processing technology
- Utilized next-generation work instruction systems that leverage projection mapping

Effects of Process Innovation

As a notable achievement, on account of the optimization of our returnable boxes used in the transportation of parts through verification that employs shipping performance data and 3D data of parts, we have improved our loading efficiency and thereby succeeded in reducing our distribution costs in Japan by 5%.

Environmental Innovation


At Kawasaki, we have defined a set of in-house criteria to improve the environmental performance of our products through energy and resource conservation and to reduce our environmental footprint by reducing the amount of industrial waste produced and chemical substances used in our production processes. Products that meet these criteria are registered as the Kawasaki Ecological Frontiers system (formerly the Kawasaki-brand Green Products system).

- Environmentally Conscious Products

Intellectual Property Management

Principles of Intellectual Property Management

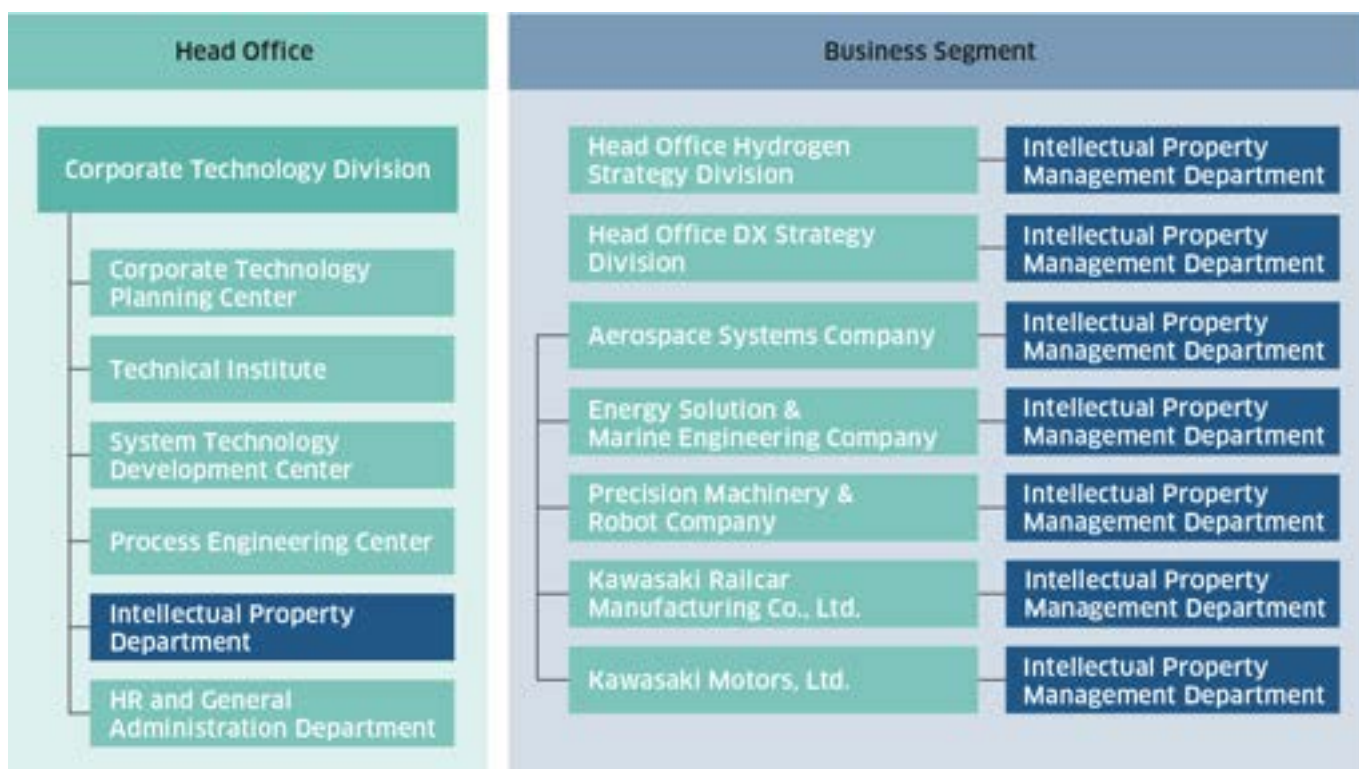
The Kawasaki Group has positioned intellectual property (IP) as an important management resource supporting our efforts to develop businesses and brands with competitive advantages by leveraging creative and innovative solutions and taking full advantage of our core competencies. These assets are therefore essential to achieving ongoing improvement in corporate value. On the basis of this recognition, and in accordance with the Kawasaki Group Policy on Intellectual Property, we endeavor to ensure and utilize the IP rights of the Group and strive to respect and prevent violation of the valid IP rights of third parties by promoting three-pronged activities with IP added to business and R&D.

- [Kawasaki Group Policy on Intellectual Property \(full text\)](#) 

Structure

To promote strategic intellectual property activities, we maintain a structure whereby the Intellectual Property Department in the Corporate Technology Division drafts and implements corporate measures and works with the intellectual property management departments of each business segment to carry out intellectual property activities in line with each segment's business.

Intellectual Property Activities Structure



Responsible Officer

Hiroshi Nakatani, Representative Director, Senior Corporate Executive Officer

Responsible Executive Organ and/or Committee

The Intellectual Property Committee formulates operating and basic policies regarding Company-wide intellectual property activities, and holds committee meetings as it deems necessary.

Strategic Intellectual Property Activities

By taking part in business planning from the earliest stages, providing information useful for developing a business strategy that leverages IP information, making suggestions regarding strategy, and developing and promoting an IP strategy that will strengthen the business strategy, we strive to implement IP activities in coordination with management and the business strategy.

Countermeasures to the Improper Use of Kawasaki Group Brands

We have in place appropriate countermeasures based on trademark and other rights for dealing with commercial activities that make unauthorized use of Kawasaki Group brands, the manufacture and sale of counterfeit products, the use and application for registration of trademarks similar to those of the Kawasaki Group, and related issues. By further developing such activities, we are committed to contributing to the protection and further enhancement of market confidence in our brands.

Invention Reward System

Based on the Patent Law regulation pertaining to inventions by employees, Kawasaki has established a provision in its internal rules regarding inventions by employees to reward employees at specific milestones, such as the filing of a patent application (application reward), patent registration (registration reward), and practical application (performance-based reward). The Company faithfully adheres to this provision. In addition, the same reward system is applied even when the invention is not made public for strategic reasons. Of note, the performance-based reward is fairly awarded after duly taking into consideration how the Company has benefited from the invention, using an evaluation standard based on comparisons with other companies in the same industry as well as trends in society.

Employee Training

Intellectual property is an important management resource for increasing our business competitiveness. As such, Kawasaki's basic policy is to secure and effectively utilize its own intellectual property while respecting the valid intellectual property rights of third parties. In line with this policy, we carry out grade-specific activities to foster correct awareness of intellectual property.

Environment

106	Environmental Management
113	CO ₂ FREE (Realization of a Carbon-neutral Society)
129	Waste FREE (Realization of a Recycling-oriented Society)
133	Harm FREE (Realization of a Society Coexisting with Nature)
135	Environmentally Conscious Products

Environmental Management

Environmental Charter

The Kawasaki Group has instituted an Environmental Charter, to promote environmental management activities. This contains its Environmental Philosophy and Conduct Guidelines, which indicate the common values, principles of environmental management activities, and daily codes of conduct required of all individuals at the Group.

Environmental Philosophy

The Kawasaki Group pursues business activities globally in key industries related to land, sea, and air, guided by the desire to contribute to the development of society through monozukuri manufacturing. In this effort, as a group, we emphasize the "realization of a carbon-free society," "realization of a recycling-oriented society," and "realization of a society coexisting with nature" to help solve global environmental issues, and we strive to help build a sustainable society through environmentally harmonious business activities and environmentally conscious Kawasaki-brand products and services.

Conduct Guidelines

Global environmental problems are serious issues shared by people around the world and, making it a management priority to ensure that business activities are conducted in harmony with the environment, we will strive willingly and vigorously toward this goal.

1. We will endeavor to conserve resources, save energy, recycle, and reduce industrial waste in production stages, and we will promote efforts to limit the impact of our operations on the environment.
2. We will carefully consider environmental impact during product planning, R&D and design stages to limit as much as possible any environmental impact caused during procurement, production, distribution, utilization and disposal stages of the products we make and market.
3. We will strive to minimize the impact our business activities have on ecosystems and engage proactively in efforts to protect these ecosystems.
4. In seeking solutions to global environmental issues, we will develop and provide new technologies and new products that effectively contribute to environmental protection and reduced consumption of energy and natural resources.
5. Going beyond environment-related laws, regulations, conventions, and self-established action plans in related industries, we will implement our own environmental control standards, as appropriate, and strive to improve environmental management.

6. Through environmental training and public relations activities, we will strive to elicit greater awareness of global environmental issues among all employees and will encourage employees to perform a self-improvement review and participate in social contribution activities.
7. We will implement an environmental management system for environmental protection activities, hold regular conferences on environmental protection activities, undertake reviews, and strive to achieve continual improvement in our environmental protection activities.

Kawasaki Global Environmental Vision 2050

Pursuing Three "Frees": CO₂ FREE, Waste FREE and Harm FREE

In light of the Paris Agreement enacted to restrict global warming and the Sustainable Development Goals (SDGs) adopted by the United Nations, the Kawasaki Group has announced that it will collaborate toward the realization of a sustainable society in the future, and formulated the "Kawasaki Global Environmental Vision 2050."

The Group will take on its three major objectives to embody its aspirations for 2050 of "CO₂ FREE," "Waste FREE," and "Harm FREE," and will actively contribute to mitigating global warming, promoting a recycling-oriented society, and protecting biodiversity.



**Activity Mark: Designed with the three challenges, imagining a "letter to the future."*

CO₂ FREE

- Aim for zero CO₂ emissions in business activities
- Provide products and services that greatly curb CO₂ emissions

Waste FREE

- Aim for zero waste emissions in business activities
- Thoroughly enforce conservation and recycling of water resources

Harm FREE

- Aim for zero harmful chemical substances emissions in business activities
- Develop business with respect for biodiversity

- [Press Release \(Aug.09,2017\)](#).

The Environmental Management Activities Plan 2023 (FY2023-2025)

Based on the Environmental Philosophy and Conduct Guidelines given in the Environmental Charter, as well as the Group Mission and the Group Vision 2030, the Group has formulated the Environmental Management Activities Plan as key strategies which cater to the needs of society (ESG investment, information disclosure) and facilitate the realization of both environmental conservation and business growth and the Kawasaki Global Environmental Vision 2050 goals of "CO₂ FREE," "Waste FREE," and "Harm FREE."

Until 2021, the activities plan was formulated every three years, with follow-up on progress conducted annually. However, in view of the ever-changing requirements relating to the environment, including the move toward decarbonization, resource recycling, and biodiversity, the plan has been formulated as one which looks ahead three years from 2022 and which will be reviewed annually.

For CO₂ FREE (realization of a decarbonized society), the Group embodies its carbon neutrality strategies in the Environmental Plan, and is actively moving toward achieving carbon neutrality at domestic business sites by 2030.

For Waste FREE (realization of a recycling-oriented society), we will continue to actively investigate circular economy business models to cater to the circular economy.

For Harm FREE (realization of a society coexisting with nature), we will continue to actively disclose the outcomes of macro-impact studies of effects on biodiversity from the Group's operations and measures to address these as a means to meeting the requirements of the TNFD (Task Force on Nature-Related Financial Disclosures).

Refer to individual pages for details of the key strategies for CO₂ FREE, Waste FREE and Harm FREE.

- [CO₂ FREE \(Realization of a Carbon-neutral Society\).](#)
- [Waste FREE \(Realization of a Recycling-oriented Society\).](#)
- [Harm FREE \(Realization of a Society Coexisting with Nature\).](#)

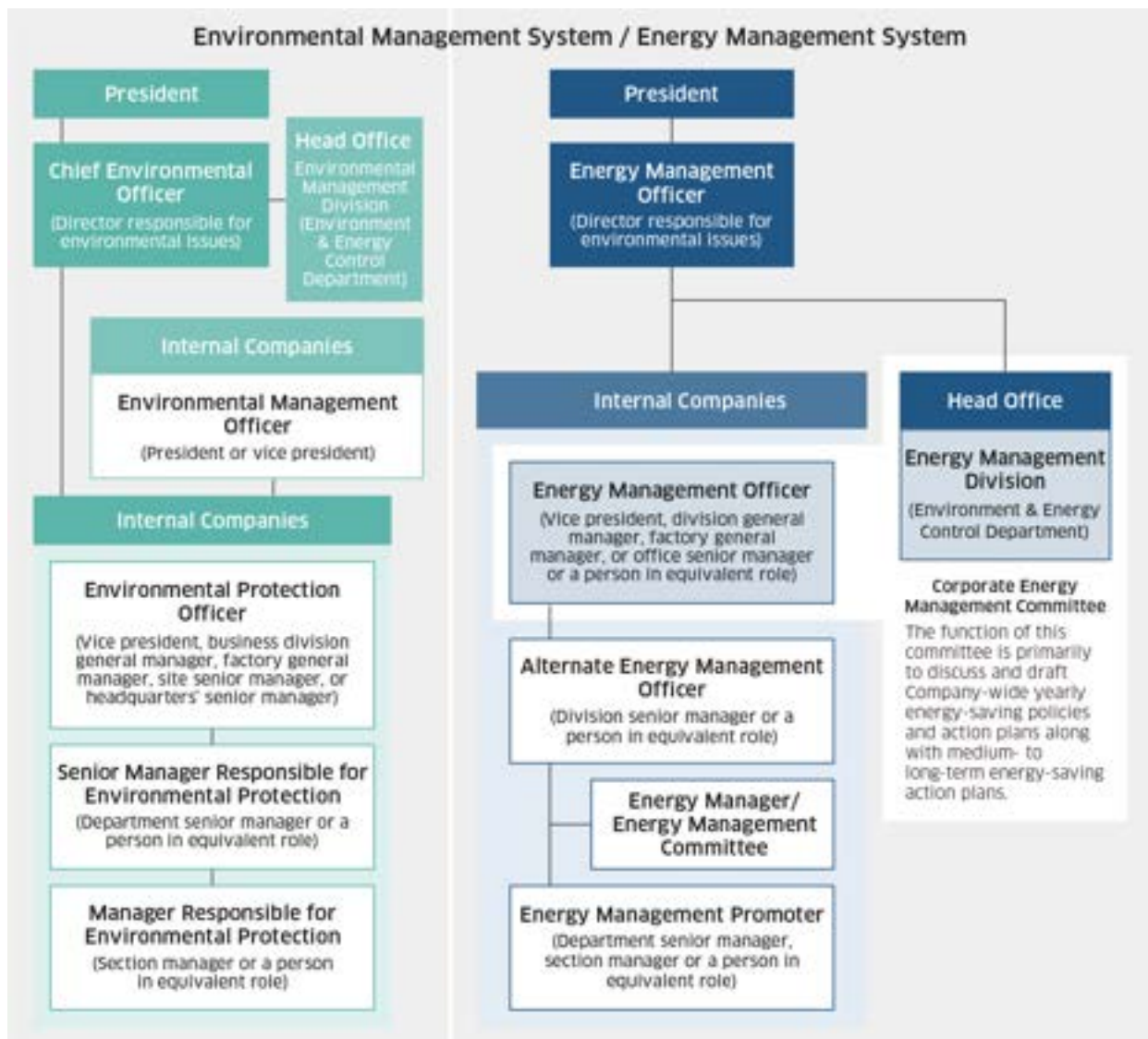
Environmental Management Promotion Structure

At the Kawasaki Group, the Board of Directors is positioned as the supreme decision-making body responsible for deliberations on and finalization of fundamental sustainability policies and basic plans for the entire Group.

In addition, the Group have established the Sustainability Committee, as an executive-level committee chaired by the President, which decides on various measures based on the basic plan stipulated by the Board of Directors and delivers progress reports to the Board of Directors.

Environmental management strategies, including risks and opportunities related to climate change, are deliberated on by the Sustainability Committee as part of fundamental sustainability policies for the entire Group, and the Sustainability Committee delivers regular reports on activities related to environmental management to the Board of Directors.

We also set out basic matters relating to environmental and energy management, and have instituted an environmental management system and energy management system with the aim of extending the Environmental Management Activities Plan to the business segments and of promoting the effective use of energy.



Responsible Officer

Hiroshi Nakatani, Representative Director, Senior Corporate Executive Officer, Chief Environmental Officer

Compliance with Environmental Laws and Regulations

Response to Environmental Laws and Regulations

We hold liaison conferences as needed for personnel with environmental responsibilities to ensure adherence to environmental laws and regulations, the dissemination and full understanding of legal revisions, and the enhancement of their capabilities. These conferences, which are held under the direction of the Head Office Environmental Management Division, serve as opportunities for working with Group personnel to preempt environmental accidents and other compliance-related problems.

In recent years, we have implemented initiatives in response to laws and regulations related to chemical substances, such as the European Union's ELV Directive^{*1}, RoHS Directive^{*2}, and REACH Regulation^{*3}, as well as the Euro 4 regulation on motorcycle exhaust emissions.

In fiscal 2022, there were no revisions to relevant laws. We will continue to collect information on applicable laws and regulations going forward.

*1 ELV Directive: End of Life Vehicles Directive

*2 RoHS Directive: Directive on Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment

*3 REACH Regulation: Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals

Environmental Compliance

The Kawasaki Group strives to implement environmental management activities in compliance with environmental laws and regulations.

There were no incidents resulting in fines in fiscal 2022.

The number of accidents and pollution incidents which have resulted in environmental problems as well as the number of complaints regarding environmental issues have been summarized on the ESG data page. All of these have been successfully resolved through the institution of actions and measures to prevent recurrence.

Environmental Education

Various Training Conducted

We conduct a variety of training for Group employees to increase their understanding of environmental management.

Target	Content (format)	Frequency	Fiscal 2022 results
Managerial staff	Mainly environmental management (e-learning)	Content will be updated with the formulation of each three-year Environmental Management Activities Plan and education carried out within the period of the plan	Implementation: February 15–March 31, 2023 Participants: Approx. 4,500 (approx. 95%) (for all target employees)
General employees	Practical implementation of environmental management (distribution of pamphlets)	Content will be updated with the formulation of each three-year Environmental Management Activities Plan and distributed to all general employees upon such update and to new hires thereafter	Implementation: April 2022–March 2023 Recipients: Approx. 350

Raising Environmental Awareness

We periodically distribute information internally to raise environmental awareness. We conduct ongoing awareness raising activities, including the publication of environment related articles in the Kawasaki Group internal bulletin, distribution of the President's message for Environment Month, and distribution of information (case examples of energy saving, forestation activity reports, environmental activities at respective business sites, etc.) through our intranet, so that employees can put environmentally conscious activities into practice not only at the workplace, but also in their local communities and homes.

The Kawasaki Group internal bulletin published in February 2023 included an article on the Kawasaki Group's climate change initiatives. Questionnaire results indicated the high level of interest in this topic, with the article being selected as the best in the issue.

Cultivating Qualified Managers

To enrich management activities emphasizing energy and the environment, we are striving to cultivate individuals with legal qualifications required under laws and regulations related to energy and the environment. The number of employees with legal qualifications at the Kawasaki Group in the most recent four years is indicated in the ESG data.

We also conduct training for internal ISO 14001 environmental management and environmental auditors as an internal qualification. As of the end of fiscal 2022, there were 1,530 individual environmental management and environmental auditors.

- [Employees with Legal Qualifications \(ESG Data\)](#).

CO₂ FREE (Realization of a Carbon-neutral Society)

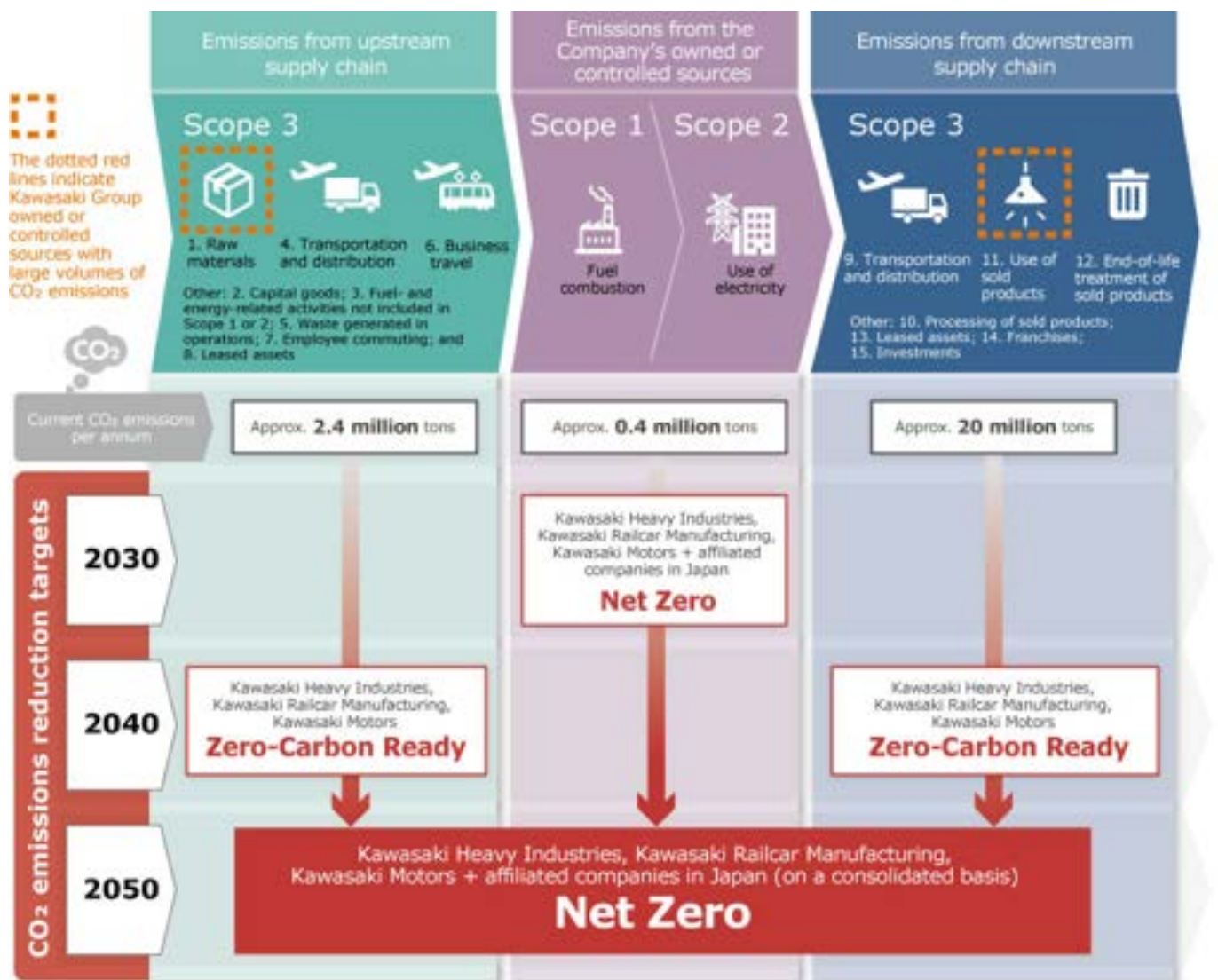
In October 2020, the Japanese government declared its target of achieving carbon neutrality by 2050, to this end raising its fiscal 2030 reduction target for CO₂ emissions from 26% to 46% (both compared with the fiscal 2013 level) in April 2021. This is but one example of decisions made by countries around the globe amid the accelerating trend toward across-the-board decarbonization and the realization of a low-carbon society.

Toward achieving the CO₂-free target set out in the Kawasaki Global Environmental Vision 2050, the Kawasaki Group is not only actively engaged in realizing carbon neutrality at its plants (Scope 1 and 2) but also throughout its supply chain (Scope 3).

Efforts to Achieve Zero CO₂ Emissions—Carbon Neutrality Targets (Medium- to Long-term Targets)

Toward achieving the CO₂-free target set out in the Kawasaki Global Environmental Vision 2050, the following CO₂ emission reduction targets have been set for the years 2030 and 2040.

Target year	Scope no.	Corresponding companies	Target
2030	Scope 1 and 2	Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors + Affiliated companies in Japan	The Group aims to achieve carbon neutrality at its domestic business sites through the further advance of energy saving, the expanded use of renewable energies, and the expansion of waste-to-energy power generation, as well as independent initiatives focusing on hydrogen power generation. Of the approximate 400,000 tons of emissions recorded under Scope 1 and 2 as of 2021 (consolidated basis), the target is to reduce the 300,000 tons of emissions, which include those of the domestic group, to a net zero by focusing on in-house hydrogen power generation domestically.
2040	Scope 3	Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors	Zero-Carbon Ready Category (i): Reduce CO ₂ emissions by 80% (compared to fiscal 2021) Category (xi): Develop a lineup of CO ₂ -free standard solutions, and further facilitate global CO ₂ reductions through the carbon capture, utilization, and storage (CCUS) business, etc.
2050	Scope 1 to 3	Consolidated basis	Achieve net zero CO ₂ emissions at the Kawasaki Group and throughout its supply chain



Scope 1 and 2

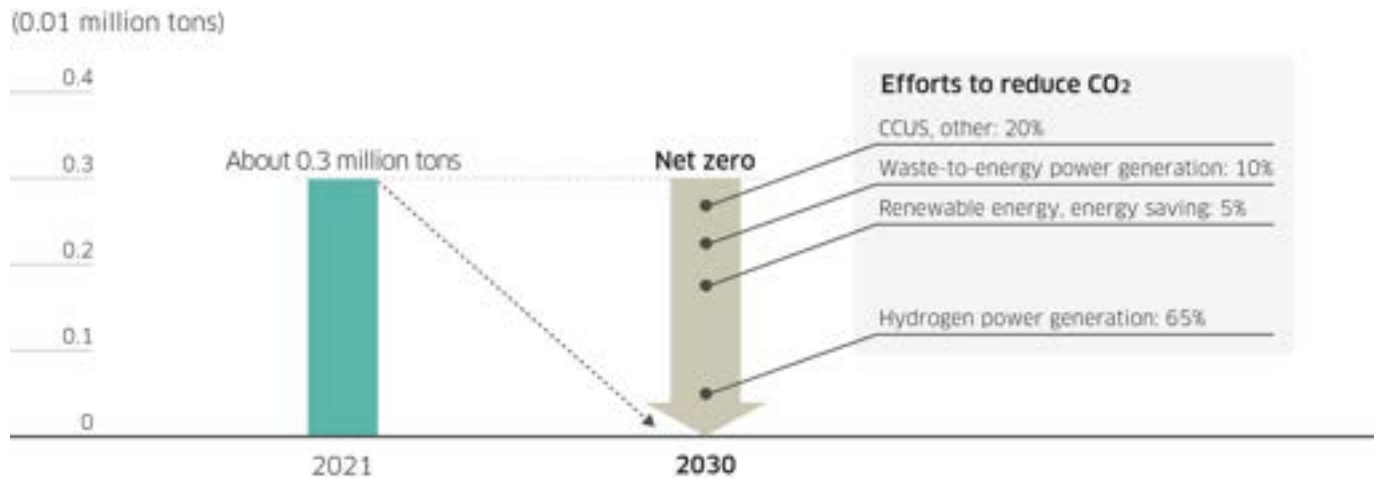
Corresponding companies: Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors + Affiliated companies in Japan

Toward the Realization of Independent Carbon Neutrality by 2030 through Initiatives Focusing on Hydrogen Power Generation

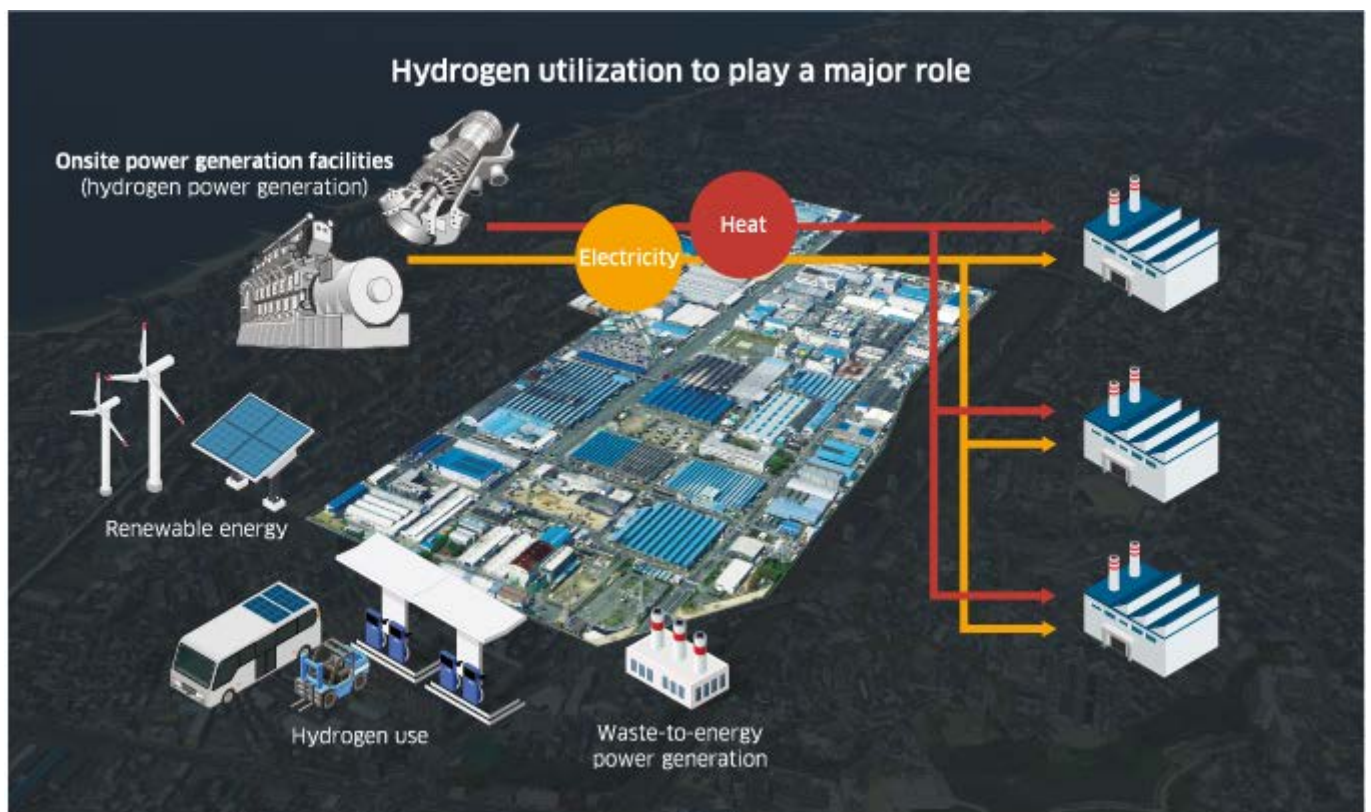
To reduce Scope 1 and 2 CO₂ emissions, the Kawasaki Group will first create zero-emissions plants in Japan, which accounts for three-quarters of the Group's total annual emissions of 400,000 tons, by combining power generation from waste, renewable energy, and other sources with a focus on in-house hydrogen-fueled power generation facilities, as described below. We will then expand implementation to overseas subsidiaries and promote the introduction of hydrogen energy to existing power generation facilities previously delivered to customers and other facilities.

The natural gas-fired gas turbine facilities previously delivered by the company that are in operation as of 2022 have a total capacity of about 1,000 MW. If we make proposals for the introduction of hydrogen energy and are able to transition these facilities to mixed hydrogen or exclusive hydrogen firing, it will be possible to shift to hydrogen energy without making substantial changes to existing facilities.

Hydrogen power generation is currently advancing from the verification stage to the commercial application stage, and one urban area that can serve as a model, we have already achieved supply of heat and electric power generated exclusively from hydrogen using gas turbines manufactured by Kawasaki Heavy Industries.



Zero-Emission Plant



- CO₂ Emissions (Scope 1, Scope 2) (ESG Data)

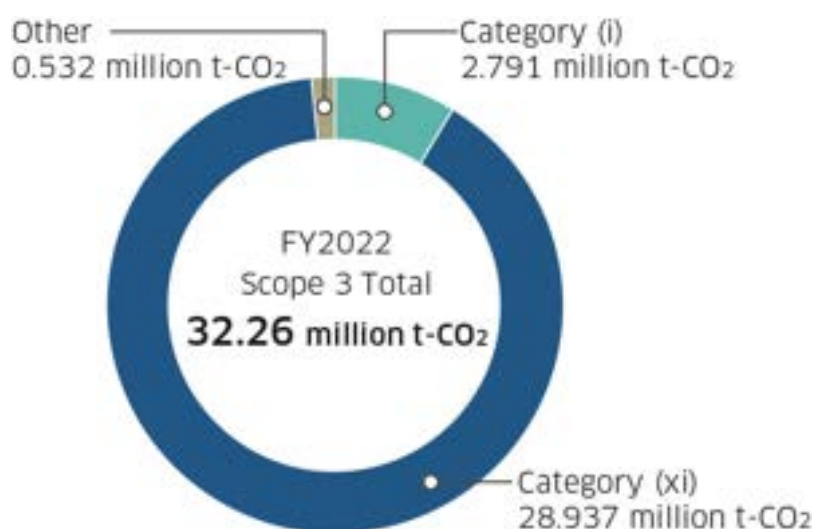
Scope 3

Corresponding companies: Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors

Leading Society by Advancing Toward Zero-Carbon Ready

Scope 3 Net Zero can only be achieved when all parties in the value chain including trading partners and clients become Zero-Carbon Ready. The Company will implement the maximum possible measures concerning Scope 3 to become Zero-Carbon Ready by 2040. Specifically, for category (i), we will slash CO₂ emissions by suppliers of materials and parts by 80%, and for category (xi), we will develop a lineup of CO₂-free standard solutions in all businesses. Moreover, we will reduce CO₂ emissions by more than the Company's own Scope 3 emissions by working toward achieving a hydrogen-based society and engaging in the CCUS business, thereby contributing to the early achievement of carbon neutrality around the world.

Scope 3 Breakdown by Categories



* Regarding Category (xi) in Scope 3, from fiscal 2022, the scope of calculation was expanded from a total of KHI, KRM, and KMC, to the Kawasaki Group.

- [CO₂ Emissions \(Scope 3\) \(ESG Data\)](#)

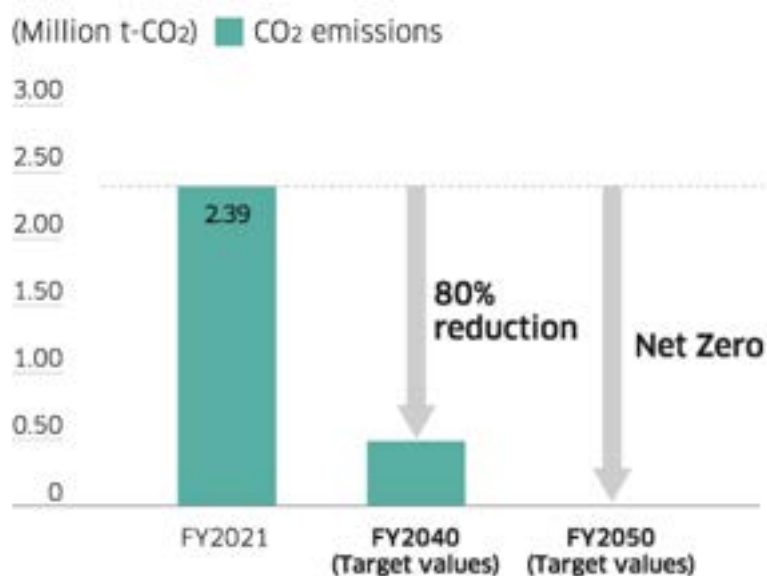
Scope 3 Category (i) Procurement of materials and parts

Support industrial initiatives with hydrogen and CCUS solutions to further accelerate reductions

It is anticipated that many industries and companies will tackle the reduction of CO₂ emissions through various measures, including the utilization of renewables and efficient energy use.

The Company will deepen its partnerships, including sharing emissions data with business partners, offering support for CO₂ reductions and striving for early achievement of zero emissions. This will be achieved by means not limited to in-company utilization by the Group of solutions such as hydrogen power, hydrogen fuel, and other alternative fuels, as well as CCUS, but also by providing these solutions to business partners that supply materials and parts.

Scope 3 Category (i) (CO₂ reductions scenarios)



Scope 3 Category (xi) Providing customer solutions

Provide CO₂-free solutions to all customers

The Group will actively further three major initiatives. The first will be the provision of CO₂-free fuels and electrical power to society, with a focus on its hydrogen business. The second will be to make a selection of choices for electrification and CO₂-free fuels available to customers utilizing our various solutions including mobility and robots. The third will be to undertake initiatives to provide CCUS solutions to capture CO₂ emitted into the atmosphere, and subsequently store underground or use this CO₂.

With these three pillars, the Group will make choices available to our customers of products and services (excluding defense and related; emergency products business) that contribute to the achievement of carbon neutrality by 2040, and promote global reductions in CO₂.

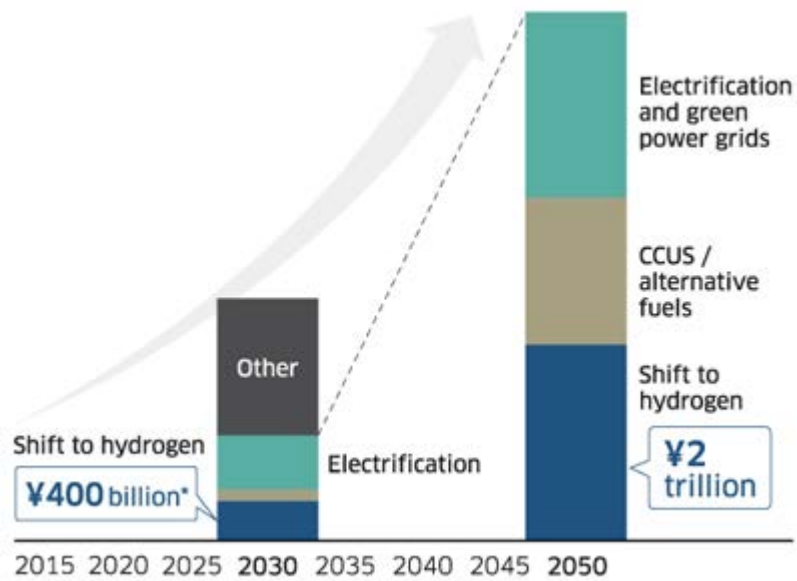
* From fiscal 2021, the Group modified its calculation method to allow more accurate records of emissions levels for Scope3 category (xi).

Previously, CO₂ emissions levels for products such as hydraulic machinery, manufactured as parts to be incorporated in finished products, were calculated by tallying the CO₂ emissions levels of the finished products such as construction machinery. However, from fiscal 2021, these calculations will also take into account the degree of contributions and weight ratios for final products.

Direction of Transitions by Business

Businesses	Shift to hydrogen	Electrification and green power grids	CCUS / alternative fuels
Aerospace Systems	○	○	○
Rolling Stock	○	○	○
Precision Machinery	○	○	○
Robot		○	
Power Sports & Engine	○	○	○
Energy	○	○	○
Marine machinery	○	○	○
Plants	○	○	○
Ship & offshore structure	○	○	○

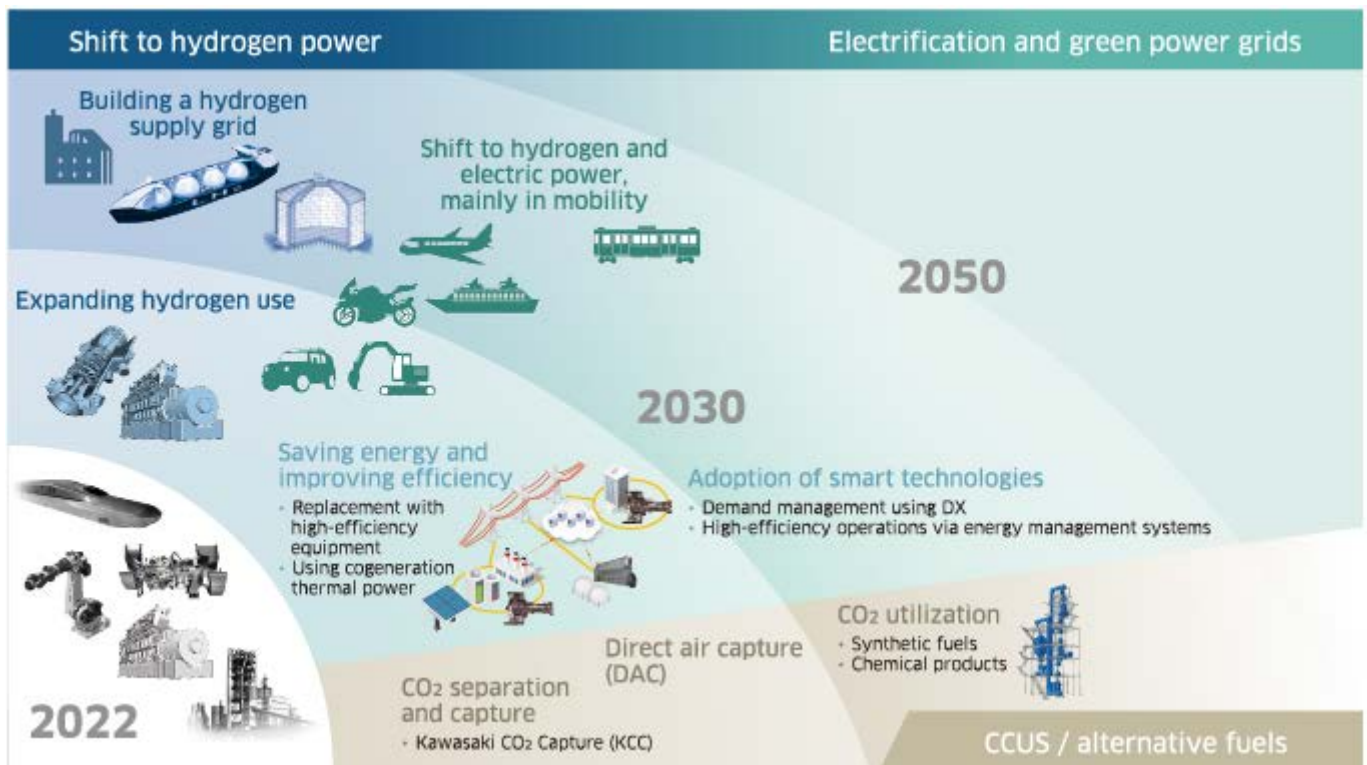
Envisioned Scale of Business by Future Solution



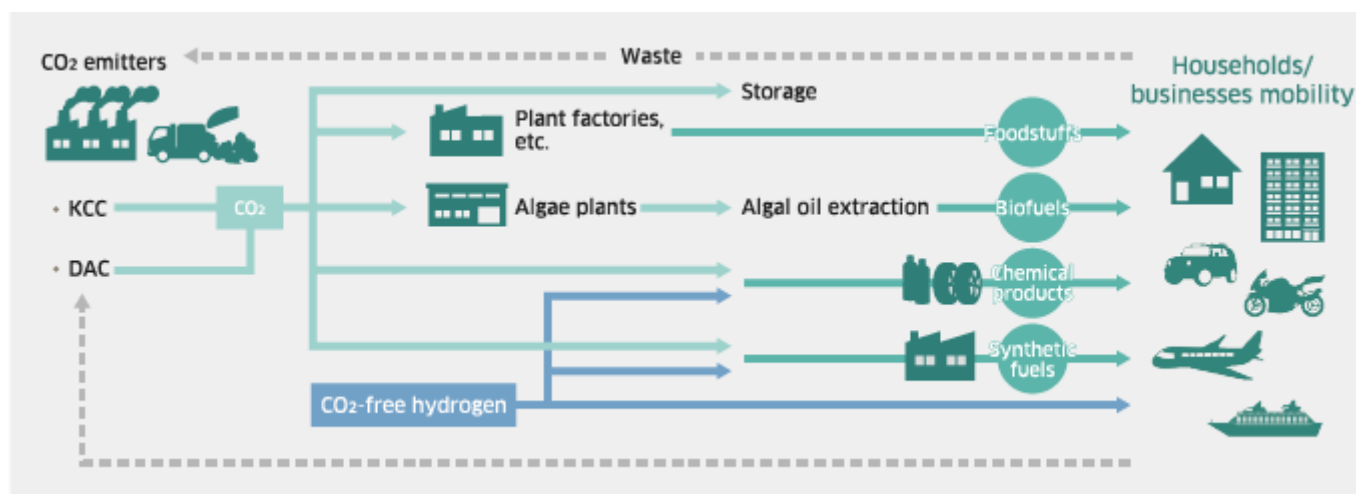
* Following the Group Vision 2030 · Business Report Meeting held on December 6, 2022, the net sales target was revised from 300 billion yen to 400 billion yen.

- [Group Vision 2030 · Business Report Meeting](#)

Decarbonization Solutions



A CO₂-recycling Society



Information Disclosure in Line with the TCFD Recommendations (Scenario Analysis)

Climate change-related information based on TCFD recommendations is reported in the Kawasaki Report.

Please refer to the link below for the details on our report in fiscal 2023.

- [Information Disclosure in Line with the TCFD Recommendations](#) 

Environmental Management Activities Plan 2022 (Short-term Target and Plan)

Aiming to achieve its carbon neutrality target (medium- to long-term target), in the short-term, while the Company will step up efforts to introduce in-house hydrogen power generation by 2030 to achieve carbon neutrality at its plants (Scope 1 and 2), it will continue its ongoing efforts to scale the introduction of renewable energy and to save energy. Furthermore, the Company will accelerate these efforts with the introduction of internal carbon pricing.

To achieve carbon neutrality of its supply chain (Scope 3), the Company aims to realize Zero-Carbon Ready by 2040 by advancing its provision of CO₂-free solutions to its business partners and customers. At the same time as Scope 3 reductions, the Company will also publish its CO₂ emissions through product-based contributions (= calculation of avoided CO₂ emissions through the selling of products and services that generate less CO₂ emissions than previous products and services).

The Environmental Management Activities Plan 2023 (Key Strategies)

Key Strategies of the Environmental Plan 2023

(a) Reduction of CO₂ emissions in entire supply chain

- Consider the introduction CO₂ visualization systems to reflect supplier efforts to reduce CO₂ emissions by using supplier-specific CO₂ emissions to calculate the CO₂ emissions levels of procured goods
- Promote fuel efficiency improvements and energy conversion from fossil fuels to reduce CO₂ emissions from products sold
- Set targets for overseas business sites in Scope 1 and Scope 2 to promote carbon neutrality
- Promote the acquisition of SBT certification
- Establish consolidated data on CO₂ emissions (Scope 3)

(b) Expanded introduction of decarbonized energy

- For hydrogen power generation, continue considerations on 100 MW-class power plants, on-site hydrogen generation, and Kawasaki CO₂ Capture (KCC)
- Consider expanding introduction scope for solar power generation

(c) Promotion of energy-saving activities

- Promote the systematic implementation of energy-saving facilities investments

(d) Fuel conversion

- Formulate a roadmap for fuel conversion in the production process

Scope 1 and 2 Efforts

Corresponding companies: Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors

Utilizing Renewable Energy

The Kawasaki Group is advancing the use of renewable energy to reduce the CO₂ emissions from its plants. To this end, we are installing solar power generating systems at our plants. We have a total solar power generation capacity of 10,139 kW including Group companies.

In fiscal 2022, these systems generated 12,258 MWh, of which 8,955 MWh was used in-house. Electric power used in-house is equivalent to 0.77% of the electricity consumed throughout the entire Group.

The Kawasaki Group's Solar Power Generation Capacity

Name	Power Usage	Generation Capacity (kW)
Iwaoka Photovoltaic Power Generation Station ^{*1}	Sold via FIT ^{*2}	1,505
Nagoya Works 1	Used in-house	750
Seishin Works	Used in-house via PPA	1,444
Seishin Photovoltaic Power Generation Station ^{*1}	Sold via FIT	701
Nishi-Kobe Works	Used in-house	627
Nishi-Kobe Photovoltaic Power Generation Station ^{*1}	Sold via FIT	422
Akashi Works	Used in-house	230
Sakaide Works	Used in-house	50
Kakogawa Photovoltaic Power Generation Station ^{*1}	Sold via FIT	48
Kobe Head Office of Kawasaki Railcar Manufacturing Co., Ltd	Used in-house	25
Kobe Works	Used in-house	20
Kawasaki Thermal Engineering Co., Ltd.	Used in-house	7
Harima Works	Used in-house	5
Kawasaki Motors Enterprise (Thailand) Co., Ltd.	Used in-house via PPA	5,000
Total		10,839

*1 Power generation facility operated by Kawasaki Trading Co., Ltd.

*2 FIT: Feed-in tariff; a program in which renewable energy is bought back at a fixed rate

Photovoltaic output (including power sold via FIT)



Nagoya Works 1: 750-kW power generation facility



Seishin Works: 728-kW power generation facility

Systematic Investment in Energy-Saving Equipment

As a measure to promote energy-saving activities, in 2022, the Company introduced an initiative to set reference values for the CO₂ reduction efficiency of energy-saving investment projects as criteria for determining the investment in such projects and to increase the equipment budget allocation for projects in which the reduction efficiency meets the criteria. Through this initiative, the Company will continue to reduce its CO₂ emissions by advancing its investments in equipment with a focus on projects with a high CO₂ reduction efficiency. Such equipment investment projects include upgrading production equipment, switching air conditioning systems to those that run on electricity, and changing to LED lighting.

Internal Carbon Pricing

To promote investment in carbon neutrality efforts such as the introduction of future hydrogen equipment and renewable energy and to change behavior within the Company, in fiscal 2022, the Company introduced internal carbon pricing.

The outline of the program is to charge a carbon surcharge for the emissions of Scope 1 and 2 of the previous fiscal year by Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors by calculating the surcharges of each company using a CO₂ unit price. The aim is to make concentrated investments in carbon neutrality efforts based on the funds generated from internal surcharges of the internal carbon pricing program.

The CO₂ unit price is set at 2,000 yen/t-CO₂.

Reducing CO₂ Emissions through Product-Based Contributions

Corresponding companies: Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors

Nearly 90% of CO₂ emitted during the life cycles of our products is released during the period of their use after they are sold. Therefore, the Company seeks to realize a carbon-neutral society by providing products that produce only low CO₂ emissions during their use. To reduce products' post-sale CO₂ emissions, in addition to increasing product energy efficiency, we are advancing electrification and modal shifts when replacing existing products in our product lineup and expanding our lineup of products that utilize exhaust heat, waste, and renewable energy. Key products that help reduce CO₂ emissions are listed below. In fiscal 2017, we revised our rules for calculating CO₂ emissions reductions through product-based contributions in order to better quantify the contributions of such products to the mitigation of global warming.

Calculations based on these rules showed that the CO₂ emissions reduction* through products we sold in fiscal 2022 was about 24.37 million tons. Large contributions were made mainly by the M7A Series gas turbines for power generation, which boast excellent reliability, economy, and environmental friendliness and are certified under the Kawasaki Ecological Frontiers system, an internal certification program for environmentally conscious products, and the KC-MB-20, a controller for use in construction machinery to improve its fuel efficiency via the application of superior controlling technologies.

* Reduction in CO₂ emissions compared to earlier products (refer to the calculation rules below.)

Key Products That Contribute to Reducing CO₂ Emissions During Use (by Segment)

<p style="text-align: center;">Aerospace Systems</p> <ul style="list-style-type: none"> ■ Airplanes and Space <ul style="list-style-type: none"> • Boeing 787 (component production) • BK117 helicopters ■ Jet Engines <ul style="list-style-type: none"> • Trent 1000 for the Boeing 787 • PW1100G-JM for the Airbus A320neo 	<p style="text-align: center;">Energy System & Plant Engineering</p> <ul style="list-style-type: none"> ■ Energy System <ul style="list-style-type: none"> • Gas engines for power generation, including the M1, M5, and M7 series industrial-use gas turbines • Non-heated boilers (plant waste heat, waste incineration waste heat) ■ Plant Engineering <ul style="list-style-type: none"> • LNG tanks • Crushing machine plant (CK Mill¹) ■ Marine Propulsion <ul style="list-style-type: none"> • Marine propulsion systems (E-series Rexpeller²)
<p style="text-align: center;">Precision Machinery & Robot</p> <ul style="list-style-type: none"> ■ Precision Machinery <ul style="list-style-type: none"> • Hydraulic systems for construction and industrial machinery (K8 Series pumps for HSTs, M7V Series motors for HSTs, KC-MB-20 controller for construction machinery, etc.) • High-pressure hydrogen regulators for fuel cell vehicles ■ Robot <ul style="list-style-type: none"> • duAro dual-arm SCARA robot, NT420 general-purpose clean robot • BX200L spot welding robot, KJ264/314 large painting robots 	<p style="text-align: center;">Transportation</p> <ul style="list-style-type: none"> ■ Ship & Offshore Structure <ul style="list-style-type: none"> • LNG carriers, LPG carriers • Ship operation support system (SOPass³) ■ Rolling Stock <ul style="list-style-type: none"> • Standard railcars (efACE⁴) • Mainline/switcher diesel electric locomotives ■ Motorcycle & Engine <ul style="list-style-type: none"> • Ninja 250, Ninja ZX-6R, Ninja H2 • Z900, Z H2

*1 CK Mill: Named after the companies that jointly developed it, Chichibu Cement Co., Ltd. (now Taiheiyo Cement Corporation) and Kawasaki.

*2 Developed with a focus on three Es: energy saving, easy maintenance, and environmentally friendly.

*3 Ship Operation and Performance analysis support system

*4 Environmentally Friendly Advanced Commuter & Express train

Calculation Rules

- Products to be assessed: Kawasaki Ecological Frontiers system, products that use waste, waste heat, and renewable energy, as well as cogeneration systems and rolling stock pertaining to modal shifts, etc., were selected for assessment
- Period of assessment: Until fiscal 2016, we used a one-year period of assessment. However, in line with the revision of the calculation rules, since fiscal 2017, we have adopted a flow-based approach* in which the period of assessment is the estimated useful life of products sold in the fiscal year, because the estimated useful lives of our products are long. This allows us to better calculate the difference in CO₂ emissions between our products and industry standard class products over the entire period of use.
- The calculation method expressed as a calculation formula is as follows: CO₂ emissions through product-based contributions = (annual CO₂ emissions from conventional products - annual CO₂ emissions from new products) x (assumed number of usage years)

* Please refer to the "Guideline for Quantifying Greenhouse Gas Emission Reduction Contribution" (Ministry of Economy, Trade and Industry, March 2018)

In order to quantify the contributions of highly energy efficient products to the mitigation of global warming, products included in the calculation of CO₂ emissions reduction through product-based contributions include power generated through waste heat, waste, renewable energy, and so forth. As a result, some of the products included differ from those included in the calculation of Scope 3, category (xi), which covers only energy-derived CO₂ emissions.

CO₂ emission reductions for the past five years are shown in the graph below. Particularly notable products that have had a large cumulative effect are shown below.



- Notes: 1. Kawasaki uses CO₂ emissions factors provided in the list of calculation methods and emissions factors published by Japan's Ministry of the Environment.
2. The CO₂ emission reduction effect through product-based contributions achieved through the higher energy efficiency of products is based on a comparison using industry standard products.
3. The application of waste heat, waste, and renewable energy is counted toward the CO₂ emissions reduction effect through product-based contributions.



Particularly notable products that contribute to reducing CO₂ emissions during use

For details on the Kawasaki Ecological Frontiers certification system for environmentally conscious products, please refer to environmentally conscious products.

- [Environmentally conscious products](#)

Supply Chain Contribution to Carbon Neutrality

Participation in the Development of the Methodology to Assess GHG Emissions of Hydrogen at IPHE

In order to promote low-carbon hydrogen utilization in society toward the realization of a carbon-neutral society, it is necessary to evaluate the hydrogen to show that it is low-carbon, and it is ideal that the evaluation criteria are standardized internationally. The methodology for determining greenhouse gas (GHG) emissions of hydrogen is discussed in IPHE (International Partnership for Hydrogen and Fuel Cells in the Economy), an international inter-governmental partnership whose objective is to facilitate and accelerate the transition to clean and efficient energy and mobility systems using fuel cells and hydrogen technologies. Our company has participated in this discussion as an expert supporting the Ministry of Economy, Trade and Industry, Japanese government, and has made a significant contribution, including providing technical advice, particularly about liquefied hydrogen supply chain.

- [Related Link]
[Release of the IPHE Working Paper Ver2 Nov 2022: Methodology for Determining the Greenhouse Gas Emissions Associated with the Production of Hydrogen](#)
[IPHE Partners](#)

Active Contribution to Climate Change Organization

As a member of HySTRA (CO₂-free Hydrogen Energy Supply-chain Technology Research Association), the Company participates in efforts to build a CO₂-free hydrogen supply chain consisting of hydrogen production, transport/storage, and usage using lignite effectively, and works to establish and verify the relevant technologies to be commercialized by around 2030.

The Company's role at HySTRA is to engage in building liquefied hydrogen carriers and constructing liquefied hydrogen unloading equipment and bulk storage facilities by utilizing the ultra-low temperature technologies it has developed such as for LNG carriers, LNG storage tanks, and liquefied hydrogen tanks for rocket fuel.

- [Related Link]
[CO₂-free Hydrogen Energy Supply-chain Technology Research Association](#)

Waste FREE (Realization of a Recycling-oriented Society)

At a time when global population growth is expected to require resources equivalent to 2 earths by 2030, there is a growing public demand to reduce the use of natural resources and reduce waste emissions in order to make society sustainable.

The Kawasaki Group is working to realize a recycling-oriented society by making the most of its limited resources by reducing the amount of resources used, reducing waste in the manufacturing process, and recycling waste.

In terms of water resources, we are also working to reduce water usage by understanding the state of water use at individual plants and studying ways to use water effectively without waste, thereby reducing our impact on the environment.

The Environmental Management Activities Plan 2023 (Key Strategies)

Key Strategies of the Environmental Plan 2023

(a) Water security response

- We will organize water risks and opportunities at domestic and overseas manufacturing facilities and disclose countermeasures.
- We will ascertain consolidated data on water withdrawal and water discharged.

(b) Circular economy response

- We will ascertain the status of recycling and disposal after the use of products and consider a business model for the circular economy based on this status.
- We will maintain ratio of direct-to-landfill waste to total waste generation at less than 1% (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors).
- We will proceed with the systematic disposal of PCB waste.
- We will ascertain consolidated data on waste emissions.
- We will ascertain and reduce the volume of waste plastics disposed of as industrial waste and plastics used for product packaging in response to the Plastic Resource Circulation Act.

Effective Use of Resources

Reducing Resource Consumption

To reduce our burden on the environment, in each stage of product planning, R&D, and design, we are engaged in efforts to make our use of resources more efficient by doing things such as reducing the number of parts and making them lighter, in order to reduce our use of natural resources.

As efforts to reduce the use of natural resources are an issue to be worked on by not only the Group but also throughout our entire supply chain, we have incorporated a statement on minimizing the use of natural resources into [Kawasaki Group Sustainable Procurement Guidelines](#) and will advance our efforts with our suppliers.

Reducing Waste in Manufacturing Processes

We are continuing efforts with the target of reducing our direct-to-landfill waste to zero by reducing waste through the efficient use of resources in manufacturing processes and promoting the recycling of waste produced in manufacturing processes.

The total amount of waste of Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors in fiscal 2022 was 396.97 million tons, a reduction of 30.75 million tons compared to the previous fiscal year. Furthermore, the landfill disposal rate (= direct-to-landfill waste generation ÷ total waste generation) was 0.1%, thereby achieving the target of less than 1%.

- [Waste \(Total Generated\), Waste, and Hazardous Waste \(ESG Data\)](#).

Use of Lifecycle Analysis

We carry out product assessments regarding reducing our consumption of natural resources, energy conservation, and the recycling properties of newly developed/designed products and particularly important products, with the aim of reducing the environmental burden of our products during the product lifecycle. As the specific evaluation method differs depending on the product type, Product Assessment Rules are created by each business segment to enable the implementation of assessments tailored to the characteristics of each product. The main evaluation items are as follows:

- Weight reduction of the product
- Improved energy conservation at the time of manufacturing the product
- Improved energy conservation when using the product
- Increased lifespan of the product
- Safety and environmental friendliness of the product
- Action for the disposal and recycling of the product
- Environmental impact in the event of an emergency such as an accident
- Provision of information for usage/maintenance, etc.
- Compliance with laws and regulations

Promoting PCB Treatment

The disposal of PCB (polychlorinated biphenyl) waste is proceeding worldwide, in line with the Stockholm Convention, which includes stipulations on the proper treatment of PCBs. In Japan, disposal is undertaken in a systematic manner, mainly by the Japan Environmental Storage & Safety Corporation (JESCO), which was established by the Ministry of the Environment. The phased disposal period for high-concentration PCB waste is scheduled to end in 2023, and that for low-concentration PCB waste will end in 2027.

Although scheduled disposals had been implemented internally to date, an incident occurred during the previous fiscal year in which high-concentration PCB waste was discovered once again at a plant. At present, we are advancing efforts to address this issue such as by sharing information with government agencies and entering into an outsourcing agreement with a waste disposal company. We aim to complete the disposal of all high-concentration PCB waste by the end of fiscal 2023.

Conservation of Water Resources

Precisely Understanding Water Uses and Usage Volumes

To more effectively use water resources, Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors are advancing efforts to precisely understand water usage at each of its plants.

Water withdrawal, water discharged, and water consumed at Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors over the last four years are shown on the ESG data page. We are working on reducing the amount of water consumed by reexamining how we use water, such as in production activities and boilers, as we explore ways to promote more efficient and effective water usage. By rolling out these initiatives across the Group, we will reduce water resource risks.

- [Water Resources \(ESG Data\)](#)

Manufacturing Facilities and Water Level Risk (Water Stress)

In collaboration with external experts, we conducted a simple risk analysis from the perspectives of water shortage, drought, flooding, and water pollution utilizing the Aqueduct Water Risk Atlas published by U.S. think tank WRI (World Resources Institute).

Of the 38 manufacturing facilities we have in Japan and overseas (17 in Japan, 21 overseas), we have 12 manufacturing facilities in India, Thailand, and China, where water stress is seen to be high compared to other countries around the world. Seven of these facilities were determined to be at particularly high risk of water resources and drought.



Location of Kawasaki Group's manufacturing facilities and water stress (Source: Aqueduct Water Risk Atlas)

Legend

- : Kawasaki Group's manufacturing facilities
- : Countries and regions with particularly high water stress

Harm FREE (Realization of a Society Coexisting with Nature)

Modern society is maintained by the value provided by natural ecosystems, including material cycles and the regeneration of air, water, and soil environments. However, ecosystem services are deteriorating globally, and the World Economic Forum's Global Risk Report 2023 lists biodiversity decline as a serious risk along with climate change among the serious risks over the next 10 years.

Kawasaki Group strives to reduce its environmental impact through products and manufacturing processes that exist in harmony with the global environment and contributes to the protection of ecosystems.

In addition, we will strive to prevent pollution of the global environment by properly managing hazardous chemicals and reducing the amount used.

The Environmental Management Activities Plan 2023 (Key Strategies)

Key Strategies of the Environmental Plan 2023

(a) Proper management of harmful chemical substances and consideration of alternatives

- Properly manage major VOCs (toluene, xylene, and ethylbenzene), dichloromethane, and hexavalent chromium
- Establish consolidated data for major harmful chemical substances

(b) Response to biodiversity (TNFD)

- Conduct macro-analyses to assess the impact of our operations on biodiversity and disclose the results of these analyses and the countermeasures undertaken

Harmful Chemical Substance Reduction

Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors properly manage and look for alternatives to chemical substances that present a risk of negatively impacting human health or the environment.

We continuously monitor emissions of hazardous chemical substances, major VOCs (toluene, xylene, and ethylbenzene), and handling volumes of dichloromethane and hazardous metals (hexavalent chromium compounds) handled, conduct appropriate chemical substance management, take action to reduce usage, and strive to prevent pollution of the global environment.

- [Major VOCs Emissions and Air Pollutants Emissions \(ESG Data\)](#)

Measures to Protect Biodiversity

Understanding the Relationships between Business Activities and Biodiversity

We used ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), a tool to ascertain corporate relationships of dependence on nature and the scope of impacts, to perform risk assessment of the Group's business activities and the relationships of dependence and the scope of the impact on nature. ENCORE is a tool that assesses that portion of the supply chain directly operated by a company, but for this assessment, we conducted risk assessment not just for Group business activities, but also nearby sectors in upstream segments of the supply chain.

As a result, we determined that there are four high-risk items within dependency relationship and 10 items in impact relationships. Raw materials that the Group uses include mineral resources, such as iron and aluminum, which we use in large quantities, and GHG emissions and water use during the extraction and refining processes of these materials are high priority items. To address these items, we will conduct a detailed analysis based on the unique conditions of the regions where we actually conduct business and link the results to measures for protecting biodiversity.

No.	Impact drivers	Down operations							Upstream activities					
		1	2	3	4	5	6	7	8	9-1	9-2	10	11-1	11-2
		Aircraft	Energy Solutions	Plant Engineering	Ship & Offshore Structures	Railcar	Precision Machinery & Robot	Motorcycle for Leisure, Four Wheeler	Plastic	Iron (Iron extraction)	Iron (Iron refining)	Steel (Steel production)	Aluminum	Aluminum (Mining)
Ecosystem Use	1 Terrestrial ecosystem use	NO	NO	VH	NO	NO	NO	NO	H	VH	NO	NO	VH	NO
	2 Freshwater ecosystem use	NO	NO	H	NO	NO	NO	NO	NO	NO	NO	NO	H	NO
	3 Marine ecosystem use	NO	NO	VH	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Resource Use	4 Water use	H	H	H	H	H	H	H	H	VH	VH	H	VH	VH
	5 Other resource use	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Climate Change	6 GHG emissions	H	H	H	H	H	H	H	H	H	H	H	H	H
Pollution	7 Non-GHG air pollutants	M	M	H	M	M	M	M	H	H	H	NO	H	NO
	8 Water pollutants	H	H	M	H	H	H	H	H	NO	M	NO	H	H
	9 Soil pollutants	H	H	H	H	H	H	H	H	NO	NO	NO	H	H
Others	10 Solid waste	H	H	M	H	H	H	H	H	NO	H	H	H	H
Others	11 Disturbances	M	M	H	M	M	M	M	NO	H	H	NO	H	NO

Legend					
VH	H	M	L	VL	NO
Very High	High	Medium	Low	Very Low	Item-Detection

Risk assessment of the Group's business activities and the relationships of the impact on nature

Environmentally Conscious Products

Kawasaki Ecological Frontiers System

Purpose of the System

Since 2014 the Kawasaki Group has implemented its Kawasaki Ecological Frontiers system (formerly Kawasaki-brand Green Products system), an internal system for certifying environmentally friendly products, as a means of reducing the environmental burden of the Group's products and services throughout their life cycles. Under the system, superior products—in terms of whether the products themselves evidence improved environmental performance and whether the associated manufacturing processes demonstrate a reduced environmental impact—are certified and registered.

The Certification Process

The Group evaluates its products and their manufacturing processes for conformity with its own internal standards and disseminates the results of its evaluations outside the company in accordance with international standard ISO14021. Specifically, our standards are geared to improving the environmental performance of our products and reducing the environmental impact of our manufacturing processes from three emissions-reduction standpoints: CO₂ FREE (reduction of CO₂ emissions), Waste FREE (reduction of industrial waste), and Harm FREE (reduction in the release of harmful chemical substances).

As a result of these evaluations, the products that satisfy the standards are registered as shown below in accordance with the level of the standard satisfied.

S Class: Product evaluated as corresponding to the highest classes in the industry when it comes to environmental consciousness

A Class: Product evaluated as exceeding industry standard class or our previous model when it comes to environmental consciousness

We keep registration current by reevaluating registered products every three years.

As of the end of August 2023, the Group had registered 68 products in total, including 19 new registrations during the three years prior (9 in 2021, 5 in 2022, and 5 in 2023) and 49 renewed registrations of products originally certified in 2014–2020.

Year first registered	2014~2020	2021	2022	2023	Total
S Class	34	8	5	4	51
A Class	15	1	0	1	17
Total	49	9	5	5	68

Impact of the System

The CO₂ emissions reduction effects*¹ of Group environmentally friendly products, including those registered under the Kawasaki Ecological Frontiers system, are 24,370 kt-CO₂*² annually. The certified and registered products are contributing in many ways to reducing annual CO₂ emissions and other environmental burdens. Examples include gas-turbine and gas-engine electric power generation equipment that has achieved world-class efficiency, motorcycles manufactured with more than 90 percent recycled materials, and energy-saving rolling stock made possible by weight reduction.

*1 Reduction in CO₂ emissions compared to earlier products (refer to the calculation rules below.)

*2 To put this figure into perspective, a passenger car with a gas mileage of 15 km/l that is driven 10,000 km per year emits about 1.5 t-CO₂.

Hence, in terms of passenger cars with a gas mileage of 15 km/l that are driven 10,000 km per year, our reduction contribution is equivalent to the CO₂ emissions of approximately 16.25 million cars.

Additionally, the sales ratio for environmentally conscious products including Kawasaki Ecological Frontiers products in fiscal 2022 was 18%.

(The ratio to total net sales of Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)

Aim behind Changing the System's Name

In 2021, the system name was changed from Kawasaki Green Products to Kawasaki Ecological Frontiers. In addition to the pre-existing idea of Kawasaki Green Products, the new name includes the sense that, for the "frontier"—i.e., the social issues of a new age—we will offer answers from a unique perspective and create a hopeful future not only with products but also be providing new solutions and creating systems. Throughout the entire life cycle of our products and the supply chain, we are working to realize a carbon-neutral society (CO₂ FREE), a recycling-oriented society (Waste FREE), and a society coexisting with nature (Harm FREE).

- For details, please refer to [CO₂ FREE \(Realization of a Carbon-neutral Society\)](#).

Program Logo

The program logo embodies the Group's commitment to environmental sustainability through products and manufacturing. The Kawasaki Group's primary business areas—land, sea, and air transport systems, energy and environmental engineering, and industrial equipment—each with innovative and advanced technological capabilities, form three solid pillars that together support the global environment.



Program logo

The Kawasaki Ecology Prize 2022

The Kawasaki Group ordinarily awards the Kawasaki Ecology Prize in special recognition of a Kawasaki Ecological Frontiers system registered product that is held in high esteem outside the company for benefiting the environment and has also contributed substantially to the Group's business operations in the evaluation period.

In 2022, however, no product was selected for the award.

Kawasaki Ecological Frontiers Registered Products

* Registered products are reviewed every three years to get their registrations renewed.

For those products that have been registered before 2020, those products whose registration was renewed include "Year of initial registration" under the product name on the product label.

2023





MAG Turbo



M1A-17D
Gas Turbine



Green Gas Engine



LNG Floating
Power Plant



CKK System



LNG Tank
(New safety factor applied)



ECO SERVO®
Controller
N-ECST



HST Pump
K8V Series



HST Motor
M7V Series



Hydraulic Pump
for Excavators (K7V)

K-COMMIT Kawasaki Robot ANSHIN Lifecycle Support K-COMMIT

Key features include:

- Remote Support ANSHIN (After Sales Support)
- Key Point: 24h/365d Support
- Zero Downtime
- Remote Support ANSHIN (After Sales Support)
- Key Point: 24h/365d Support
- Zero Downtime

Kawasaki Robot ANSHIN Lifecycle Support K-COMMIT

Extra-Large Payload Robot MG Series

efACE Standard Railcar

Autonomous Track Geometry Measurement System

Diesel Electric Locomotives (for main line operation and shunting)

Battery Power System (BPS)

2022

Kawasaki Circulating Fluidized Bed Boiler for Fluff Fuel-Type Waste Plastic

Diagram labels: Evaporator, Cell for burning, Air, Incombustible.

Vacuum insulated double wall tank system for liquefied hydrogen carriers

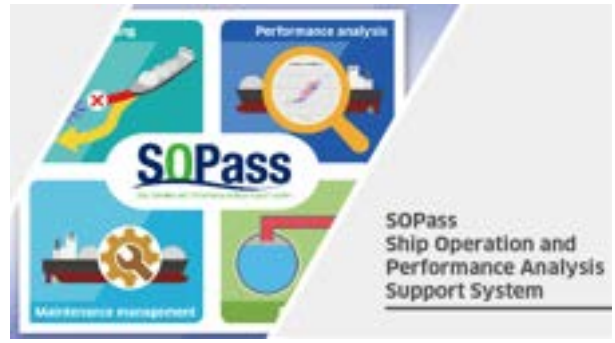
Membrane Type CO₂ Removal Device (SEPERNA)

Emergency

Mechanism of air purification using a gas permeable membrane

ECO SERVO Light-Avant

Include position control





Z125/Z125PRO



Control Valve
KMX13RB



Dual-Arm SCARA Robot:
duAro



Universal Controller

2021



MAG Turbo
(Model:M55)



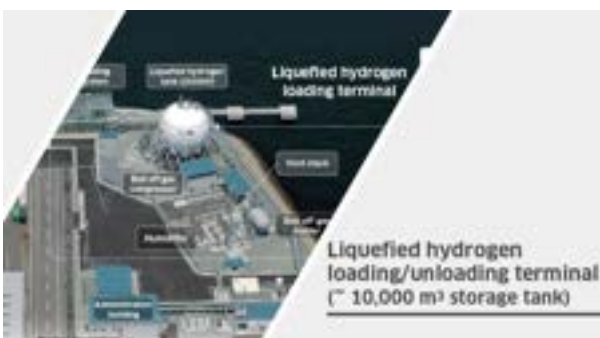
Kawasaki Green Gas Engine
KG-18-T



Kawasaki
Electric and Hybrid
Propulsion Systems



Hydrogen Liquefaction
System



Liquefied hydrogen
loading/unloading terminal
($\approx 10,000 \text{ m}^3$ storage tank)



Waste to Energy-Smart
Automatic Running System
WTE-SAURS



Autonomous Underwater Vehicle "SPICE"



Multifunctional Controller for Construction Machinery KC-MC-20



Small Painting Robot KJ155



E-series Rexpeller (Azimuth Thruster)



M5A-01D Gas Turbine



FLNG Boiler



M7A-03D Gas Turbine



LPG Powered Large LPG Carrier



LNG-Fueled Pure Car and Truck Carriers



Electric Joystick ERU2-7.0



F60 Controller



**Hydraulic Pump
for Mobile Machinery
K3VL585**



**KC-MB-20,
Multifunctional Controller
for Construction Machinery**



ECO SERVO



**Painting Robot
KJ264/314**



**Clean Robot
NT series**



**Track Material
Monitoring Device**



**Straight Tube LED Lamps
for Rail Cars**



Ninja 400/Ninja 250



Versys 650

Society

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Product Liability/Safety

Management Approach

Our Basic Stance


The Kawasaki Group's businesses involve the provision of many infrastructure products, so ensuring that customers can use our products and services with confidence is a key management issue. In a section titled "Quality and Safety of Products and Services," the Kawasaki Group Code of Conduct states that we must provide high-performance, high-quality, and safe products and services. We will constantly maintain a high level of trust in the Kawasaki Group and contribute to the quality assurance of management by creating a Group-wide quality-assurance and product-safety structure, producing safe and excellent products that meet the expectations of our customers, and supplying appropriate services.

Product Quality and Safety Policy

The Kawasaki Group recognizes that creating new value contributing to people's affluent lives and the future of the global environment is our social responsibility and that supplying products and services with customer-satisfying quality is one of the Group's management principles relating to business continuity. In 2021 we established the Kawasaki Group Policy on Quality Management, which is operated properly throughout the entire Group so as to continue activities effectively and efficiently toward the creation of customer value.

Scope of Policy Application

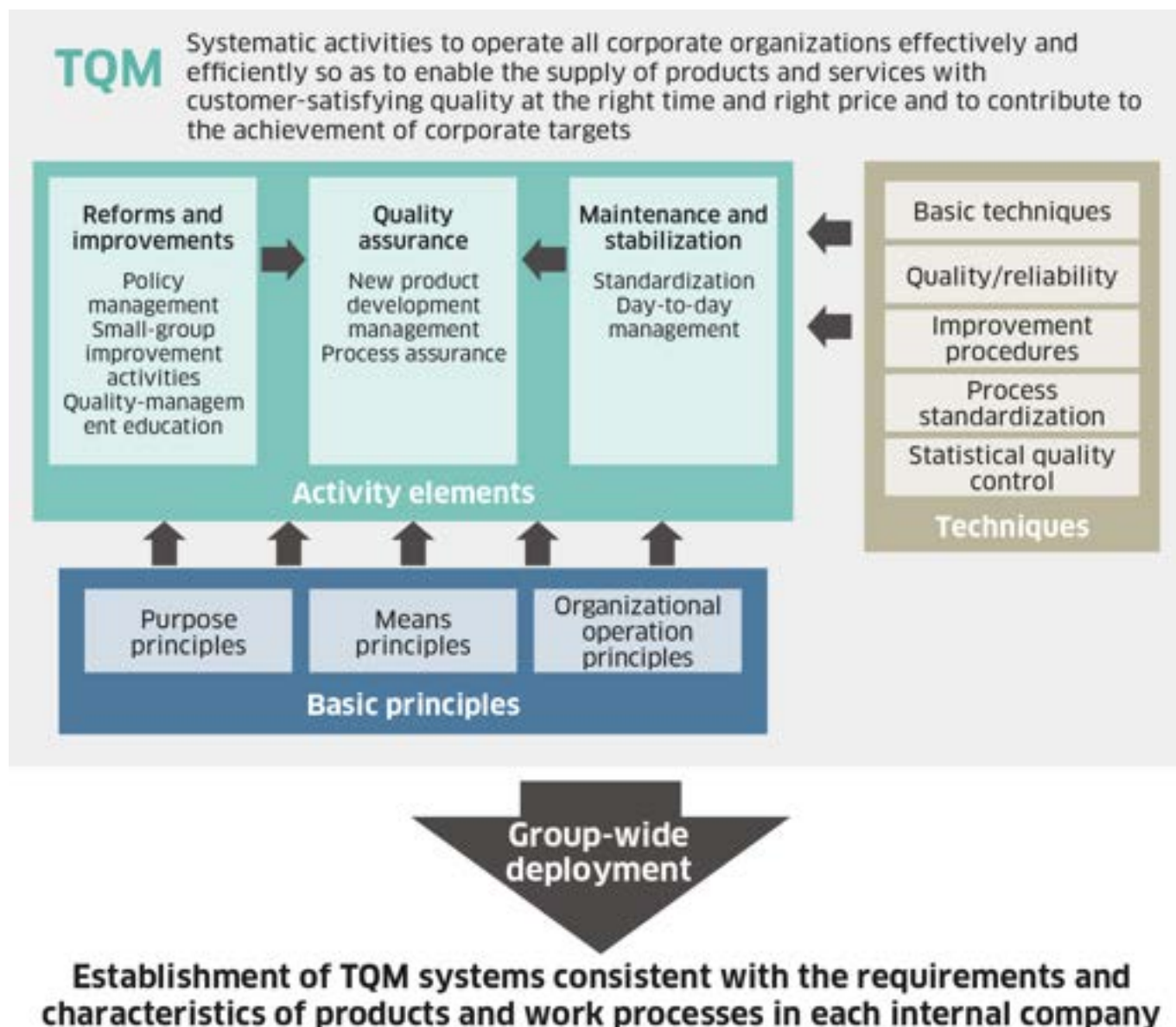
The Kawasaki Group

- [The Kawasaki Group Code of Conduct](#)
- [Kawasaki Group Policy on Quality Management](#) 

Structure

We have established the TQM Department within the Corporate Technology Division and are promoting Group-wide quality-assurance activities centering on policy management, day-to-day management, process assurance, and quality-management education. We have also established divisions responsible for quality control within internal companies so as to promote quality-improvement activities within these companies.

Support for the building of best-suited TQM systems for each business segment



Responsible Officer

Hiroshi Nakatani, Representative Director, Senior Corporate Executive Officer (in charge of TQM)

Responsible Executive Organ and/or Committee

We promote initiatives by regularly formulating policies, plans, and so on related to the building and strengthening of the Group-wide total quality management (TQM) structure, including quality assurance.

Furthermore, we promote information sharing between the Head Office and internal companies and TQM activities through meetings of the Company-Wide Quality Committee held four times a year.

Quality and Safety Management

We have built a quality-assurance system that, for each internal company and product group, clarifies the roles of each division relating to quality assurance at every stage, from product contract, development, and design to after-delivery service, and enables the production of safe and excellent products and the implementation of appropriate services that satisfy customers. This quality-assurance system includes the following:

1. A clear understanding of the product quality (function, safety) demanded by customers and society
2. The planning and development of products that meet the above demands
3. The setting of criteria, standards, etc.
4. The review of contract content
5. Appropriate document management
6. Weaving of demanded quality (function, safety) into design
7. Crafting of design quality into products through appropriate production planning and management
8. Guidance and management of quality-assurance activities of suppliers based on appropriate procurement plans
9. Reflection in customer services, development, design, and manufacturing through the gathering, understanding, and analysis of after-delivery quality information
10. Quality-assurance auditing (including suppliers)
11. Effective quality-assurance educational programs and raising of quality-assurance awareness
12. Promotion of the most effective and economical quality-assurance activities through the appropriate utilization of management technology

Promotion of TQM Activities

- Promotion of quality-assurance activities and TQM activities at internal companies
We position TQM as an approach toward supplementing and strengthening quality-assurance activities at internal companies. Rather than individual activities, we tackle activities as a means of enhancing the quality and efficiency of company-wide work and services using the TQM method.
- Implementation of company-wide seminars, etc. to disseminate TQM
We continuously implement level-specific seminars for all employees. In addition, we deepen understanding of TQM at all levels, from new recruits to top management, by means of a level-specific educational curriculum including the use of our original teaching materials and seminars with outside speakers.
- Evaluation of TQM levels
We implement the evaluation of TQM levels and, using common indicators, quantitatively assess the state of implementation of TQM activities at all internal companies and Head Office divisions. Through these surveys, we assess the current state of implementation of TQM activities and identify processes and activities where improvements are desirable, which leads to the sharing of our respective strengths.

Quality and Safety Education and Awareness Raising

We implement TQM education for all employees and at all levels in an effort to raise awareness of quality and safety. At each internal company and for each product group, we conduct education for employees actually involved in manufacturing on quality and product safety depending on product properties, thereby endeavoring to improve quality and ensure machine safety.

Measures in Event of Quality and Safety Violations and Accidents

We monitor the status of quality- and safety-related incidents throughout the Company, including those involving violations of laws and regulations, while regularly confirming whether required countermeasures are being implemented. Findings gleaned from these activities are utilized to update our quality management system.

ISO 9001 Certification Status

Kawasaki acquires ISO 9001 certification at the internal company and business segment level.

- Aerospace Systems Company: Certified (JIS Q 9100 for Defense & Aerospace, Commercial Aircraft, Helicopter & MRO, and Aero Engine Business Division)
- Energy Solution & Marine Engineering Company: Certified (Energy Solution, Plant Engineering, Marine Machinery, and Ship & Offshore Structure Business Division)
- Precision Machinery & Robot Company: Certified (Precision Machinery Business Division; some parts of the division also certified under IATF 16949, and Robot Business Division)
- Kawasaki Railcar Manufacturing Co., Ltd.: Certified
- Kawasaki Motors, Ltd.: Certified

• [ISO Certification Status](#)

Customer Relationship Management

Management Approach

Our Basic Stance

The Kawasaki Group offers a vast variety of products to a wide range of domestic and international customers. The Group's products range from transportation equipment, such as ships, rolling stock, and aircraft, to industrial machinery, such as gas turbines, engines, robots, and industrial plants, and also include leisure products, such as motorcycles. A critical aspect of our business is to reflect our customers' demands in our products as quickly as possible.

Each internal company handling our businesses and products has built its own customer relationship management (CRM) structure, and they share information among themselves so as to reflect this information in product design and after-sales services.

Structure

Since our product lineup is highly diverse, and because of the differences between our B-to-B and B-to-C businesses, we base our business activities, goal setting, and customer information management for gaining the confidence of our customers on the specific characteristics of each business. Key Group-wide activities are aimed at establishing and improving feedback systems. We have established a contact page on our website for receiving comments from stakeholders, including customers. And in addition to these efforts to acquire the customer feedback, the Marketing Division follows up by calling on internal companies to take steps to enhance customer satisfaction. Specifically, since fiscal 2013 the Marketing Division has been providing follow-up to internal companies, in principle every year, on the status of online surveys, questionnaires, and interviews relating to customer satisfaction, thereby endeavoring to share information and raise CRM awareness.

Initiatives to Strengthen Relationships with Customers

Customer Satisfaction Surveys

Since the Kawasaki Group supplies a wide range of products to customers, and since customer characteristics and business practices vary widely depending on business and product, each internal company strives to understand the level of customer satisfaction using the most appropriate methods.

Business units with many regular or ongoing customers conduct customer satisfaction surveys over time to monitor changes in satisfaction and use these findings to make necessary improvements. In particular, since Kawasaki Motors, Ltd. caters to ordinary consumers as well, it uses both direct interview-style questionnaires and online surveys to measure the satisfaction of large numbers of customers around the world.

Customer Satisfaction Surveys at Kawasaki Robot Service, Ltd.

After the completion of field service work, Kawasaki Robot Service, Ltd., which engages in maintenance service and service support for industrial robots, conducts field service work completion questionnaires of customers to check the degree of satisfaction with such matters as the attitude of service personnel and work procedure.

These questionnaires, which began in fiscal 2020, show that customers are highly satisfied with the company's work. For example, when asked about work procedure, more than 90% of respondents replied "very good" or "good."

In addition, space is offered for free comments by customers, which are used as reference so that even better services and service tools can be provided.

Communication with Customers

Since customer characteristics and business practices vary widely depending on business and product, each internal company responds to customer feedback and demands in ways best suited to their businesses. For example, Kawasaki Motors, Ltd. has a customer contact point to respond to comments, requests, and inquiries about products from customers in Japan, manages inquiry-related information in a uniform manner, and uses it to inform product development. (Similar systems are operated overseas as well.) In the event of a vehicle recall, the relevant information is quickly posted on the company's website. In addition, through sales companies in and outside Japan, Kawasaki Motors, Ltd. conducts surveys of customers who have bought new Kawasaki motorcycles regarding their opinions of their vehicles.

Furthermore, to support customers' enjoyment of motorcycling, Kawasaki Motors, Ltd. operates the motorcycle user social group Kawasaki Riders' Club KAZE, regularly organizes new product announcements and social events, and holds safe riding classes in various regions as part of its contribution to traffic accident reduction efforts.

Customer Support

Establishment of 24-hour Help Desk

To provide even better service to customers, Kawasaki Robot Service, Ltd. has established a 24-Hour Help Desk, which accepts inquiries and consultations about problems at nighttime on weekdays and during the day on Sundays and non-business days. At the help desk, service personnel directly listen to inquiries from customers and, based on their abundant experience and technical materials, provide information, technical guidance, and troubleshooting support.

Support for the Building of Strong Relations with Customers in the Introduction of K-COMMIT®

Kawasaki Robot Service, Ltd. strives to build relations with customers after the introduction of robots. Through the TREND Manage service®, it conducts the predictive maintenance of robots by constant online monitoring of the condition of robotic equipment.

In this remote maintenance, the company obtains real-time information about the operation of robots, inputs it into a database, and analyzes the trend management data, thereby accurately predicting any malfunctioning. In the event of a robot error, it provides various services, including speedy support through automatic email transmission. Based on the concept of Kawasaki Robot ANSHIN Lifecycle Support, the company optimizes the lifecycle cost of robotic equipment and delivers ANSHIN (peace of mind) to the customer.

Furthermore, Kawasaki Robot Service, Ltd. quantifies all inspection results selected on the basis of its abundant inspections and maintenance-record database and conducts TREND management quantitative inspections to accurately diagnose the state of robots. In addition, with K-CONNECT, the company creates dedicated websites for each customer to exchange and share information with the customer, manage robotic equipment maintenance information, search maintenance visit reports, manage machine numbers, and send technical materials.



Remote operation of a customer's robot via an online connection

Online Strategy

Each internal company provides services in ways best suited to their businesses. At the Group-wide level, we are using social media to provide information about the Group. Kawasaki Motors, Ltd. is working to increase customer satisfaction using services provided through RIDEOLOGY THE APP, an official smartphone application that links to supported motorcycle models.

We also provide the following online services:

- Energy Solution Business Division: Techno Net, a gas turbine remote monitoring system
- Plant Engineering Business Division: KEEPER, a waste management facility remote monitoring and support system
- Robot Business Division (KRS): TREND Manager, a robot monitoring and preventive maintenance system; K-CONNECT, a webpage for robot service members

Responsible Corporate Promotion

The Kawasaki Group seeks to accurately communicate the content of our business activities, which are based on our corporate philosophy, to stakeholders. To this end, we carefully check information prior to disclosure from various stakeholder perspectives, including checks for factualness and potential legal issues. Furthermore, we endeavor to avoid using specialized terminology or expressions likely to be misunderstood. We utilize such media as press releases, Group websites, social media, and advertisements, selecting the form to use with due regard to how it impacts society. We engage in corporate promotion with a constant awareness of not only increasing the public awareness of the Group but also the need to communicate the Group's contributions to solving social issues through our businesses and products.

Advertisement Violations and Actions Taken

There were no violations of laws pertaining to advertising in fiscal 2022.

Business and Human Rights

Management Approach

Our Basic Stance

As value chains expand on a global scale, ensuring respect for the human rights of employees, suppliers, and all the other people involved in our businesses has become a more important focus that, in turn, increases the necessity of understanding and dealing with the human rights risks in Group-wide business activities.

The Kawasaki Group has enshrined respect for human rights in its business activities in the Kawasaki Group Code of Conduct and adopted the Kawasaki Group Policy on Human Rights. The Group also supports and respects international rules and norms regarding human rights and labor, including the International Bill of Human Rights, International Labour Organization's core labor standards, the United Nations Guiding Principles on Business and Human Rights.


Additionally, our Group is conducting human rights due diligence aimed at carrying out initiatives to ensure respect for human rights in its business activities.

Human Rights Policy

The Kawasaki Group adopted the Kawasaki Group Policy on Human Rights in fiscal 2019 to complement the Kawasaki Group Code of Conduct. The policy was subsequently revised in August 2023 in response to the growing demand for human rights initiatives. We recognize how essential it is for the realization of our Group Mission that the human rights of all stakeholders be fully respected and that the Kawasaki Group's employees uphold high ethical standards; and we have established policy to be actively engaged in such key issues of human rights as prohibition of forced labor and child labor, prohibition of discrimination and harassment, diversity and inclusion, approving freedom of association and the right to collective bargaining, and ensuring a safe and healthy working environment.

Scope of Policy Application

The Kawasaki Group

- [The Kawasaki Group Code of Conduct](#)
- [The Kawasaki Group Policy on Human Rights](#) 

Structure

The Kawasaki Group Policy on Human Rights states that the responsible officer and department for human rights-related management and issues are the director in charge of sustainability and the Sustainability Department, respectively. Based on our sustainability promotion system, the Sustainability Committee chaired by the Kawasaki president and attended by all directors is responsible for deliberating on human rights-related efforts under the board of directors' oversight. Regarding day-to-day responsibility, in cooperation with human resources or compliance divisions in internal companies and subsidiaries, the Sustainability Department monitors human rights risks in its business activities and develops measures against human rights abuses.

- [Sustainability Promotion System](#)

Responsible Officer

Katsuya Yamamoto, Representative Director, Senior Corporate Executive Officer (in charge of sustainability)

Responsible Executive Organ and/or Committee

Sustainability Committee

Initiatives to Prevent Human Rights Abuses

Prohibition of Discrimination

The Kawasaki Group Code of Conduct prohibits discrimination, as follows:

“As stated in the Universal Declaration of Human Rights, human rights are ‘the inherent dignity and the equal and inalienable rights of all members of the human family.’ In order to respect the human rights of each and every person, we must afford everyone equal dignity and respect, regardless of race, skin color, gender, age, nationality, social origin, ancestry, sexual orientation, gender identity, marital status, religion, political belief, disability, health condition, or any other legally protected characteristics.”




The Kawasaki Group Policy on Human Rights also prohibits discrimination. The entire Kawasaki Group implements initiatives based on its understanding of discrimination as a human rights issue.

Concrete anti-discrimination measures include the conducting of several training courses covering diversity and inclusion, and awareness-raising activities for employees of the Kawasaki Group.

Prohibition of Child Labor and Forced Labor

The Kawasaki Group clearly states in its Code of Conduct that it will not tolerate child labor or forced labor, which are global human rights and labor issues. In addition, Kawasaki is a signatory to the United Nations Global Compact, indicating its support of the Compact's 10 principles in the four areas of human rights, labor, environment, and anti-corruption.

Since 2014, we have also undertaken our own initiatives to confirm that forced or child labor is not practiced at any of the Group companies and to declare our commitment that this will remain the case into the future. This style of confirmation and declaration, acknowledged and supported by the Global Compact Network Japan (GCNJ) secretariat, is prepared in line with the "Global Compact Labor Principles and Business Guidelines" and signed by the presidents of all Group companies, including those overseas. As the Kawasaki Group, we adopt Kawasaki Group Sustainable Procurement Guidelines, which cover respect for human rights, and call on suppliers to work with us as a team to uphold these guidelines.

- [The Kawasaki Group Code of Conduct](#)
- [The Kawasaki Group Policy on Human Rights](#) 
- [Participation in International Initiatives](#)
- [Kawasaki Group Sustainable Procurement Guidelines](#) 
- [Confirmation and Declaration of the Abolition of Forced Labor and Child Labor](#) 

Employee Education about Business and Human Rights

The Kawasaki Group has conducted e-learning for employees about business and human rights since fiscal 2020. This training program covers an overview of international norms regarding human rights and labor, and information on global trends, as well as explanations on the responsibilities required of companies regarding business and human rights, and on the Kawasaki Group's initiatives. The target participants were mainly employees in charge of sustainability or human resources from domestic Group companies, totaling 191 participants in fiscal 2020 and 13,245 in fiscal 2021.

Harassment Prevention


Kawasaki has established the Harassment Prevention Regulations. To create a comfortable, harassment-free working environment, Kawasaki provides grade-specific training to provide proper guidance and increase awareness.

In addition to the Compliance Reporting and Consultation System, which employees can use when they have experienced or witnessed harassment, since fiscal 2014 we have maintained consultation points, operated by the Human Resources Division, that employees, including temporary staff, can use. As necessary, we also hold meetings with employees seeking advice or help through either system and respond fairly to incidents while remaining committed to respecting their privacy.

In addition, from fiscal 2019, we have begun operation of an external consultation point that employees of Kawasaki can access for consultation regarding issues related to harassment and mental health.

Right to Organize and Right to Collective Bargaining

Kawasaki is a signatory to the United Nations Global Compact, indicating its support of the Compact's 10 principles in the four areas of human rights, labor, environment, and anti-corruption. Furthermore, the Kawasaki Group Policy on Human Rights states that the Group shall respect employees' freedom of association and right to collective bargaining.

- [The Kawasaki Group Policy on Human Rights](#) 
- [Participation in International Initiatives](#)

Labor-Management Discussions

Kawasaki employs a union shop system, meaning that all general employees are members of the labor union.

While the right to collective bargaining is recognized in our labor agreement, Kawasaki has seen no collective dispute actions over the past 40 years. This is because both parties strive, in principle, to reach amicable resolutions by holding labor-management meetings (on an as-needed basis) in good faith before collective bargaining begins, with respect to such matters as corporate cost-cutting actions and significant changes in labor conditions is to take place.

In addition, Kawasaki has concluded a labor agreement with the labor union and actively exchanges views with the union via a range of regular meetings. These include meetings of the Corporate Management Council (at least twice a year Company-wide, and at least twice a year at internal companies) to explain our corporate management policies and state of management; the Safety and Health Council (at least once a year) to explain basic policies on safety and health; the Regional Safety and Health Committee (at least once a month) to deliberate on measures for preventing hazards and health impediments to employees; and the Company-wide Environmental Preservation Committee (once a year) to explain Company measures related to environmental preservation.

Initiatives to Prevent Human Rights Abuses in Defense-related Businesses

Aware of the CSR obligations attendant to involvement in national security-related businesses, we formulated corporate ethics-based in-house rules regarding the provision of products and services. In addition to ensuring compliance with laws and regulations associated with security trade and export control, these corporate ethics-based rules are designed to help employees judge the propriety of how purchasers put our products and technologies to actual use and thereby prevent such products and technologies from being used in unintended manners.

Furthermore, the Kawasaki Group Code of Conduct states that “We do not provide products and technologies for unethical purposes of use” and requires that Group members be aware of the ethical responsibilities associated with the provision of Group products and technologies.

Human Rights Due Diligence

Human Rights Risk Assessments and Impact Assessments

In fiscal 2018, the Kawasaki Group implemented human rights risk assessments and impact assessments of its main businesses in cooperation with the U.S.-based nonprofit Business for Social Responsibility (BSR).

In implementing these risk assessments and impact assessments, Kawasaki referenced international rules and principles regarding human rights, namely, the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the International Bill of Human Rights, and the United Nations Guiding Principles on Business and Human Rights.

Scope of Human Rights Risk Assessments and Impact Assessments (businesses, value chains, countries and regions, stakeholder groups)

Businesses covered:

The Kawasaki Group’s main business

Countries and regions covered:

The countries and regions in which the Kawasaki Group does business (Japan, China, the United States, the United Kingdom, Brazil, Thailand, the Philippines, Singapore, Malaysia, Indonesia, Australia, Germany, the Netherlands, Russia)

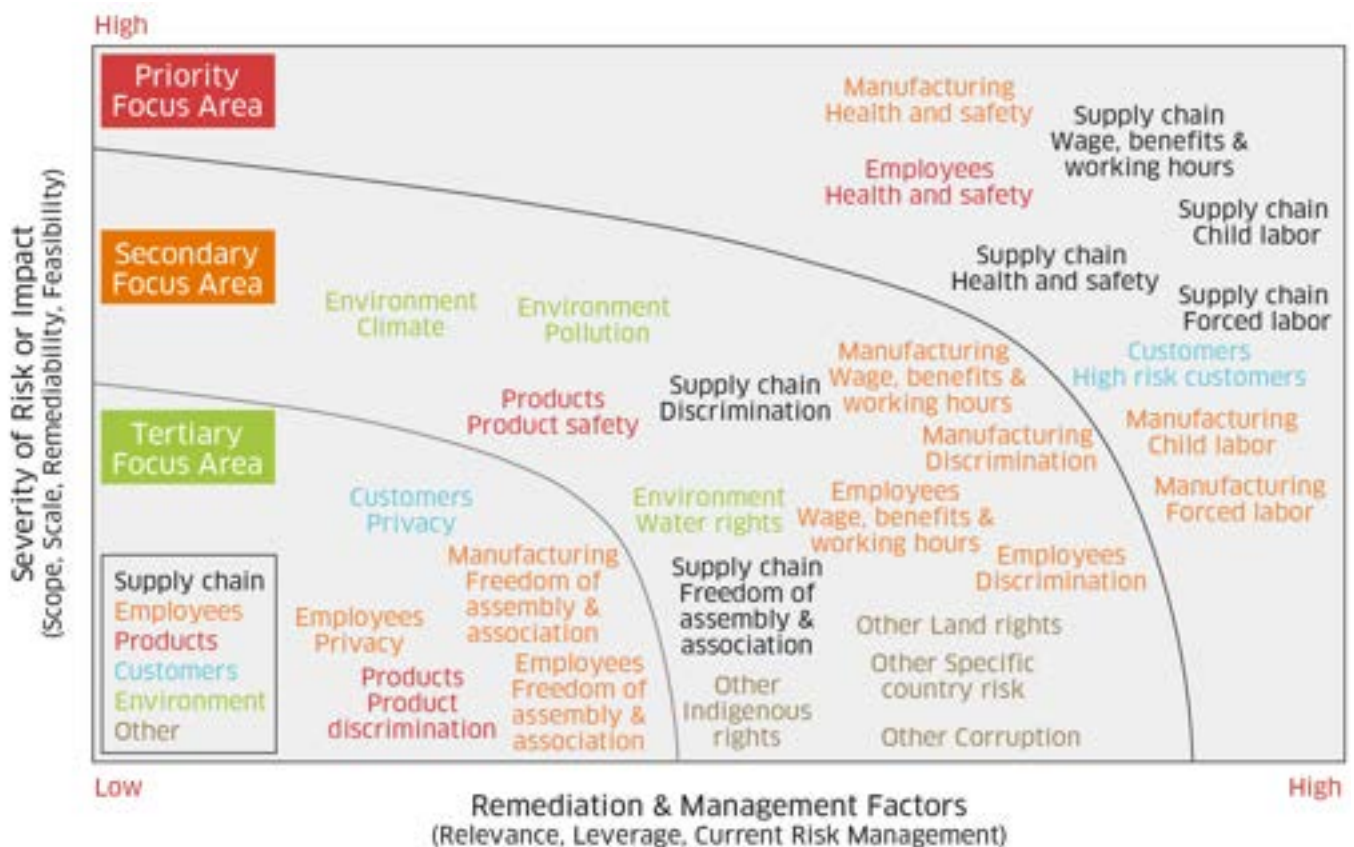
Stakeholders covered:

Customers, employees, employees in the supply chain, local residents, etc.

Assessment Results (priority human rights risks)

As a result of the risk assessments and impact assessments, we found that the following nine areas in particular present significant human rights risks.

- Safety and health of employees
- Safety and health at manufacturing sites
- Child labor at manufacturing sites
- Forced labor at manufacturing sites
- Safety and health in supply chains
- Wages, benefits, and work hours in supply chains
- Child labor in supply chains
- Forced labor in supply chains
- High-risk customers



Implementation of Corrective Measures

In light of the above results, the Kawasaki Group formulates and implements risk reduction measures for key risks within the Group and in the supply chain. Specifically, utilizing SAQ made by Kawasaki to address the five sections stipulated in the RBA Code of Conduct (Labor, Health and Safety, Environment, Ethics, Management Systems), we actively monitor overseas Group companies located in countries where human rights risks are considered high. In fiscal 2022, the Kawasaki Group performed checks utilizing the SAQ, and held online meetings, with six Group companies located in India, Indonesia, the Philippines, Thailand, and Brazil. We also plan to implement monitoring for Group companies in a sequential manner in fiscal 2023, and will, in addition, actively consider measures for the supply chain in accordance with a risk-based approach.

Mechanism for Addressing Human Rights Related Grievances

Mechanisms for Addressing Employee Grievances

Under Kawasaki's labor agreement, if a problem arises that cannot be resolved within the workplace, Kawasaki sets up a grievance committee, with participation from the director responsible for personnel and the president of the labor union, to quickly, fairly, and peacefully resolve the problem. The grievance committee handles a wide variety of issues, including the health management and safety of union members, incidents of abuse of authority or sexual harassment, and matters related to personnel transfers. Kawasaki promises that no employee will suffer disadvantageous treatment for voicing a grievance.

Consultation system	Contents of report or consultation	Contact method	Contact point/ Operating division	Scope
Internal consultation point system	Workplace harassment, such as sexual harassment, abuse of authority, and maternity-related harassment	Email	Head Office Human Resources Division / Head Office Human Resources Division	Kawasaki Heavy Industries, Kawasaki Motors, Kawasaki Railcar Manufacturing
External consultation point system	Harassment and mental health	Webpage, phone	External institution / Head Office Human Resources Division	Kawasaki Heavy Industries, Kawasaki Motors, Kawasaki Railcar Manufacturing
Compliance Reporting and Consultation System	Please refer to Whistle-Blowing System and Consultation Points .		Outside lawyer / Compliance Department	Kawasaki Group (domestic and some overseas locations)

- [Number of Whistle-Blowing Reports and Breakdown of Reports \(ESG Data\)](#).
- [Number of Consultations Made to Other Reporting Systems \(ESG Data\)](#).

Mechanisms for Addressing Outside Grievances (from suppliers, local communities, etc.)

The Kawasaki Group have established a dedicated service desk for all officers and employees of our suppliers and those in our supply chain for products and services in Japan. The supplier hotline also fields grievances related to human rights. In addition, our website includes contact forms from which general inquiries can also be fielded. All inquiries which we receive from the supplier hotline and website are forwarded to the relevant divisions, and subsequently handled in an appropriate manner.

Engagement with Stakeholders

The Kawasaki Group Policy on Human Rights, established in fiscal 2019, states that the Group will fulfill its responsibilities related to respecting the human rights of the stakeholders impacted by the Group's business activities.

Identifying Human Rights Risk in Cooperation with the NPO BSR



In fiscal 2018, we worked with Business for Social Responsibility (BSR) to identify stakeholders impacted by the Group's business activities as well as areas of significant human rights risk.

Going forward, we will formulate and implement risk reduction measures for key risks within the Group and in supply chains. By implementing a PDCA cycle of initiatives to ensure respect for human rights, we are advancing efforts to address risks to the human rights of our stakeholders.

For details, please refer to [Human Rights Due Diligence](#).

In Response to the NGO SOMO's Report





In 2017, the Netherlands-based NGO SOMO published a report titled The Myanmar Dilemma, discussing human rights abuses in garment factories in Myanmar, including a factory reported to be a supplier to Kawasaki. In light of this report, we conducted an internal investigation and determined that a primary contractor commissioned by Kawasaki subsidiary Kawasaki Motors Corporation Japan to manufacture apparel products subcontracted the production of some of these products to the factory discussed in SOMO's report. The manufacture of these products at said factory was temporary, and the products were not being produced there at the time of the internal investigation. The responsible department provided explanations of potential human rights risks in the supply chain to related divisions and requested that they take steps to ensure awareness of and compliance with the Kawasaki Group Sustainable Procurement Guidelines. We internally share the observations and opinions of NGOs and other stakeholders and strive to respond appropriately when there is an issue.

- [The Kawasaki Group Policy on Human Rights](#) 
- [The Myanmar Dilemma, published by SOMO](#) 

Addressing Modern Slavery Act

Response to the UK Modern Slavery Act and Australian Modern Slavery Act

Our UK-based subsidiary Kawasaki Precision Machinery (UK) Ltd., the UK Branch Office of Kawasaki Motors Europe N.V., and Kawasaki Subsea (UK) Limited issue statements in accordance with the United Kingdom's Modern Slavery Act. Kawasaki Motors Pty. Ltd., a subsidiary located in Australia, has issued a formal statement responding to Australia's Modern Slavery Act.

- [Kawasaki Precision Machinery \(UK\) Ltd. "Slavery and Human Trafficking Statement 2022/2023"](#) 
- [Kawasaki Motors Europe N.V. \(UK Branch\) "Modern Slavery Act Statement"](#) 
- [Kawasaki Subsea \(UK\) Limited "Modern Slavery and Human Trafficking Statement"](#) 
- [Kawasaki Motors Pty. Ltd. "Kawasaki Motors Pty Ltd Modern Slavery Statement"](#) 

Topic

Consideration Given to Employees at KMI (Indonesia)

PT. Kawasaki Motor Indonesia (KMI) is a local manufacturing and marketing base for Kawasaki-brand motorcycles in Indonesia.

About 90% of the population of Indonesia is Muslim, and many of KMI's employees are followers of Islam. Therefore, various considerations are extended to these employees.

The company has set aside an area on site for a mushola (prayer room). Female employees are allowed to wear a headscarf during working hours and, in the cafeteria, no dishes made with pork are served since dietary laws prohibit consumption of pork.

During the holy month of Ramadan, Muslims fast between sunrise and sunset, and through this month office hours for employees in administrative and sales and marketing divisions start 30 minutes earlier than usual. This change reflects the desire of many Muslims to have their evening meal with family at home during Ramadan. Also, after Lebaran (a celebration to mark the end of fasting), which follows Ramadan, KMI holds a Halal Bi Halal event for Muslims.

But Islam is not the state religion of Indonesia. In fact, there are Christian and Hindu minorities, and since the constitution guarantees religious freedom, Christmas and Hindu celebrations are also observed as national holidays. KMI therefore extends its consideration to employees of Christian and other faiths and holds such events as Christmas celebrations.

This demonstrates KMI efforts to accommodate the local religions, cultures, and customs of the land and execute business activities that respect human rights.



On site prayer room (mushola)



Halal Bi Halal



Female employees wearing headscarves

Working with Suppliers

Management Approach

Our Basic Stance

In the Kawasaki Group's business activities, it is essential that our procurement activities are conducted in line with our stance toward the concept of sustainability, which includes consideration for compliance, human rights, labor, occupational safety and health, and the global environment. To this end, we must work together with not only the entire Group but also our suppliers, which are important partners in our business activities, to actively promote sustainability initiatives throughout the entire supply chain. We will respond to the demands of our customers and society by identifying risks related to sustainability throughout the supply chain, and by promoting sustainability activities together with our suppliers.



The Kawasaki Group Policies for Material Procurement and Sustainable Procurement Guidelines

The Kawasaki Group set forth the Kawasaki Group Policies for Material Procurement, which contains the Group's sustainable-procurement philosophy, and its expectations for its suppliers in that regard, as well as the Kawasaki Group Sustainable Procurement Guidelines, which further fleshes out the content of the aforementioned policy by stipulating by-laws on its expectations for its suppliers. In fiscal 2022, based on growing social demands for sustainability initiatives in the supply chain, the name of these guidelines was changed from its initial name of the Kawasaki Group CSR Procurement Guidelines, and the contents were revised. When revising the guidelines, the RBA* Code of Conduct was referred to, every aspect, including consideration for compliance, human rights, labor, occupational safety and health, and the global environment, was covered, and the Kawasaki Group Code of Conduct was incorporated to clarify the Group's policy to enhance the sustainability of its entire supply chain.

* Responsible Business Alliance (RBA): International initiative promoting corporate social responsibilities across the global supply chain.

Scope of Policy Application

The Kawasaki Group and our suppliers

- [Kawasaki Group Policies for Material Procurement](#) 
- [Kawasaki Group Sustainable Procurement Guidelines](#) 
- [The Kawasaki Group Code of Conduct](#)

Structure

Procurement activities in our daily operations are carried out under the responsibility and authority of each internal company.

As a cross-company body, we hold the Procurement Department Head Meeting, attended also by the director in charge of procurement, twice a year. At this meeting, in addition to deciding on common Group-wide procurement measures and policies, including those related to sustainable procurement, participants monitor the procurement-related KPIs set by each internal company and share their annual plans.

Director in charge of procurement: Hiroshi Nakatani, Representative Director, Senior Corporate Executive Officer

The Kawasaki Group's Supply-Chain Management

The Kawasaki Group Policies for Material Procurement and Sustainable Procurement Guidelines can be viewed on our website. These policies and guidelines have been disseminated among related divisions, including Group companies.

The basic agreement that Kawasaki forms with suppliers includes provisions specifying that both parties should recognize the importance of corporate social responsibility and will voluntarily and proactively engage in business and social activities with due consideration given to the sustainable development of the environment and society. In this basic agreement, Kawasaki demands that its suppliers comply with the Kawasaki Group Sustainable Procurement Guidelines. Kawasaki also directly distributes a copy of the guidelines to its suppliers.

Furthermore, Kawasaki creates opportunities to directly explain its concept of sustainability to its suppliers. At these briefings, Kawasaki explains important issues in supply-chain management, such as human rights and environmental issues, and requests its suppliers to strengthen their sustainability initiatives.

- From fiscal 2018 through fiscal 2019, sustainability-themed 10 supplier briefings were held, which were attended by a total of about 1,000 people from approximately 700 companies.
- In fiscal 2019, Kawasaki sent out a document titled "Toward the Further Promotion of Sustainability Activities Involving the Entire Supply Chain" to its suppliers in Japan.

Furthermore, Kawasaki also provides training on sustainable procurement for its employees to increase the awareness of those in charge. Specifically, Kawasaki conducts training every year for the Group's procurement divisions to improve their understanding of sustainability efforts in the supply chain, such as the status of the company's sustainable procurement initiatives and the role that procurement staff should play.

Furthermore, domestic and overseas subsidiaries engaged in material procurement disclose their Sustainable procurement policies on their websites as suited to their specific businesses. Through such efforts, we pursue sustainable procurement on a global and our Group-wide basis. Going forward, the Kawasaki Group will continue to promote sustainability initiatives throughout the supply chain in cooperation with suppliers.

Supply Chain Conditions

The Kawasaki Group does business on a global scale with a diverse range of suppliers at around 5,800 companies. We analyze the procurement costs for each item procured at each internal company. Together with these suppliers, we are promoting sustainability initiatives throughout our entire supply chain.

Percentage of Orders by Items Procured (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)

		(FY)				
	Unit	2018	2019	2020	2021	2022
Raw materials	%	15.4	16.2	11.1	13.9	15.0
Component parts	%	21.1	22.6	19.3	21.2	20.7
Machinery and tools	%	18.9	16.5	20.7	20.6	19.8
Subcontracted processing	%	44.1	44.3	48.5	43.6	44.1
Other	%	0.5	0.5	0.4	0.6	0.4
Total	%	100	100	100	100	100

Stipulating Significant Suppliers

Significant suppliers are selected suitable for each internal company's products based on such criteria as amount of procurement, importance of the parts and equipment, and volume of CO₂ emissions.

Number and Ratio of Significant Suppliers (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)

Types of suppliers	Numbers of suppliers	Share of total procurement expenditures
Total of Tier 1 suppliers	5,778 companies	100%
Significant suppliers, including Tier 1 suppliers	535 companies	82%

* As of March 2023

Supply-Chain Risk Assessment

Since fiscal 2016 Kawasaki has conducted surveys of domestic and overseas suppliers to assess their compliance with the Kawasaki Group Sustainable Procurement Guidelines and evaluate our supply-chain risks. In fiscal 2016 we conducted a survey of domestic suppliers to assess their compliance based on these guidelines. About 1,400 suppliers responded to the survey. In addition, since fiscal 2018 we have conducted surveys of domestic and overseas suppliers, and in fiscal 2021 we implemented a survey of major suppliers in Japan and received replies from 395 companies.

These 39-question surveys question suppliers' initiatives in each of seven categories, including corporate governance regarding sustainability, human rights and labor, the environment, fair corporate practices, and quality and safety.

Based on the survey results, we will implement measures meant to bolster sustainability initiatives throughout the entire supply chain, such as by providing guidance on improvements to suppliers so that the evaluations of each item reach the levels that we demand.

- [Number of Companies Responding to Sustainable Procurement Survey \(ESG Data\)](#).

Capacity Building and Incentives for Suppliers

The Kawasaki Group procures materials across a wide range of fields organized into three groupings: Land & Air Transportation Systems, Motion Control & Motor Vehicles, and Energy & Marine Engineering. Depending on the needs of each business, for our suppliers we offer training sessions and awards programs aimed at improving performance with respect to quality, delivery, and sustainability.

Initiatives toward Realization a Carbon-neutral, Low-carbon Society

In keeping with the "CO₂ Free" laid out in the Kawasaki Global Environmental Vision 2050, we are aiming to eliminate all CO₂ emissions throughout the entire Group by 2050. We report on the state of our own initiatives in seminars on SDGs to ensure that our business partners understand this policy. In the Kawasaki Group Sustainable Procurement Guidelines, we also ask our suppliers to reduce emissions of such greenhouse gases as CO₂, methane, and chlorofluorocarbons in their own business activities; pursue energy efficiency improvements; and make efforts toward protecting the global environment.

- In July 2022, we carried out a survey of our main suppliers on CO₂ emissions, getting answers on the management of CO₂ emissions at 89 of them.
- In February 2023, at a briefing organized by a certain financial institution, Kawasaki reported on the status of its initiatives aimed at the realization of a carbon-neutral, low-carbon society to the 93 persons in attendance, including representatives from 22 of Kawasaki's suppliers.
- In June 2023, our Robot Business Division held a briefing on initiatives aimed at achieving carbon neutrality for 108 of our suppliers. The presenters provided an explanation of methods for managing CO₂ emissions and initiatives aimed at reducing them, and encouraged working together with suppliers.

Thorough Compliance in Material Procurement

Each year, Kawasaki holds workshops for Group procurement divisions to ensure compliance with procurement-related laws and regulations, particularly the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (the Subcontract Act) and the Construction Industry Law. Of note, Kawasaki continues to actively promote awareness and knowledge of the Subcontract Act, as outlined below, beyond just its procurement divisions.

- In October 2009, we published a collection of examples of Subcontract Act violations, citing actual cases in which other companies had contravened this law.
- In April 2013, we posted a checklist for compliance self-auditing pursuant to the Subcontract Act on our company intranet. All employees were broadly educated about the checklist which functions as a tool for checking and correcting administrative activities prone to violations of the Subcontract Act.
- Since fiscal 2011 we have held group training sessions every year, mainly for design and manufacturing divisions at our plants and major affiliated companies. A total of about 7,000 employees have received this training so far. In addition, in fiscal 2022 we implemented e-learning training to make as many employees as possible aware of the Subcontract Act; about 18,000 employees have taken this e-learning course so far.

Conflict Minerals

In December 2013, the Kawasaki Group posted its Policy Regarding Procurement of Conflict Minerals on its website. This policy states that the Group has no intention whatsoever of being party to conflicts or inhumane acts in the Democratic Republic of the Congo and neighboring countries through the procurement or use of the tin, tantalum, tungsten, and gold—the so-called conflict minerals—that are produced in these countries.

We also ask our suppliers to make similar efforts in the Kawasaki Group Sustainable Procurement Guidelines.

In fiscal 2021, based on customer requests, Kawasaki Motors carried out a survey of not only tin, tantalum, tungsten, and gold but also cobalt in its general-purpose engines business.

Policy Regarding Procurement of Conflict Minerals

Armed groups that repeatedly commit inhumane acts such as killings, looting and sexual violence may derive capital from the four minerals of tin, tantalum, tungsten and gold (known as "conflict minerals") being produced in the Democratic Republic of the Congo and its neighboring countries. As a result, there is a concern that these conflict minerals will lead to an escalation of problems.

The Kawasaki Heavy Industries Group has no intention whatsoever of being party to such conflicts or inhumane acts through the procurement or use of these conflict minerals in consideration of respect for human rights. Going forward, efforts will be made to tackle the issue of conflict minerals in close liaison with customers and suppliers.

Supplier Hotline

To promote procurement activities that conform to our thinking about sustainability such as compliance and giving consideration to human rights, labor, occupational safety and health, and the global environment, we have created a point of access (supplier hotline) for receiving reports from business partners when they become aware of (or have concerns about) any behavior by any Group officers or employees with whom they are involved that violate any laws or regulations, the Kawasaki Group Code of Conduct, the Kawasaki Group Policies for Material Procurement, or the Kawasaki Group Sustainable Procurement Guidelines.

Human Resource Management

Management Approach

Our Basic Stance


Human resources are the most important asset necessary to sustainably provide the new value required by society, and in the Group Vision 2030 as well, we have positioned the enhancement of human capital as an important element supporting our growth scenario. Based on this understanding and in accordance with our basic policy on human capital (Kawasaki Group Policy on Human Resource Management), we are implementing various measures to recruit and develop diverse human resources, to create an environment that leverages individuality and abilities, and to realize proactive individuals and organizations that continuously embrace challenges.

Guidelines on Human Resource Management

Our Company-wide human resource development policy, which has a significant impact on management, is being discussed and examined by the Company-wide HR Management Committee, chaired by the president. In addition, since fiscal 2021, we have launched a new personnel system based on the concept of "Challenge & Commitment." We aim to continuously improve corporate value by securing and assigning human resources from both within and outside the company, regardless of age, gender, nationality, or other attributes, who can fulfill expected roles and achieve results, and by maximizing their abilities.

Regarding the policy for improving the company environment, we believe that creating an environment where a greater number of human resources can experience job satisfaction and ease of work is crucial to continue being an open, free-spirited, and creative team that surpasses boundaries and continues to grow, as stated in the Group Vision 2030.

Furthermore, for the sustained enhancement of our corporate value, we are endeavoring to create an organization that enables individual employees active around the world to fully display their diverse abilities regardless of nationality, gender, age, religion, disability and so on and to maximize this talent. These proactive efforts to promote diversity have been recognized, and we have been selected as a "Nadeshiko Brand" for women's participation in the workforce. We have also obtained such certifications as "Eruboshi" and "Kurumin."

- [Kawasaki Group Policy on Human Resource Management](#) 

Personnel-related Structures

Company-wide policies on human resource development and utilization with significant potential impact on corporate management are discussed and reviewed at the Company-wide HR Management Committee. With the president as its presiding officer, the Company-wide HR Management Committee comprises primarily internal company presidents. The committee discusses and reviews matters regarding 1) cultivating corporate managers, 2) the application of human resources in key strategies, 3) the assignment of human resources to new business and new product operations, and 4) the status of human resource measures in operation.

In addition, the Head Office Human Resources Division maintains various meetings and committees in which division managers in charge of human resources and labor at the business segments convene to gather views and opinions on the drafting of detailed human resource initiatives and communicate Company-wide policies.

Human Resource Committees and Meetings

Body	Purpose	Attendees	Meeting frequency
Company-wide HR Management Committee	To discuss and consider Company-wide policies on human resource development and related matters with the potential to significantly impact corporate management	<ul style="list-style-type: none"> • Head Office Human Resources Planning Department (host) • President, Senior Corporate Executive Officers, internal company presidents • General Manager of the Corporate Technology Division • General Manager of the Head Office Corporate Planning Division • General Manager of the Human Resources Division 	Four times a year
Meeting of Company-wide human resources planning departments*	To consider and share information on policy and operations related to personnel & labor administration	<ul style="list-style-type: none"> • Head Office Human Resources Planning Department (host) • Senior managers of human resources of business segments 	As needed (approximately twice a month)
Meeting of managers in charge of human resources	To exchange views about and discuss the operations of Human Resources & Labor Administration Department	<ul style="list-style-type: none"> • The Head Office Human Resources & Labor Administration Department (host) • Managers of personnel & labor administration sections of business segments 	As needed (approximately twice a year)

Body	Purpose	Attendees	Meeting frequency
Meeting of managers in charge of human capital development	To exchange views about and discuss the operation of Human Capital Development Department	<ul style="list-style-type: none"> • The Head Office Human Capital Development Department (host) • Managers in charge of human capital development of business segments • Managers of human capital development sections of the Group companies 	Twice a year
Meeting of managers in charge of labor administration	To exchange views about and discuss the operation of Human Resources & Labor Administration Department	<ul style="list-style-type: none"> • The Head Office Human Resources & Labor Administration Department (host) • Managers of personnel & labor administration sections of business segments 	Twice a year
Meeting of managers in charge of safety & health management	To exchange views about and discuss the operation of Safety & Health Management Department	<ul style="list-style-type: none"> • The Head Office Safety & Health Management Department (host) • Managers in charge of safety & health of business segments 	Four times a year

* Meetings of managers serve as venues for discussion, while the meeting of Company-wide human resources planning departments serves as a venue for sharing information and communicating policy.

Responsible Officers

Katsuya Yamamoto, Representative Director, Senior Corporate Executive Officer, General Manager of Human Resources Division

Company-wide HR Management Committee: Yasuhiko Hashimoto, Representative Director, President, and Chief Executive Officer

Other various HR meeting bodies: Senior Managers from the Head Office Human Resources Division

Responsible Executive Organ and/or Committee

Company-wide HR Management Committee

Employee Engagement

K-Win Activities (Kawasaki Workstyle Innovation)

The Kawasaki Group launched K-Win activities, an effort to promote workstyle reform, in fiscal 2016 with the objectives of "increasing the productivity of administrative and technical personnel," "promotion of work-life balance," and "reducing long working hours." Through these activities, we pursued three areas of transformation, namely, operational transformation, organizational and corporate culture transformation, and system transformation.

K-Win activities are currently integrated with Group management and have been expanded to include overall corporate innovation to change the corporate culture and employee awareness for the purpose of achieving the Group Vision 2030. Through these efforts to increase the number of employees who have a high level of motivation and feel that an environment is provided in which they can demonstrate their abilities, we are building organizations that create virtuous cycles of corporate value enhancement.

In addition, a WinDEX engagement survey is being conducted to visualize the progress.

Vision for Our Employees and Organization

We have identified a vision for our employees and organization as described below. This vision is aimed at making effective use of human resources with an eye to total business portfolio optimization, maximizing results by improving productivity, and realizing value creation by bringing together diverse insights.

- People and organizations with high levels of engagement, job satisfaction and enjoyment, and ease of work
- Organizations in which every employee takes specific actions that go beyond internal and external boundaries based on market-in perspectives for achieving the Vision

Priority Issues to Be Addressed in K-Win Activities

Encouraging the formation of connections and dialogue that link management topics with employees: proactively moving in a single direction

- Informing employees about the Group Vision 2030 and engaging in dialogue with senior management
- Implementation of the WinDEX engagement survey to make visible the corporate culture and address organizational issues
- One-on-one engagement and organizational development to establish a shared awareness with employees and revitalize organizations

Promote crossover action internally and externally with a focus on demonstrating competence and results: break down existing constraints and overcome internal and external boundaries

- Shift to new workstyles for Kawasaki and advance communications (e.g., use of remote communications and DX)
- Share information and solve cross-organizational issues using a suggestion box on the Company intranet
- Form a crossover community made up of members from inside and outside the company and exchange knowledge

K-Win Activities Structure

The structure consists of two main parts: the K-Win Activities Implementation Secretariat, led by the Head Office, which is responsible for promoting Company-wide activities, and the Business Segment Implementation Secretariat, which is responsible for promoting activities within the respective organizations. Additionally, employees with strong determination to promote activities and expertise in various themes actively participate in actions to drive the initiatives forward.

[Example of a specific activity theme]

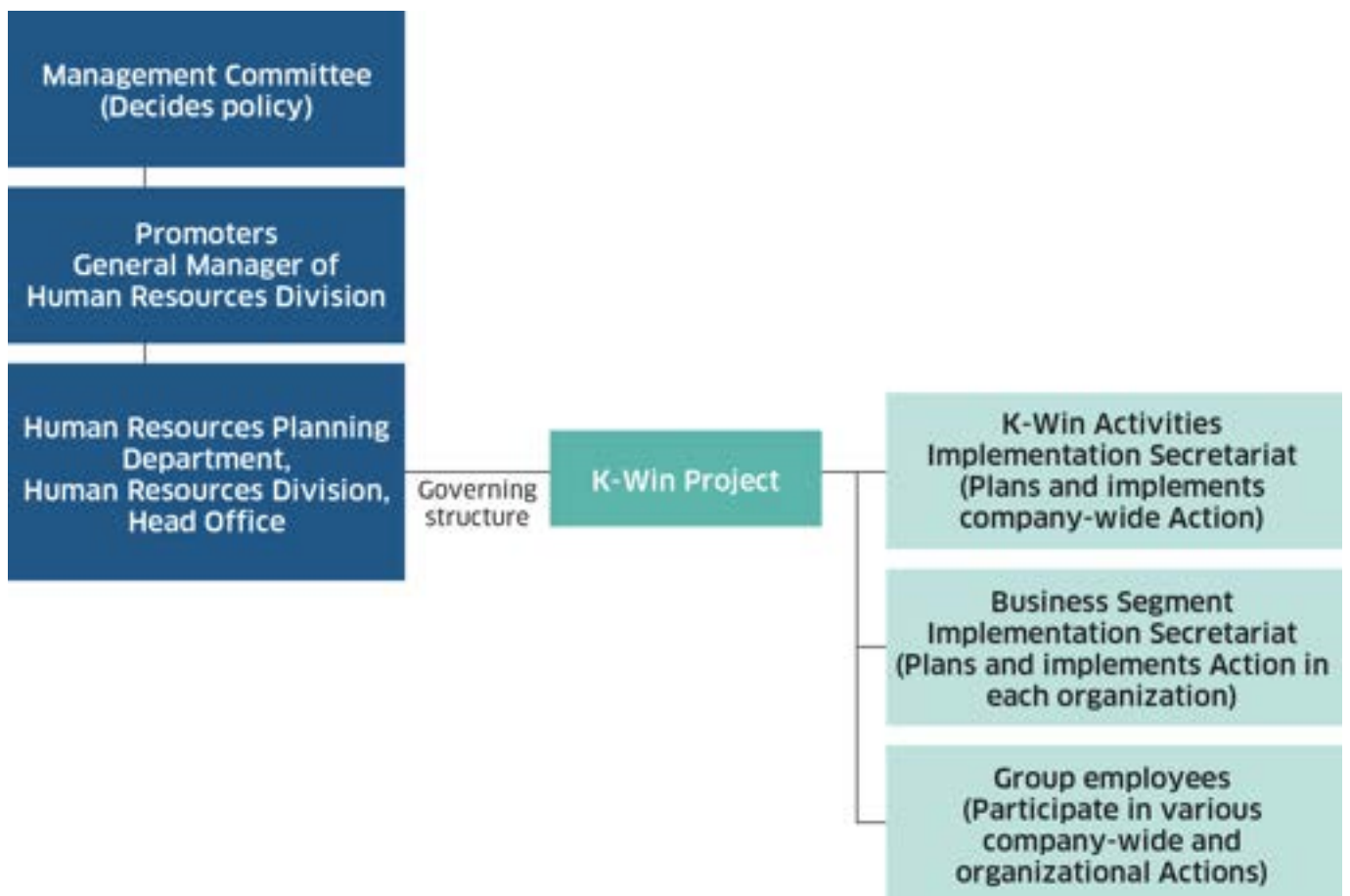
The implementation of meeting in a circle (Energy Solution & Marine Engineering Company).

The objective is to directly capture the voices of employees through dialogue between management and workers, to connect this to problem-solving through a top-down approach, and to foster an awareness that employees themselves can bring about change within the organization.

In fiscal 2022, a total of approximately 2,300 employees participated, making it a meaningful platform for management as well to hear employees' voices. Beyond simply gathering opinions, management promptly implements business actions that have been proposed via this initiative.



K-Win Implementation Structure



Responsible Officer

Katsuya Yamamoto, Representative Director, Senior Corporate Executive Officer, General Manager of Human Resources Division

Responsible Executive Organ and/or Committee

K-Win Activities Implementation Secretariat

Overview of the WinDEX Engagement Survey

We are actively engaged in K-Win activities with the aim of further increasing the number of employees who have a high level of motivation and feel that an environment is provided in which they can demonstrate their abilities. To connect these activities to the visualization and continuous improvement of organizational challenges, we regularly conduct engagement surveys. Our target in these surveys is to raise the ratios of employees ticking “supportive environment” and “employee engagement,” which are both high, to 50% or over in the consolidated results for fiscal 2030 (actual achievement for fiscal 2022: 29%). We implement various initiatives, such as meetings in a circle with top management, one-on-one meetings, organizational vitality through organizational development, and the use of the suggestion box on the Company intranet, to share and address cross-organizational issues.

- [Employee Engagement Survey Results \(ESG Data\)](#)

Securing and Retaining Human Resources

Hiring

Administrative and technical positions are characterized by a prevalence of team-based operations. As such, finding team players who can engage in friendly competition with their colleagues is a major focus in hiring. When recruiting human resources, rather than simply filling the gaps left by outgoing retirees, we seek to secure individuals with the necessary skills in the required numbers from a medium- to long-term perspective. Furthermore, to flexibly meet the need for more employees due to business expansion, we are actively recruiting not only new graduates but also individuals with career experience. To facilitate overseas business expansion and promote diversity, we hire new overseas college graduates and foreign national students in Japan.

For details on the employment of diverse human resources, please refer to [Diversity and Inclusion](#).

- [Number of Employees Hired \(ESG Data\)](#)
- [Number of People Resigning \(ESG Data\)](#)

Employee Evaluations

Our Approach to Human Resource Evaluation

Kawasaki operates a personnel system that rewards employees based not on such individual characteristics as age, but on the size of the employee's role, the ambition of the targets they set, their ability to carry out the necessary work with determination and speed, and the results they achieve. By using this system, we aim to promote the further growth of our human resources and ongoing corporate growth. At the core of this is our target management system, which values commitment and ambitious effort.

Employees set targets for themselves that comprise both the expected targets entailed in carrying out their basic responsibilities as well as targets that reflect taking on self-directed challenges and rising above their normal roles to generate additional added value. Supervisors and their subordinates meet regularly to discuss hurdles to achieving these targets and employees' initiatives to do so. At the end of the fiscal year, employees themselves and their supervisors evaluate their performance regarding each target, and supervisors provide feedback that includes the reasons for their evaluations and reach a final evaluation. They then discuss initiatives for the coming year and the subordinate's career path.

To ensure fair and equitable evaluations, we have established fixed evaluation procedures. We also incorporate case studies and other training aimed at improving evaluation skills into the training of managers. In addition, for managerial staff, we implement 360-Degree Surveys aimed at observing a person's behavioral characteristics in an objective and multisided manner, clarifying their personal traits as seen by others, and using the results as reference for the person's training, future assignments, and so on.

Moreover, once a year, the labor union is briefed on promotions and compensation to verify that employees are being treated in an equitable and fair manner.

Percentage of Employees Assessed by Different Evaluation Methods (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)

(FY)

	Unit	2018	2019	2020	2021	2022
Evaluation based on target management*1	%	100	100	100	100	100
Multifaceted performance evaluations*2	%	21	21	21	21	22
Evaluations for ranking employees within their category	%	100	100	100	100	100

*1 Evaluations based on targets and other criteria agreed to by the Line Manager.

*2 360-Degree Surveys, etc.

Support for Career Development

In accordance with our basic policy of "supporting career development that respects the individual wishes of employees," our Group strives to provide substantial opportunities for employees to clarify their goals in terms of skill development, and acquire the required knowledge, skills, and abilities, and gain necessary workplace experience.

For instance, to enable our employees to actively shape their careers, we provide them with information about our career development support measures through the "Career Support Guidebook" and offer theme-based career seminars and career counseling opportunities. We also conduct career support seminars for supervisors, promoting an environment where supervisors can support the growth and career development of their subordinates in the workplace. Additionally, we have established systems such as the "Job Challenge System" and "Free Agent System" to encourage employees to take on new roles and voluntarily pursue career challenges.

Number of open positions (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)

(FY)

	Unit	2018	2019	2020	2021	2022
Number of open positions	Number	28	28	28	26	38

Overview of Long-term Incentives for Employees

Kawasaki provides a retirement payment system where employees can receive payment in a lump sum or as a pension. In addition to defined benefit pensions, Kawasaki offers defined contribution corporate pensions, which allow employees to choose their contribution amounts to suit their life plans and put them to good use in their long-term asset building plans.

Assessment Criteria

Years of service, age, work qualifications, work performance

Period for Assessment

Three years or more

Scope of Policy Application

All employees

Employee Stock Ownership Association

The Kawasaki Group operates an employee stock ownership association system established to promote employee welfare (in terms of wealth building) as well as employees' sense of involvement in management. As part of the employee benefit system, the Company matches a certain portion of employee contributions, and the dividends on shares held by employees are used to buy more shares, achieving a compounding effect and enabling employees to build wealth. Furthermore, holding shares of the Company through the ownership association helps employees gain a greater awareness of corporate management, just as for general shareholders. We believe that this will contribute to the enhancement of enterprise value over the long term.

Shares Held by the Employee Stock Ownership Association and Position on the Register of Shareholders

(FY)

	Unit	2018	2019	2020	2021	2022
Shares held by the Employee Stock Ownership Association	Shares	3,286,221	3,790,021	4,501,521	4,934,251	5,223,751
Position on the register of shareholders (by size of shareholding)		7th	6th	4th	4th	4th

Human Resource Development

Management Approach

Our Basic Stance

In order for us to continue our business and grow in the 21st century as a global corporation, all of our employees must efficiently, effectively, and completely achieve specific targets in line with our corporate policies and Company-wide actions.

It is the “people” of a company who use their minds and act to achieve specific goals, so the development and invigoration of human resources is the most critical factor for the growth and advancement of our company.

The Kawasaki Group Policy on Human Resource Management, the Group’s fundamental policy on human capital, also declares our commitment to continuously fostering human resources with the mindset to resolutely challenge change and to follow through on their own initiative. This commitment entails identifying by appropriate means the talents and ambitions of employees and enabling them to realize their ideal careers through work and skill development. Based on the above, the Kawasaki Group conceptualizes the development of human resources as follows:

- We carry out human resource development to grow our corporate performance, and improve our employees’ capabilities as well as their purpose in life.
- OJT (on-the-job training), self-development, and rotation are the foundations of human resource education.
- Off-JT is provided to support these activities in ways where the results of Off-JT can be practically applied in the workplace.
- The line manager is responsible for human resource education.
- Human resource education is to be conducted on an individual basis in a planned manner and on an ongoing basis.
- Opportunities for developing one’s abilities are provided to all employees from the time they are newly employed up to the time of their retirement.

Desirable Employee Attributes

The Kawasaki Group aims to nurture individuals equipped with sophisticated expertise and wide-ranging experience. To this end, we will systematically nurture future leaders, including executive candidates, while strengthening project risk management and developing global human resources. Specifically, we will provide consistent training and strengthening at all levels with the aim of realizing the following six desirable human resource attributes set out in our Kawasaki Group Mission Statement:

- Human resources capable of being active globally
- Human resources capable of solving the challenges of society and customers
- Human resources capable of supporting change and innovation
- Human resources capable of upgrading their expertise
- Human resources capable of displaying overall competence
- Human resources with a constant profit-oriented perspective

Structure

We have in place the Human Capital Development Department within the Human Resources Division. Also, common Group-wide education and training, such as level-specific development for junior employees, top management or other levels and training to foster globally capable human resources, is planned and executed by the Head Office Human Resources Division. In addition, the internal companies each plan and execute education and training related to the particular abilities and skills required in their respective areas of business.

- For details on our internal committees and relevant governance structures, please refer to [Human Resource Management](#).

Human Resource Development Programs

Reinforce the Management and Business Execution Capabilities of Employees (Training for administrative and technical personnel)

During their first three years of employment, employees in administrative and technical positions receive a combination of structured OJT based on a mentoring program and a range of training content designed to help young employees develop their capabilities as quickly as possible.

Furthermore, we provide programs that target employees on a wide range of levels including the Kawasaki management seminars and Kawasaki executive coaching programs, which are designed to train managerial candidates; the senior management course and middle management course, aimed at enhancing the capabilities of mid-level managers and section heads; and the 360-Degree Surveys, which are designed to develop awareness of strengths and areas requiring improvement by managerial and higher-level staff.

We also develop human capital through means other than training, such as emphasizing the importance of communication to foster skills development in the execution of routine duties. In particular, individuals have quarterly one-on-one meetings with their supervisors and share their goals within their sections using a special sheet, titled the Challenge & Commitment Sheet, which includes the challenges they are taking on and their commitments.

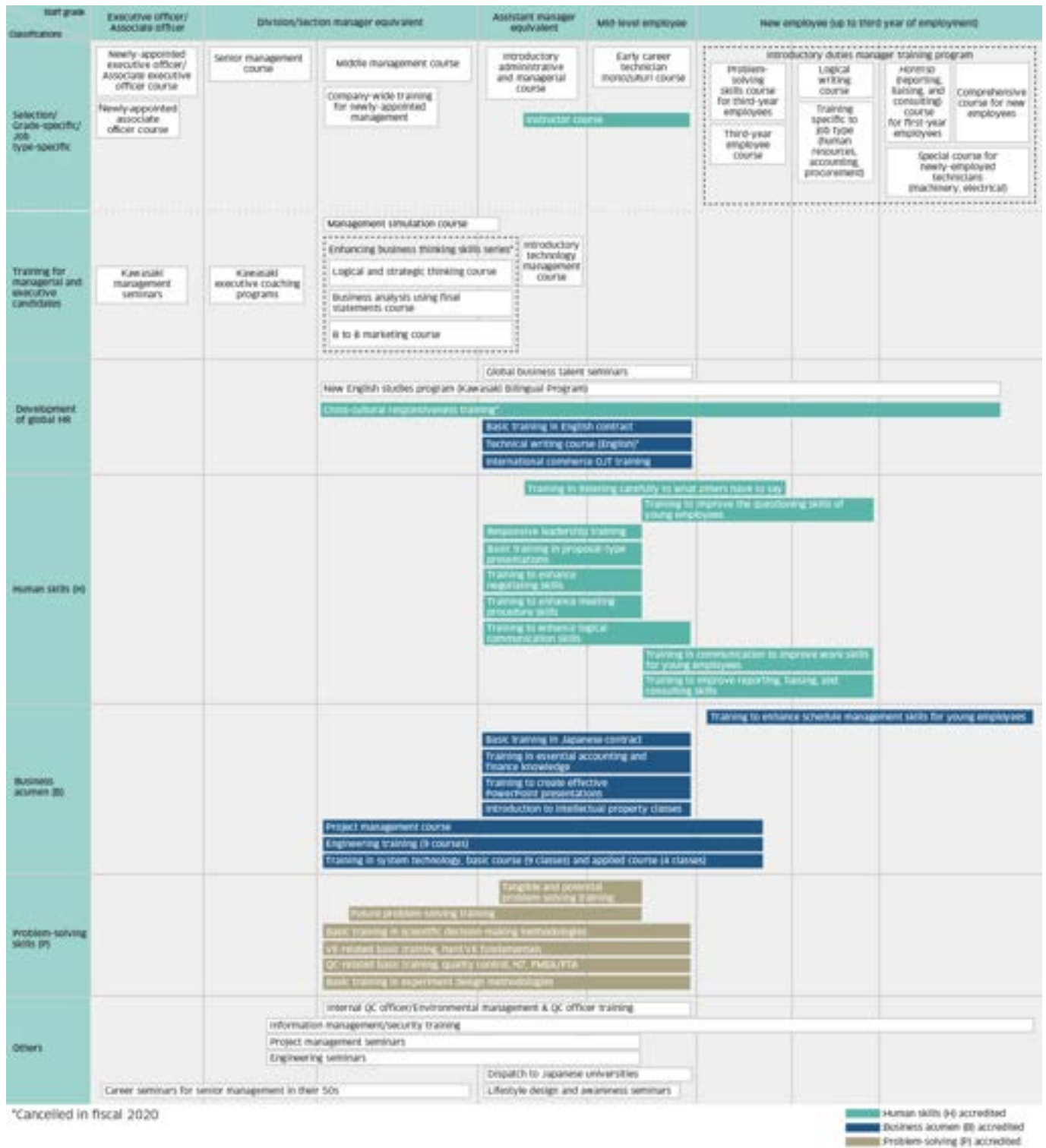
Performance of Major Grade-specific Training Programs Held by Head Office (consolidated domestic; exceptions apply) (FY)

		Unit	2018	2019	2020	2021	2022
New employee training	Participants	Persons	338	338	344	232	230
	Total hours	Hours	14,872	14,872	15,136	10,208	10,105
Training for new section managers	Participants	Persons	91	125	103	140	139
	Total hours	Hours	5,533	7,843	4,944	7,140	7,020
Training for new division managers	Participants	Persons	50	48	36	39	38
	Total hours	Hours	2,464	2,700	1,512	1,521	1,510
Kawasaki executive coaching program*1	Participants	Persons	9	9	9	30	29
	Total hours	Hours	1,152	1,152	1,152	4,080	4,120
Kawasaki management seminars	Participants	Persons	23	- *2	121	103	- *2
	Total hours	Hours	81	- *2	242	206	- *2

*1 The participant target for the Kawasaki executive coaching program, which aims to expedite the training of executive candidates, was lowered from division manager equivalent to section manager equivalent in fiscal 2021, with the number taking the classes increasing from 9 to 30 persons.

*2 Cancelled in fiscal 2019 and fiscal 2022 to prevent the spread of COVID-19.

Training Structure for Administrative and Technical Personnel



Strengthening On-site Capabilities (Training for production specialists)

In the area of production specialist training, we are promoting the transmission and enhancement of front-line production skills through a variety of programs, including the Skills and Qualification Early Acquisition Incentive Program for younger employees and the Grand Master System, in which production specialists with a high level of special expertise are recognized as grand masters and work to systematically pass down their skills to younger employees. In fiscal 2022, two new grand masters have been recognized, bringing the current total of active grand masters to five.

In addition, we actively participate in outside skills competitions including the Skill Grand Prix and have achieved excellent results. In fiscal 2022, two Kawasaki employees won medals in the Hyogo Monozukuri (production) Skill Competition.

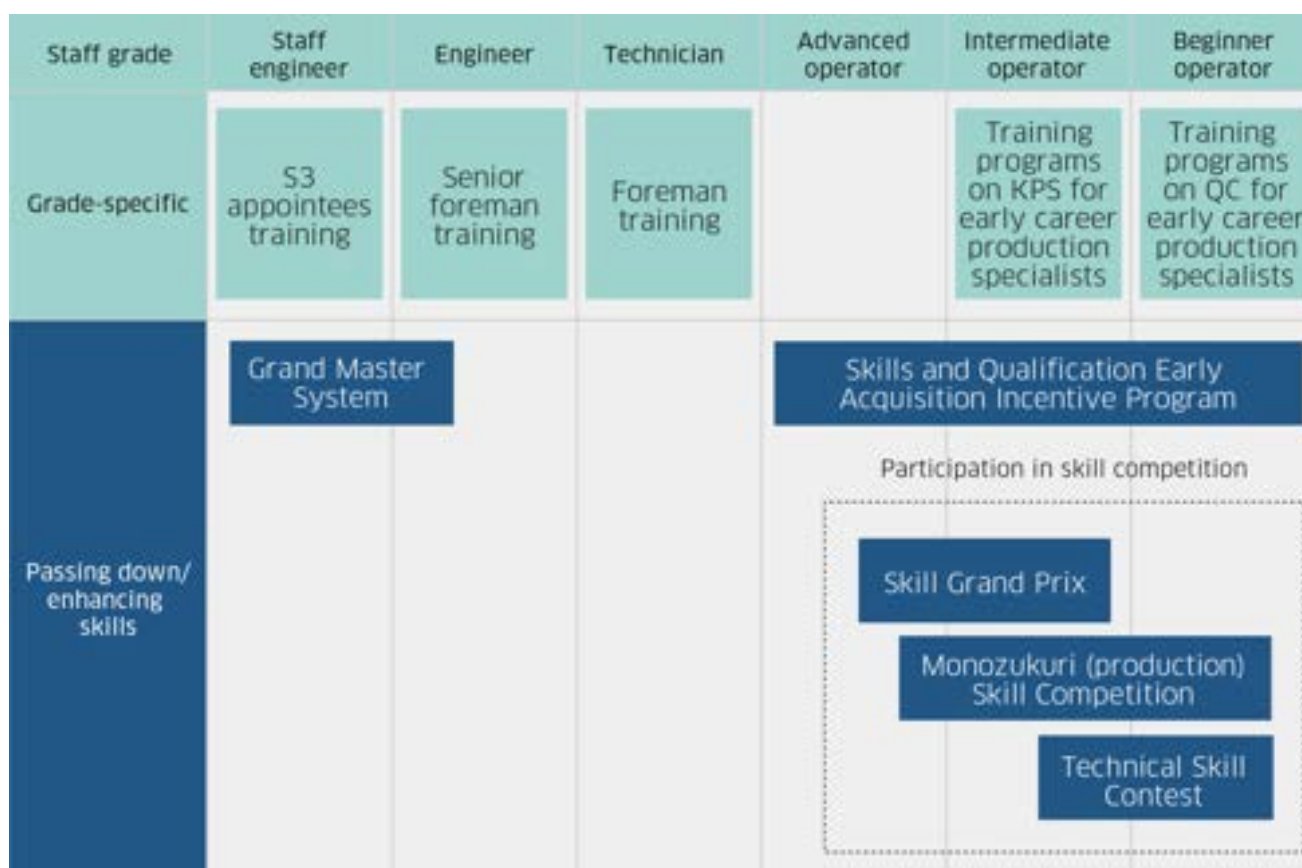
Fiscal 2022 Medal Results

Competition	Category	Result
2022 Hyogo Monozukuri (production) Skill Competition	Lathe	First place
	Welding	Third place

To reinforce the leadership of production site supervisors, we provide senior foreman training and foreman training. For young employees, we provide basic training programs on KPS* and quality control in which they learn about Kawasaki's production systems.

* KPS: The Kawasaki Production System, a proprietary production system developed by Kawasaki.

Training Structure for Production Specialists



Note: Only those programs, etc. targeted at all Group companies and hosted by Head Office are included

Other Initiatives to Strengthen On-site Capabilities

- Technical Skill Contest

In recent years, ensuring that the skills are passed down to the next generation has become a pressing issue, and Kawasaki is focusing efforts on education and developing the skills of young employees. Every year, young employees from production sites in and outside Japan gather at the Akashi Works for the Technical Skill Contest to compete against one another using skills they have honed at their work sites. Young technicians from Japan and several other countries take part, demonstrating their skills to the fullest as they compete with and learn from each other. In fiscal 2022, the event was cancelled to prevent the spread of COVID-19. Going forward, however, we will continue such efforts to maintain and improve technical skills across the Group.

- Creating Opportunities to Pass Down Skills

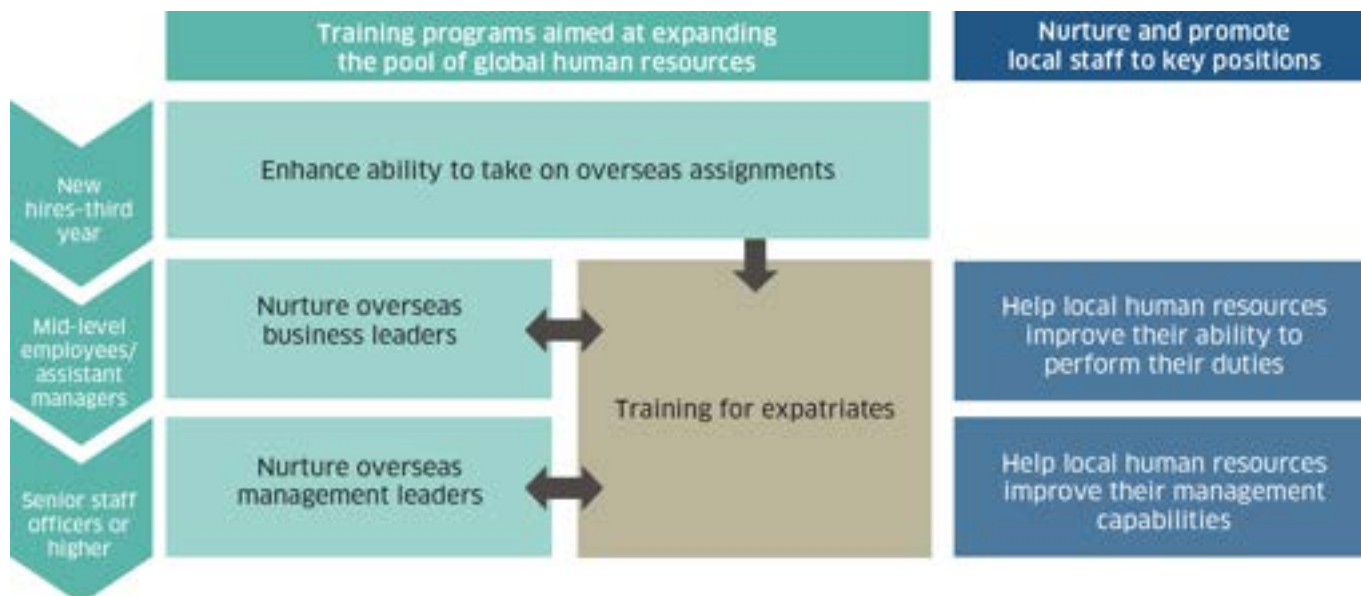
Aggressively promoting the transfer of technical skills to enhance production capabilities, the bedrock of our business activities, is essential. To this end, we opened Takumi Juku, a professional trade skills training center at the Harima Works, in 2012, and Manabiya, a manufacturing skills creation center at the Akashi Works, in 2014. Through synergies between existing skills training systems and the creation of opportunities to pass down technical skills, these centers are delivering results in terms of not only transferring skills, but also of acquiring new skills, quickly developing skills and instructors, and enabling employees to teach and improve one another's capabilities.

Development of Global Human Resources

Since 2008, we have been implementing measures for global human resource development aimed at supporting business expansion worldwide. Specifically, we implement the global business talent seminars to instill a mental preparedness to work from a global perspective and learn skills related to overseas business and the global basic skills seminars to instill a systematic understanding of differences in diversifying values. Furthermore, we work to enhance global human resource development, for example, offering an overseas internship system and Asian business training program aimed at globalizing domestic human resources as well as training support for local engineering employees at overseas sites.

In fiscal 2018, we formulated the Kawasaki Bilingual Program, an English training program designed to assist self-motivated study. This represents yet another example of our efforts to develop an environment in which employees with career ambitions are supported by a diverse lineup of English training programs and empowered to pursue their goal of becoming global human resources.

Our Structure for Nurturing Global Human Resources



Performance of Major Global HR Training Programs Held by Head Office (consolidated domestic; exceptions apply)

(FY)

		Unit	2018	2019	2020	2021	2022
Global business talent seminars	Participants	Persons	33	16	-	15	15
	Total hours	Hours	1,584	872	-	765	750
Global basic skills seminars	Participants	Persons	20	38	-	23	23
	Total hours	Hours	160	304	-	172.5	180
English-language skills series ^{*1}	Participants	Persons	15	17	19	12	15
	Total hours	Hours	324	368	161	242	250
English-language writing series ^{*2}	Participants	Persons	39	37	-	23	20
	Total hours	Hours	624	956	-	345	320

Note: Language programs are also provided at each workplace.

*1 English-language skills series: Meeting (reading aloud and practical exercises), presentation, and negotiation training

*2 English-language writing series: Courses on technical writing (to fiscal 2019), business writing, and email writing from the elementary stage

Project Manager Training

In recent years, we have seen a rise in project-oriented businesses with contracts for entire systems, including peripheral facilities, as opposed to standalone products. Accordingly, we introduced new training programs in fiscal 2016 to secure project managers able to execute such projects. The entire Group is working to enhance its project management capabilities, to this end holding Project Manager Seminars to which we invite individuals from inside and outside the company with previous experience in large-scale projects as lecturers to impart the know-how required to lead projects to success, and the Project Management Course to acquire a systematic knowledge of project management.

Nurturing Management Successors (Kawasaki Executive Coaching Program)

We are nurturing human resources who can assume executive positions and contribute to the medium-to long-term enhancement of our enterprise value amid an increasingly harsh business environment. To this end, our pipeline of candidates encompasses an extensive scope of job ranks, ranging from assistant managers to executive officers, while our training programs are designed to address differing issues in light of their staff grades.

As a specific initiative, we hold the Kawasaki executive coaching program (spanning nine months per fiscal year) for executive candidates selected from section manager equivalents. In addition to instilling participants with corporate management expertise, the program facilitates a deepened understanding of the true nature of corporate management at Kawasaki Group. This is achieved through deliberations involving external lecturers and corporate managers from outside the Kawasaki Group, as well as numerous group discussions. Using these means we aim to nurture in management-level human resources the capacity to embody our corporate philosophy by equipping them with optimal perspectives on the Group as a whole, as well as global perspectives on corporate management, toward the resolution of managerial challenges.

Amounts Invested in Human Resource Development

ROI from Human Resources (consolidated global)

(FY)

	Unit	2018	2019	2020	2021	2022
Sales (a)	Millions of yen	1,594,743	1,641,335	1,488,486	1,500,879	1,725,609
Sales expenses (b)	Millions of yen	1,530,720	1,579,272	1,493,792	1,455,074	1,644,098
Employee-related expenses (c)*	Millions of yen	161,131	161,460	156,707	147,460	143,971
ROI from human resources (a-(b-c)) /c		1.40	1.38	0.97	1.31	1.57

* Salaries, bonuses, and welfare expenses

- Education and Training Expenses and Hours (ESG Data).

Diversity and Inclusion

Management Approach

Our Basic Stance

Against the backdrop of factors such as the growing number of businesses seeking to expand globally and stronger international competition, as well as addressing the lack of people in the labor force due to a decline in the population of developed countries, including Japan, people's views regarding careers and workstyles have become more diverse than ever before. In order for the Kawasaki Group to sustainably improve its enterprise value in such an environment, it will be crucial for every one of our approximate thirty-six thousand employees active throughout the world to fully realize their diverse capabilities regardless of their nationality, gender, age, religion, or disability and for us to create an organization designed to maximize this potential. Based on this recognition, we are proactively implementing various initiatives to promote diversity and inclusion.

Vision for Our Organization

Our diversity and inclusion initiatives center on "allowing employees to embrace diverse workstyles to help them strike an optimal work-life balance," "promoting the active participation of women," "facilitating the employment of people with disabilities," "extending support for the next generation and those engaging in nursing care," and "promoting the active participation of non-Japanese nationals." Furthermore, in an effort to expand the scope of these initiatives, we aim to create an LGBT-friendly work environment and, to this end, are focusing on pushing ahead with various measures and employee awareness campaigns. In proactively undertaking diversity and inclusion initiatives, we will foster a corporate culture in which all employees respect one another based on a common understanding that others have different value systems and attributes. Doing so will facilitate the creation of new value and enable us to better accommodate increasingly diverse customer requests, and in turn, help us with the aim of enhancing our corporate competitiveness.

In addition, the Kawasaki Group Code of Conduct makes it clear that we will strive to create a workplace environment that respects diversity among employees and empowers everyone to work energetically.

- [The Kawasaki Group Code of Conduct](#)

Structure

Within the Head Office Human Resources Division, we have in place the Diversity and Inclusion Promotive Section, which is tasked with various activities aimed at promoting diversity and inclusion.

- **For details on our internal committees and relevant governance structures, please refer to [Human Resource Management](#).**

Promoting Diversity and Inclusion

Promoting the Employment and Active Participation of Non-Japanese Nationals

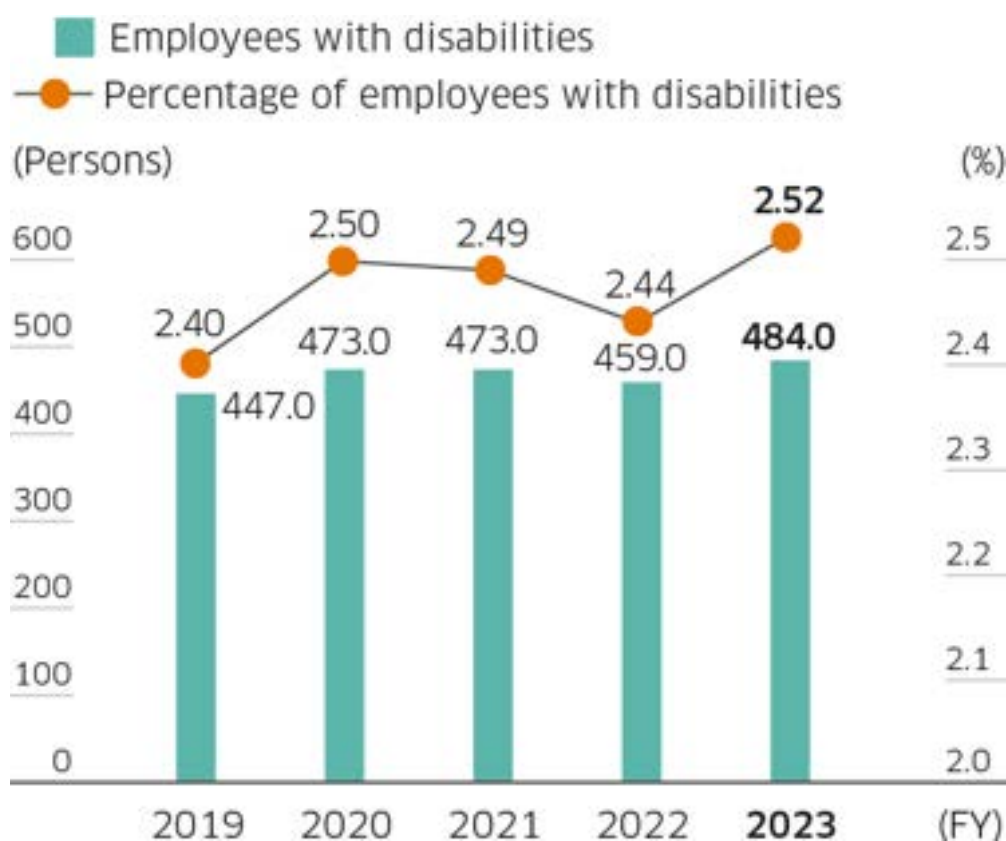
Kawasaki launched a regular hiring program for non-Japanese new graduates in fiscal 2012 and continues to recruit from countries around the globe, including Korea, China, Sweden, and India. To improve communication between non-Japanese employees and their supervisors and co-workers, as well as to enable supervisors and co-workers to better understand non-Japanese employees who have different educational, cultural, and other backgrounds, Kawasaki creates and distributes guidebooks for workplaces that non-Japanese employees will be joining and organizes seminars on multicultural understanding for supervisors as well as training programs to help employees from other countries understand the Japanese business environment.

- [Number of Foreign National Employees \(ESG Data\)](#)

Promoting Participation by People with Disabilities

We are committed to hiring more people with disabilities, and they participate in a wide range of workplaces. In September 2013, we established our special subsidiary Kawasaki Heartfelt Service Co., Ltd., which promotes the active Group-wide employment of people with disabilities in order to maintain and improve their employment rates, with the employment of persons with disabilities standing in excess of the legally mandated employment rate, at 2.52% for fiscal 2023. We are additionally working actively to create barrier-free workplaces, and will cultivate an environment in which people with disabilities are able to develop to their full potential. In March 2022, Kawasaki Heartfelt Service Co., Ltd. acquired the Minister of Health, Labour and Welfare's MONISU Certification, a system to certify small and medium-sized employers making outstanding efforts to promote and stabilize initiatives to ensure the employment of persons with disabilities.

Employees with Disabilities^{*1*2} and Percentage of Employees with Disabilities (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)



*1 As of June 1 of each fiscal year. Respective results include those for special subsidiary Kawasaki Heartfelt Service Co., Ltd.

*2 People working short hours are calculated as 0.5 persons. One person with a severe disability is counted as two persons.

Employing Seniors

Kawasaki extended its mandatory retirement age well before such changes were mandated by the amended Older Persons' Employment Stabilization Law, and many of our veteran employees remain actively involved in operations while also passing down their skills by using the experience they have accumulated to date. Furthermore, we hold career seminars for employees in their 50s to assist them in identifying their strengths and allow them to rethink their workstyle options going forward.

LGBT-related Efforts

Aiming to create an LGBT-friendly workplace, we are striving to raise employee awareness by sending out messages from the president, holding in-house seminars, issuing an LGBT handbook to be used in employee education, distributing the “Kawasaki LGBT ALLY Mark” to help employees express their support of LGBT individuals, and participating in relevant external events.

Moreover, we formulated the “Kawasaki Declaration of Action in Support of LGBT,” which provides employee conduct guidelines, clarifying Kawasaki’s basic stance and action principles to be observed by all employees.



Kawasaki LGBT Ally mark

In addition, Kawasaki Heavy Industries introduced rules on the registration of same-sex partners in fiscal 2020 and the choice of “business names” (a name other than one’s legal name) in fiscal 2022. Based on these rules, employees who have same-sex partners and meet prescribed conditions are now deemed legally married and treated as such. Additionally, employees are allowed to work based on their gender identity. In this way, we are endeavoring to develop a structure to advocate for equal rights for LGBT individuals both at their workplaces and in their private lives.

As for our external evaluation, Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors had been awarded the highest rating of Gold in the Pride Index for the five consecutive year until 2022, which reflects the level of effort on behalf of LGBT and other sexual minorities as recognized by the voluntary organization work with Pride.



PRIDE Index 2022

Promoting the Active Participation of Women

The Company is focused on promoting the active participation of women and has set targets for 2025 to double the fiscal 2020 number of female managerial staff to over 116 and to raise the female ratio for career-track administrative positions to at least 30-40% and that of career-track technical positions to at least 5-15% among newly hired graduates.

Furthermore, to promote the retention and career success of women, we hold seminars for managers of workplaces to which female employees are assigned for the first time to help them understand how to nurture such employees over the medium to long term. We also host joint seminars with other companies to incorporate insights from external role models on how to help women achieve personal growth. In recognition of these efforts, in 2016 Kawasaki received Eruboshi (2nd level) certification in recognition of outstanding efforts in promoting the active participation of women in the workplace.

- [Kawasaki’s page in the Ministry of Health, Labour and Welfare’s database of companies promoting the active participation of women \(Japanese language only\).](#)
- [Number of Women in Managerial Positions \(ESG Data\).](#)

New Graduate Female Hires for Administrative and Technical Positions* and Percentage of Women among All New Graduate Hires for Administrative and Technical Positions (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)



* As of April 1 of each fiscal year.

Work-Life Balance

Work-life balance is the foundation for promoting diversity and inclusion, allowing diverse employees to exercise their strengths. To sustainably increase enterprise value, it is crucial to create highly productive workplaces where diverse employees can creatively use their abilities to the fullest while maintaining a good work-life balance. Within the Kawasaki Group, it is therefore important to create environments in which employees can do work that meets the expectations of the Company, those around them, and themselves while leading healthy, fulfilling lives, so that they can engage with their work at a higher level. By providing diverse workstyle options that enable employees to balance their professional and private lives, we will systematically improve work efficiency.



Supporting Employees Balancing Work with Childcare and Nursing Care

Kawasaki provides support in a number of ways to enable employees to continue working actively while balancing work with childcare and nursing care. Many related systems go beyond national government standards, such as a system of childcare leave available until employees' children reach age three ; a reduced working hours system available until employees' children graduate from elementary school ; nursing care leave available for up to three years ; and a system that lets employees take time off in one-hour units as needed for childcare or family nursing care. In recognition of these systems, in 2010 Kawasaki was certified as a company supporting childcare and awarded the Kurumin Mark.

Other initiatives include the Supplementary Work Day Nursery Service, which provides temporary childcare services within the Company for employees working on days that they would normally have off ; the Childcare Rescue System, offering Company-designated baby-sitter services that employees can use when their children are sick or recovering or when they are working overtime or on business trips ; a concierge service to help employees find nursery schools ; seminars to support employees taking childcare leave who wish to return to work ; and career seminars for dual-income married couples. We continue working to enhance such initiatives for employees with children.

Moreover, in order to foster a corporate culture in which employees are not leaving their jobs due to such reasons as childbirth or childcare and in which both men and women are able to balance work with childcare as desired, we have set the target of raising the ratio at which male employees take childcare leave to 30% by 2025 and are proactively working to promote understanding so that our employees with their diverse attributes have diverse work style choices.

- [Usage of Work-Life Balance Programs \(ESG Data\)](#).

Support Systems (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)

Parental leave before and after birth	Maternity/paternity leave	Employees may take leave until a child reaches the age of three. There is no limit on the number of leaves taken.
	Nursery school enrollment concierge	Provides services to help employees taking childcare leave enroll their children in a nursery school.
	Leave to care for sick/injured child	Employees may take 10 days per year per child until they complete elementary school, and up to a total of 20 days in the case of two or more children (legally, companies are only required to provide a total of up to five days per year for one child or 10 days per year for two or more children).
	Accumulated leave*	Employees may use accumulated leave to care for a young child (up to completion of elementary school), care for a sick/injured child, or when morning sickness interferes with job duties.
	Use of flextime system	Employees working in departments not eligible for the flextime system may work on a flextime basis as necessary when looking after a young child (up to completion of elementary school) or when morning sickness interferes with job duties.
	Limits on out-of-hours work and work on days off	Employees may be exempted from out-of-hours work and work on days off until a child completes elementary school.
	Reduced working hours system to care for young child	Standard working hours can be reduced up to a maximum of three hours a day until a child completes elementary school.
	Congratulatory leave (condolences leave)	Employees are eligible to take five days leave during the prenatal period of six weeks (14 weeks in the case of multiple pregnancies) preceding and the postpartum period of eight weeks following the birth of a spouse's baby (however, in cases in which childbirth occurs in advance of the prenatal period, the five days may be taken from two days before the date of birth).
	Kawasaki Childcare Rescue System	Subsidies are made available for employees with children for babysitting services by Company-designated childcare providers to cater to sickness or recuperation of children, as well as business trips and overtime work.
Supplementary work day nursery service	Nursery services by Company-contracted childcare providers at an on-site or nearby day care facility are available for days when the company calendar calls for a supplementary work day.	

Family nursing care	Nursing care leave	Employees may take leave up to three times for one person requiring nursing care (three years at longest).
	Limits on out-of-hours work and work on days off for nursing care	Employees may be exempted from out-of-hours work and work on days off up to once a year.
	Special leave for family care	Employees may take special leave of 10 days per family member requiring nursing care, up to a total of 20 days in the case of two or more family members requiring nursing care (legally, companies are only required to provide five days per year for one family member or 10 days per year for two or more family members).
	Accumulated leave*	Employees may use accumulated leave whenever necessary to care for an ailing or elderly family member.
	Use of flextime system	Employees working in departments not eligible for the flextime system may work on a flextime basis as necessary when looking after family members requiring nursing care.
	Reduced working hours system for nursing care	Employees may shorten their working hours for at longest two hours a day (up to two times in three years).
Other	Request for reemployment	Employees who resign to care for a child or an ailing/elderly family member may apply to be rehired when a change in their situation allows them to return to work.

* Accumulated leave refers to unused annual paid vacation days that cannot be carried over to the next year (up to 60 days) but can be taken in such circumstances as personal injury or illness, childcare, caregiving, or nursing.

Workstyle Reform

Kawasaki promotes organizational and corporate culture transformation, system transformation, and operational transformation efforts for the purpose of a workstyle reform. To promote organizational and corporate culture transformation, we have issued messages from top management, provided educational seminars for managerial staff, and held one-on-one meetings. In system transformation, in fiscal 2017 we added productivity as one of our employee review criteria for administrative and technical personnel in order to recognize employees who carry out work quickly and efficiently. Furthermore, in fiscal 2018 we introduced a remote working program (teleworking program) for said employees, and are undertaking initiatives to create a working environment that allows employees to work flexibly in ways aligned with their own lifestyles. In terms of operational transformation, we have provided the Operational Efficiency Improvement Start Book as well as useful information for operational transformation, including tools for various types of work.

Encouraging Employees to Take Their Annual Paid Leave

Kawasaki encourages employees to take their annual paid leave to enable them to mentally and physically refresh themselves and to draw a clear line between work and private life by taking their leave in a planned manner.

To this end, Kawasaki implements two programs: the Two Consecutive Holidays and the Anniversary Holiday programs. Under these programs, employees designate a total of three paid leave days at the beginning of the fiscal year and can take these days off without fail.

Additionally, based on the labor agreement, three annual paid leave days that the Company designates are taken by most employees in August. The Company combines this midsummer break with other Company holidays and a national holiday to create a span of nine consecutive days off. Furthermore, the labor union and management have agreed to designate one day per week as an on-time exit day since fiscal 2006. The designation of this on-time exit day helps employees work efficiently and improve their work-life balance.

- [Annual Paid Leave Usage \(ESG Data\)](#)

Other Initiatives

Diversity and Inclusion Symbol

Kawasaki has adopted a diversity and inclusion symbol. This symbol imagines Kawasaki as a tree made up of a great number of diverse individuals. For this tree to grow healthily, its leaves and fruit must become more colorful and rich. We who work at Kawasaki see value in expressing our diverse colors—our unique personalities and skills—and seek to do so together within Kawasaki to grow as individuals and as a company. This is the message conveyed by the diversity and inclusion symbol.



The Kawasaki Diversity and Inclusion Symbol

Diversity and Inclusion Promotion Website

We have set up a diversity and inclusion promotion website on the Company intranet. This website offers an overview of diversity and inclusion at the Kawasaki Group alongside workplace examples and information about systems related to facilitating a healthy work-life balance. In addition, since fiscal 2020, we have held seminars to consider diversity and inclusion chiefly in an online format, after regular work hours for those interested in taking part, with the content and reports from these seminars also posted online.

In fiscal 2022, three meetings were held, with themes including the participation of men in childcare.

External Collaboration

To accelerate social shifts related to diversity, inclusion, and work-life balance, we proactively look beyond the framework of the Company to encourage employees to participate in outside seminars and advance activities together with other organizations and companies. One example is a work-life balance and diversity and inclusion promotion study project being jointly implemented by the Chuo University Graduate School of Strategic Management and private companies. This project broadly promotes the concept of healthy work-life balance in society through surveys and research. Kawasaki has taken part in the project since 2013, serving as a model company by implementing such internal measures as work-life balance training for managers. We are also a member of the Diversity Western-Japan Study Group. In this group, diversity and inclusion officers at companies in the Kansai region meet to share ideas and good examples in action and advocate for measures within their companies and to the government.

Topic

Enhancing On-site Nursery Facilities

Kawasaki Motors Enterprise (Thailand) Co., Ltd. opened an on-site nursery in April 2010.

The nursery provides care for employees' children between the ages of one and four. Each year, the nursery cares for the children of about 30 employees on a daily basis. Several other children are also registered at the nursery, so that their families can utilize it when necessary. The nursery is generally open from 7:30 to 17:15 to coincide with regular working hours, but, if requested by more than a certain number of employees, it is also made available during overtime hours or on holidays.

The opening of the nursery means that employees can continue working with complete peace of mind, having left their children to be cared for within the office premises. From the employer's viewpoint, this helps avoid the loss of skilled human resources due to childbirth or childcare responsibilities, promoting a stable and committed workforce. The opening of the nursery has thus proved to be mutually beneficial to both employees and the company.

In Japan, meanwhile, Kawasaki provides workplace nursery facilities on days that employees have to work but would normally have off.



The nursery of Kawasaki Motors Enterprise (Thailand) Co., Ltd.

Occupational Safety, Hygiene, and Health Management Approach

Our Basic Stance


In line with its tenets of maintaining respect for individuals and putting health first, the Kawasaki Group is committed to creating a workplace culture that places the utmost priority on safety and health. Accordingly, the Group will not only comply with laws and regulations related to occupational safety, hygiene and health but also give even more careful consideration to maintaining safe, hygienic and healthy workplace settings for all those working at its facilities. Under this policy, the Group will thus create a safe and comfortable workplace environment in which every worker can stay mentally and physically healthy, to this end promoting close collaboration involving its management, all people working in our Group, labor unions and health insurance associations (if any), and other stakeholders to maintain and improve occupational safety, hygiene and health, with the aim of solidifying a foundation supporting its Group Mission, "Kawasaki, working as one for the good of the planet."

Policy

The Kawasaki Group is committed to the realization of the Group's mission through the establishment of the Kawasaki Group Policy on a Management Approach Prioritizing Occupational Safety, Hygiene and Health and by engaging in efforts to provide a safe and secure labor environment, prevent occupational illnesses and mental health issues, and realize healthier lifestyles fulfilling lives.

Scope of Policy Application

The Kawasaki Group and staff seconded from partners under the Group's management

- [Kawasaki Group Policy on a Management Approach Prioritizing Occupational Safety, Hygiene and Health](#) 

Medium- to Long-term Goals

Our Medium-Term Occupational Safety, Hygiene, and Health Management Plan 2022 establishes the following targets for safety, hygiene, and health activities for the three years from 2022 to 2024 under the overall supervision of our firms (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors). For all targets, we are committed to achieving the goals for 2024 (the final year of the plan) in comparison to achievements in 2021.

Content		Unit	Results	Targets			
			2021	2022	2023	2024	
Top priorities	Zero occurrence of new cases of occupational illnesses		Number of incidents	1	0	0	0
	Zero occurrence of new cases of occupational illnesses	Pneumococcosis	Persons	0	0	0	0
		Noise-induced hearing loss	Persons	23	0	0	0
Safety	1. Reduce the lost time injury frequency rate (LTIFR) by 9% or more			0.34 ^{*1}	0.31 ^{*5}		
	2. Reduce the total number of occupational accidents by 9% or more		Number of incidents	55 ^{*1}	50 ^{*5}		
Health and Hygiene	1. Reduce the absence rate (day basis) due to sick leave of four days or longer ^{*2} by 0.6 points or more			7.8	7.6	7.4	7.2
	2. Bring the mean value of health score ^{*3} in health reports to 4.09			3.90	3.97	4.03	4.09
	3. Reduce the mental health-related sick leave rate ^{*4}	Four days or longer of leave: reduce by 0.3 points or more		1.7	1.6	1.5	1.4
		Employees on leave: reduce by 0.07 points or more		0.50	0.48	0.46	0.43

*1 This is the average value for the last 5 years (2017–2021).

*2 Absence rate (day basis) due to sick leave = Number of days of sick leave/total number of prescribed working days x1,000

*3 The health score refers to a score on a six-point scale that is based on the results of a medical examination of six lifestyle habits (diet, exercise, drinking, sleep, smoking, and appropriate weight) that affect labor productivity. The higher the score, the healthier the lifestyle.

*4 Sick leave rate = Number of cases of sick leave/total number of employees enrolled x 1,000

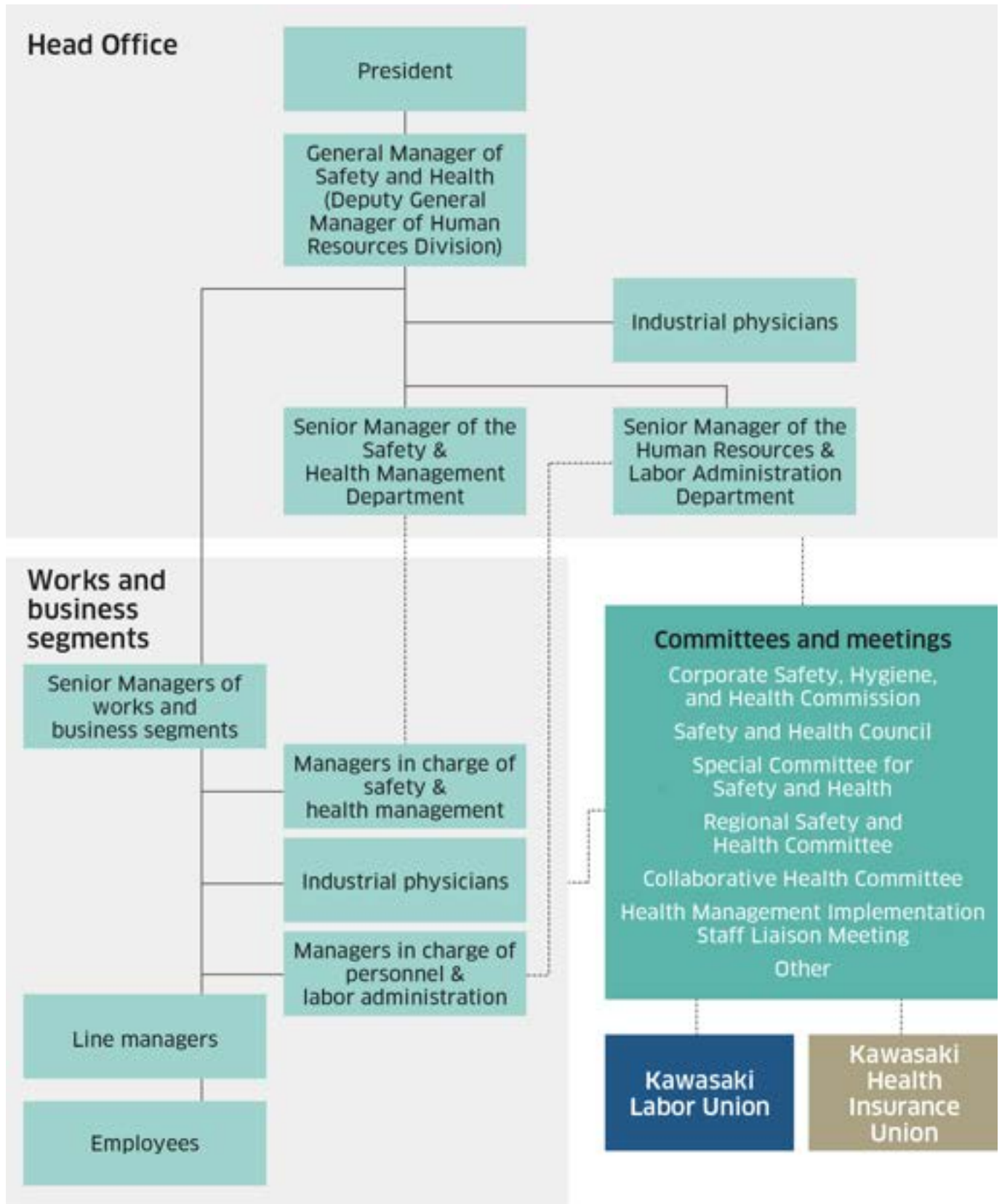
*5 Average of the three years from 2022 to 2024

- [Status of Labor Accidents and Work-related Illnesses \(ESG Data\)](#).
- [Status of Sanitation Management \(ESG Data\)](#).
- [Health Management \(ESG Data\)](#).

Structure

Kawasaki has defined a set of Safety and Health Management Rules in accordance with the Kawasaki Group Policy on a Management Approach Prioritizing Occupational Safety, Hygiene and Health, approved by the Board of Directors, under which it has established safety and health structures both Company-wide and at individual works. We actively implement measures in a planned manner to ensure the safety and health of our employees and staff seconded from partners, improve their health and create comfortable working environments. Specifically, our safety and health activities are carried out at different works under the supervision and management of Managers of Safety and Health based on Company-wide measures defined by the General Manager of Safety and Health. The results of these activities are reported at Management Committee every year. When an accident, such as an occupational accident, occurs, it is reported to the General Manager of Safety and Health and the labor union, and legally required filings and other such procedures are handled in accordance with corporate regulations and rules.

Occupational Safety, Hygiene, and Health Management Structure



Responsible Officers

Company-wide: Takaaki Kitabayashi, Deputy General Manager of Human Resources Division (General Manager of Safety and Health)

Each works: Managers of Safety and Health

Responsible Executive Organ and/or Committee

- Corporate consultative body: Corporate Safety, Hygiene, and Health Commission
Attended by the General Manager of Safety and Health and Managers of Safety and Health at each work, the commission meets every December to reflect on the year and discuss targets and other safety, hygiene, and health matters for the following year.
- Consultative body with the labor union: Special Committee for Safety and Health, and Safety and Health Council
The Special Committee for Safety and Health is attended by the Senior Manager of the Head Office's Safety & Health Management Department, staff responsible for safety and health, and members of the management and safety executive committees of the labor union headquarters and branches. The Safety and Health Council is attended by the General Manager of Safety and Health and the Managers of Safety and Health (for the Head Office and works) from the Company and the Central Executive Committee members (for the Headquarters and branches) from the labor union.
- Consultative body at works: Regional Safety and Health Committee
Based on labor agreements, this committee is attended by the operating sites' safety and health managers and staff as well as management and safety executive committee members from the labor union branches.

- **For details on the functions of the Special Committee for Safety and Health, the Safety and Health Council, and the Regional Safety and Health Committee, please refer to Labor Discussions.**

Safety Management

Our Safety Management Activities

Occupational Safety and Health Management Systems

Based on our occupational safety and health management systems, we implement systematic safety and health management activities as well as improvements through ongoing PDCA cycles and internal audits at workplaces. By doing so, we seek to create a virtuous cycle of improvement of these systems, prevent occupational accidents, and facilitate the creation of a comfortable work environment. In our risk assessment efforts, we constantly strive to enhance our ability to identify and reduce risks. As for workplace risk assessments, the risks of occupational accidents at each business site are regularly reviewed based on the business characteristics of the respective internal companies. We also review risks when operations or procedures are first introduced, when they are altered, and upon restart after a pause. The safety and health management systems at all of our business sites are at an OSHMS third-party certified level (Sites with third-party certification: Kobe Works shipyard, Sakaide Works [ISO 45001], Kobe Head Office Works of Kawasaki Railcar Manufacturing Co., Ltd. [OSHMS certification according to the method of the Japan Industrial Safety and Health Association]). Business sites with third-party certification undergo regular inspections by third-party certification bodies. Uncertified sites undergo internal audits once a year in principle, administered by the Head Office.

List of Sites with OSHMS Third-party Certification (The Kawasaki Group (domestic))

(Fiscal year)

Acquired sites	2019	2020	2021	2022
Energy Solution & Marine Company Kobe Works(Shipping Department)	OHSAS18001	ISO45001 (JISQ45001)	ISO45001 (JISQ45001)	ISO45001 (JISQ45001)
Energy Solution & Marine Company Sakaide Works	OHSAS18001	ISO45001	ISO45001	ISO45001
Kobe Head Office Works of Kawasaki Railcar Manufacturing Co., Ltd.	JISHA OSHMS Standards	JISHA OSHMS Standards	JISHA OSHMS Standards	JISHA OSHMS Standards

KSKY Campaign

Kawasaki's KSKY Campaign and awareness-building efforts are key aspects of its occupational accident prevention efforts. The letters comprising this acronym stand for Japanese words that describe the different elements of the campaign: K (kihon), creating a disciplined workplace that observes the basic safety rules; S (shisa koshou), making sure to identify and call out to confirm breaks and other crucial points in each work operation; and KY (kiken yochi), working to further improve danger prediction abilities. The purpose of the campaign is to encourage employees to take a more active role in safety measures and thereby create a workplace in which all can openly caution one another about potential issues.

Safety Awards

Corporate regulations provide for safety awards. Production divisions receive awards for amassing long accident-free records, while business sites receive awards for having accident-free years. In 2022 year-long accident-free operations were achieved by the Nagoya Works, Seishin Works, Kakogawa Works of Kawasaki Motors, Ltd., and Office of Kobe Works*.

* Awards are given to office divisions with field workers after three years of no accidents.

Initiatives to Prevent Harm Caused by Radiation

Based on relevant laws, Kawasaki prevents harm caused by radiation by carefully controlling the use of radioactive isotopes; radiation-generating equipment and its handling during sales; and work in locations contaminated by the scattering of radioactive isotopes. In addition, to ensure operational safety in operations that involve radiation, we have established regulations for preventing harm caused by radiation. Any occurrence of an accident resulting in harm caused by radiation is reported to the General Manager of Safety and Health and the labor union, and legally required filings and disclosure to the public and media outlets are handled in accordance with specified procedures.

Education on and Awareness of Occupational Safety and Health

Based on our Safety and Health Education Standards, in addition to education and training required by law, we carry out other necessary safety and health education programs, including grade-specific training for different staff grades; operation-specific training given after a change in operational content or for employees engaged in specific duties; general education, which includes health education and hazard prediction training; and training for on-site employees seconded from partners working under Kawasaki Management on, for example, plant construction sites. Moreover, we also use the corporate safety education facility, referred to as the "safety dojo," to promote safety awareness, impart knowledge, and refine risk sensitivity in order to further develop human resources who are capable of acting safely. To prevent accidents caused by unsafe practices and to build safety awareness, we implement a range of safety and health education programs, including simulated scenarios to help employees experience hazards in the workplace first hand.

Safety Dojo Participants (The Kawasaki Group (domestic))

(FY)

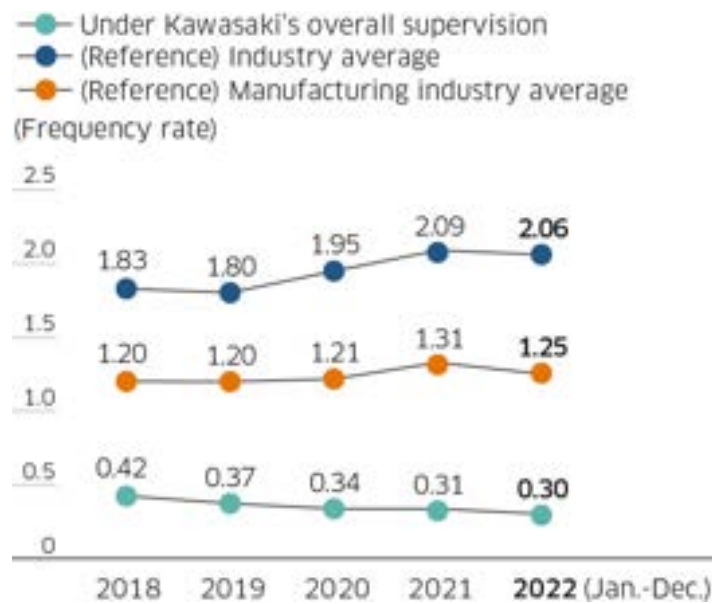
	Unit	2018* ¹	2019	2020	2021	2022
Safety Dojo participants	Persons	2,668	1,581	671	511	1,847

* Scope: The Kawasaki Group (domestic); exceptions apply

Status of Occurrence of Labor Accidents and Work-related Illnesses

Every three years, a medium-term occupational safety, hygiene, and health management plan is established with the safety management objective of continuing efforts to reduce the lost time injury frequency rate (LTIFR) and the total number of occupational accidents. So far, the LTIFR under the Kawasaki's overall supervision (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors) has been below the average for all industries and manufacturing industries in Japan. We are committed to continued efforts for reduction by promoting safety management activities, and thorough compliance with the measures and rules for prevention of occupational accidents.

Lost Time Injury Frequency Rate (LTIFR) (under Kawasaki's overall supervision)



Disaster Analysis

Analysis of the causes of occupational accidents reveals that, in 2022 the top three causes were "got wedged or caught in," "got cut or scraped," and "fell over," which together accounted for 56%, more than half of the total. Further, "fell or slipped" which could easily result in serious accidents accounted for 4% of the total. We are committed to the implementation of accident prevention activities through the continued promotion of safety management activities based on lessons learned from serious accidents in the past and the thorough execution of measures to prevent recurrence at all business sites.

Sanitation Management

Our Sanitation Management Activities

Preventive Measures against Occupational Illnesses

To prevent occupational illnesses, we carry out occupational health training when employees are hired, when they change operations, and when they are assigned to dangerous or hazardous work. Furthermore, in accordance with relevant laws, we carry out special health checkups and provide thorough health guidance for those identified as having potential health problems while measuring work environments and advancing work environment improvements. In light of the growing use of IT in the workplace and the increasing diversity of operations involving IT devices, we monitor the health of employees using such devices and provide guidance in accordance with guidelines set by the government.

Checkups for Employees Working Long Hours

To prevent health problems that can be caused by overworking, we have set stricter standards than those mandated by law, requiring employees who have worked 45 hours or longer of overtime in each of two consecutive months or 60 hours or longer in one month to undergo checkups for long-hour workers as well as checks for cumulative fatigue. Based on the results of these examinations and such factors as the number of overtime hours worked, employees are interviewed by an industrial physician and necessary measures put in place. Furthermore, as measures to counter long working hours, we respond by properly conducting attendance and labor affairs management.

Mental Health Measures

As a mental health care initiative, we have compiled the Basic Policy on Mental Health Measures. In response to the rise in the number of people with mental health problems in recent years, we revised the Policy in 2023 and now promote countermeasures centering on four types of mental health care from primary to tertiary prevention. Each business site offers level-specific mental health education by age group, at the time of promotion, and so on to ensure that employees have regular access to such education, which is important in terms of self-care. Each year approximately 10% of all employees receive this mental health education. We also conduct annual stress checks, assist self-care by employees themselves, and provide interview guidance and other follow-up for those found to have high levels of stress. As line-of-command care, we conduct group analysis at the time of stress checks. Based on the results of this analysis, industrial physicians hold individual workplace interviews with supervisors at workplaces with high health risks, and training is provided to supervisors at each business site. Furthermore, as care by industrial health staff at business sites, we aim to intervene and respond quickly when an employee develops a mental health issue, and industrial physicians, human resource and labor affairs departments, industrial health staff, and the employee's supervisor provide coordinated support when that employee returns to work. In addition, as care by external organizations, we offer an external consultation hotline so that employees can easily seek advice relating to mental health and other issues and strengthen our response by means of contracts with professional mental health doctors.

Health Management of Employees on Overseas Assignment

Kawasaki's corporate regulations lay out health management standards for employees on long-term overseas business travel or stationed overseas. For such employees, we carry out health checkups before, during, and after their return from overseas assignment, and their eligibility for overseas assignment is decided based on the results of such checkups and interviews with industrial physicians. Amid the COVID-19 pandemic too, the human resource and industrial health departments cooperate in checking conditions at destinations and conducting health management. In addition, when dispatching employees overseas, Kawasaki covers the cost of and implements vaccinations as necessary for the specific destinations so as to prevent employees on overseas assignment from contracting such infectious diseases as malaria and tuberculosis.

We also provide support so that employees can seek necessary medical care with confidence should they become unwell while overseas.

Health Management

Our Health Management Activities

Kawasaki sees the health of its employees as one of its key management resources. As such, Kawasaki provides extensive support to help individual employees live a healthy lifestyle in a self-directed manner, and aims to help employees enjoy healthy and rich lifestyles by promoting healthy activities.

Implementation of Physical Checkups and Lifestyle Disease Countermeasures

To manage employee health, Kawasaki provides regular health checkups for all employees, including those on assignment overseas, aiming for 100% of employees to receive such checkups. After the checkups, we encourage employees flagged as having potential issues to undergo secondary examinations and provide thorough health guidance.

Furthermore, in coordination with the health insurance union, we proactively provide designated health guidance to employees with metabolic syndrome, with a Group-wide implementation rate of over 60%. In this way, the Group endeavors to prevent illnesses or detect them early on by appropriately implementing various health checkups and carrying out subsequent follow-ups.

Infectious Disease Prevention

Kawasaki provides influenza vaccines during work hours at little cost to the employees who elect to receive them. In addition, to prevent the spread of COVID-19, we are conducting awareness raising with regard to such topics as hand washing, cough etiquette, ventilation, and avoiding the three Cs (closed spaces, crowded places, and close-contact settings). In accordance with government policy, we have also stipulated various guidelines toward preventing infection and the spread of infection. We have endeavored to instill this in employees and have proactively undertaken vaccination of employees in their workplaces.

Second-hand Smoke Preventive Measures

In response to the April 2020 amendment to the Health Promotion Act, Kawasaki is implementing measures to prevent second-hand smoke exposure, for example, eliminating indoor smoking areas and setting up dedicated smoking rooms based on the government's guidelines for preventing second-hand smoke exposure in the workplace. In addition, to support employees who smoke and want to quit, we have set up a program to subsidize their efforts to do so. The smoking rate at Kawasaki (non-consolidated) has been falling; in 2021, it stood at 23.7%, down from 31% in 2013, the first year that we collected data. Together with second-hand smoke preventive measures, we will continue working to reduce the employee smoking rate.

Health Maintenance and Improvement Measures

In the Kawasaki Group measures to improve the health of employees are discussed and planned in the Collaborative Health Committee, which comprises representatives of the company, health insurance union, and labor union. Each business site and related company compiles a health report based on employee health-related data administered by the health insurance union and company so that this committee can adopt effective measures and obtain better results. Regarding issues made clear by the results of the health reports, we decide the theme for each year and set about tackling it on a Group-wide basis.

In fiscal 2021 the Kawasaki Health Challenge, an existing event, was renewed, with this data being used to place the spotlight on food, exercise, and smoking habits, which had become identified as particular issues in the Group as a whole. In addition, in fiscal 2022, we tackled the issue of gynecological cancer screening through the creation of leaflets among other things and collaborated with the health insurance union to actively encourage people to undergo medical examinations in view of the fact that although many young people suffer from this type of cancer, the screening rate is low. In fiscal 2023, our aim is to review health education and support the voluntary health promotion activities of our employees.

Health Education Classes

As part of our companywide Total Health Promotion activities, we identify the health issues faced by business sites from their health reports and in response to these issues hold dietary improvement seminars, exercise seminars, and other events aimed at the prevention of lifestyle-related diseases together with the health insurance union. We also hold seminars for female employees and antismoking seminars, thereby supporting employees' mental and physical health improvement.

Outstanding Health & Productivity Management Organization

In the Health & Productivity Management Outstanding Organizations Recognition Program, which commends large corporations, SMEs, and other organizations practicing especially outstanding health management, Kawasaki was certified as an Outstanding Health & Productivity Management Organization 2023 in the large enterprise category.

This scheme is implemented jointly by the Ministry of Economy, Trade, and Industry and Nippon Kenko Kaigi. Certified enterprises are expected to play the role of top runners in disseminating the idea of health management among group companies, business partners, local related companies, customers, the families of employees, and others.

Kawasaki will continue to actively implement various measures, such as support for the health improvement of employees, to promote the maintenance and enhancement of employee health.

Health Education Participants (consolidated domestic; exceptions apply)

(FY)

	Unit	2018*	2019*	2020	2021	2022
Mental health education	Persons	2,048	2,206	2,047	2,673	2,667
Level-specific education (for new hires, etc.)	Persons	906	765	1,978	1,941	1,797
Other health education (antismoking seminars, etc.)	Persons	2,352	1,728	1,569	1,517	1,834

* Scope: Kawasaki Heavy Industries, Ltd. (non-consolidated)

Actions for Preventing Lifestyle Diseases (consolidated domestic; exceptions apply)

(FY)

	Unit	2018	2019	2020	2021	2022
Percentage taking designated checkups	%	96.2	96.7	95.7	95.1	96.0
Percentage taking designated health guidance	%	62.5	66.7	66.7	60.0	44.4

Labor Discussions

Status of Labor-Management Consultations on Occupational Safety, Hygiene, and Health Issues (Status of the Safety and Health Committee, etc.)

Kawasaki has concluded a labor agreement with the labor union and holds Safety and Health Council meetings at least once a year to discuss policy for occupational safety, hygiene, and health activities, priority initiatives, and activity plans; The Special Committee for Safety and Health meets at least twice a year to follow up on the state of implementation and make revisions, and Regional Safety and Health Committee meets monthly at all domestic sites to deliberate on measures for preventing hazards and health impediments and discuss the causes and measures for preventing the recurrence of labor accidents at each site. Discussions are held at the respective council and committee meetings with the primary agenda of checking the progress of various safety, hygiene and health achievements and confirming the results and plans of safety and health activities.

Social Contribution Activities

Management Approach

Our Basic Stance

As a company that engages in a broad range of businesses domestically and overseas, the Kawasaki Group believes that as a member of communities, we have a responsibility for making active contributions to the communities in which we operate.




Additionally, in the context of the SDGs adopted by the UN in 2015, expectations for corporations are high with respect to realizing sustainable societies.

Based on the Kawasaki Group Social Contribution Activities Policy, we are committed to pushing forward with our social contribution activities that leverage our human resources, technologies, and capital and are highly synergistic with our business activities.

The Kawasaki Group Social Contribution Activities Policy

The Kawasaki Group implements social contribution activities in various fields based on the Group Mission, "Kawasaki, working as one for the good of the planet." We take advantage of our strengths and the capabilities of our employees for such activities. The key areas of our social contribution activities are as below.

1. The Kawasaki Group, as a corporate citizen, constructs good relationships with local communities and contributes to their development.
2. The Kawasaki Group supports the next generation who lead the future technology.
3. The Kawasaki Group preserves the environment and achieves sustainable society.

Applicable SDGs & Targets	Kawasaki's Approach & KPIs
 <p>4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</p>	<ul style="list-style-type: none"> • Handcraft and experiment courses for elementary and junior high school students • Participation in online educational events • Operation of Kawasaki Good Times World • Operation of Kawasaki Robostage • Participation in education events and programs <p>KPI:</p> <ul style="list-style-type: none"> • The number of participants in handcraft and experiment courses • The number of participants in online educational events
 <p>15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p>	<ul style="list-style-type: none"> • Reforestation (in Tokyo, Hyogo, and Kochi) <p>KPI:</p> <ul style="list-style-type: none"> • Achievements of forest conservation activities (area, the number of planted trees)
 <p>17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>	<ul style="list-style-type: none"> • Operation of Kawasaki Good Times World • Official sponsor for Vissel KOBE (a J. League Division 1 soccer club) and INAC Kobe Leonessa (a WE League soccer club) • Official partner of the National Museum of Western Art • Support of "Hien" exhibition at Gifu-Kakamigahara Air and Space Museum • Support of community sports activity (ex. Hockey) • Participation in or sponsorship for local events • Kawasaki Good Times Foundation <p>KPI:</p> <ul style="list-style-type: none"> • The amount of spending for "local communities" • The number of visitors to Kawasaki Good Times World

Scope of Policy Application

The Kawasaki Group

Structure

- For details on related structures and responsible officers, please refer to Sustainability Promotion System under [Sustainability Framework](#).

Key Areas in Our Social Contribution Activities

1. Contribution to Local Communities

We carry out activities to support sports, arts, and cultural events as well as community exchange, mostly in regions where we have offices or works. In Okinawa, many of our employees have taken part in coral reef regeneration activities as volunteers.

Our aim through these activities is to contribute to the sustenance and development of local communities along with improving our presence in these communities.

- Contribution to local communities

Topics

Official Partnership Agreement with the National Museum of Western Art

In March 2023, we concluded an official partnership agreement with the National Museum of Western Art. This is a museum housing many pieces from the Matsukata Collection, assembled by Kojiro Matsukata, the first president of Kawasaki Dockyard Co., Ltd. (now Kawasaki Heavy Industries, Ltd.)

Through this partnership, we will actively aim to “create an affluent society through the power of art” by providing a broad swathe of people with opportunities to experience art.





©The National Museum of Western Art

2. Support for the Next Generation

As a company that specializes in technological development and its widespread application, employees of the Kawasaki Group develop science education programs and hold handicraft and experiment courses for elementary and junior high school students. In addition, the *Miraihon** project to develop the next generation of human resources has been launched for high school students by Kawasaki Group employee volunteers.

By carrying out these activities on a continuous and regular basis, we both contribute to building children's interest as well as to improvements in employee communication skills and motivation.

* "Mirai" in *Miraihon* means "future" in Japanese.

- [Support for the Next Generation](#)
- [Kawasaki Good Times World](#) 
- [Kawasaki Robostage](#) 

3. Realization of a Society Coexisting with Nature

Striving to create a society that coexists with nature, the Kawasaki Group engages in forest conservation activities in the three prefectures of Hyogo, Tokyo, and Kochi. We continue to work with NPO Hyogo Mori no Club in Hyogo Prefecture, and with NPO Shizen Kankyo Academy in Tokyo and are promoting exchange with local communities by means of employee participation in reforestation activities as volunteers. These activities facilitate higher environmental awareness among our employees and improve our reputation as an environmentally sensitive company. The amount of CO₂ absorbed through these forestation activities is also calculated and disclosed.

- [Environmental Conservation Activities](#)

Effects of Our Social Contribution Activities (output, outcome, and impact)

We quantify the performance of main activities in the key areas of our social contribution activities as KPI to make further improvements to the effectiveness of these activities.

KPI/Performance of Our Social Contribution Activities (consolidated domestic)

(FY)

		Unit	2018	2019	2020	2021	2022
Social contribution expenses for communities		Millions of yen	154	198	184	204	191
Kawasaki Good Times World visitors		Thousands of people	227	198	77	93	230
Handicraft experiment courses	Participants	Persons	519	463	0	0	62
	Events held	Number of times	25	21	0	0	2
Online educational event participants		Persons	-	-	663	406	1084

(FY2022)

Forest conservation activities		Taka, Hyogo	Ono, Hyogo	Machida, Tokyo	Niyodogawa, Kochi
Participants	Persons	24	163	15	0
Activities per year	Number of activities	1	2	1	0
Area	ha	6.8	10.0	10.14	70.0
CO ₂ absorption amount	t-CO ₂	0.39	-	-	36.0
Tree planting	Trees	-	27	-	-

- [Social Contribution Activities by Type \(ESG Data\)](#).
- [Social Contribution Activities Expenditure \(ESG Data\)](#).

Contribution to Local Communities

The Kawasaki Group, as a corporate citizen, constructs a good relationship with local communities and contributes to their continuation and development.

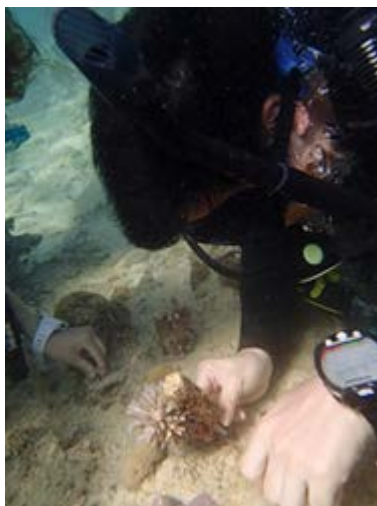
The Efforts for Development of the Local Communities Participation in Team Tyura Sango at Okinawa Office

Since 2015, we have participated in the activities of Team Tyura Sango, which are aimed at “developing the spirit of appreciation for the beautiful ocean” by contributing to the regeneration of coral reef ecosystems through the planting of coral seedlings in Onnason, Okinawa Prefecture. Many of our employees have also participated as volunteers in open planting activities.

These Team Tyura Sango activities were awarded the Grand Prize at the Third Annual Good Life Award, sponsored by the Ministry of the Environment in December 2015.



Participants in the planting



Trying to plant while diving!



Received the Grand Prize at the Third Annual Good Life Award

Support for Vissel Kobe and INAC Kobe Leonessa

Kawasaki has been supporting the J1 soccer league "VISSEL KOBE" as an official sponsor since the team was established in 1995, and the Nadeshiko League 1 women's soccer club "INAC Kobe Leonessa" as a wear sponsor since 2019.

We will contribute to the society and community through sports, including the sound development of young people and the promotion of the soccer through the academies and soccer schools promoted by both clubs.



©Vissel Kobe



©INAC Kobe Leonessa

Kawasaki Good Times Foundation—Operating social contribution fund in U.S.

The Group established the Kawasaki Good Times Foundation, a social contribution fund in the U.S., in 1993. Kawasaki Heavy Industries (U.S.A), Inc., a U.S. subsidiary, performs fund management and administration. The fund makes donations to art and cultural institutions such as the Metropolitan Museum of Art, various charitable projects, programs that support education, medicine, and science, and disaster relief activities.

Scholarship Program established in the United States

With the intention of helping deserving local students attend college, Kawasaki Motors Manufacturing Corp., U.S.A (KMM) has established a close relationship with Northwest Missouri State University. In 2016 the "Kawasaki Powering Dreams Scholarship" was established, providing up to \$10,000 a year to offset students' costs.

In 2018 the Kawasaki Kids program was established to further support dependents of KMM employees who attend Northwest Missouri State University. The "Powering Your Potential Scholarship" was launched, bestowing 10 to 15 financial awards annually.

Interaction Opportunities with the Local Community at Akashi Works

Since 2011, we have held regional exchange meetings and invited students of elementary and junior high schools near the Akashi Works and their parents. Today it becomes very popular event as more than 100 people participate every time.

Activities include an introduction to Kawasaki Heavy Industries, explanations about the products made at the Akashi Works, a bus tour of the facility, and interactive learning experiences of monozukuri manufacturing. These activities allow visitors to get a better understanding of our operations.



Conclusion of Disaster Prevention Agreement with Local Communities

We have signed disaster prevention agreements with local communities where our facilities locate. Through providing our facilities and products, we take a social responsibility as a member of the local community.

Major agreements with local communities

Works	Agreement party	Year	Contents
Gifu Works	Gifu Prefecture	1987	If a major disaster occurs in Gifu Prefecture, the Gifu Works will cooperate with emergency transportation of people and supplies using company helicopters.
		2009	If a major disaster occurs in Gifu Prefecture, the Gifu Works will provide parking areas for emergency air corps aircraft from other prefectures and fueling facilities.
	Kakamigahara City, Gifu Prefecture	1997	If a major disaster occurs in Kakamigahara City, a portion of the Gifu Works will be provided at no cost for use as a supply logistics hub for the city.
Akashi Works	Akashi City, Hyogo Prefecture	2013	The Akashi Works will provide its heliport for transportation of injured or ill persons who require advanced medical care or for transporting emergency supplies in the event of an earthquake or other major disaster.
			If a disaster occurs or is likely to occur in Akashi City as a result of a major tsunami, a portion of the site will be opened to local residents as an evacuation site.

Support for the Next Generation

The Kawasaki Group supports the next generation who lead the future technology.

Online Education Events

Participation in online career education programs

The Kawasaki Group participated in “Career Challenge Day On-Line-Meets,” an online career education and training event for junior high school students. At the event, we introduced Kawasaki Group initiatives that address the SDGs through solutions to social issues, while also introducing the actual work tasks of company employees and work-life balance.

We will continue to actively offer online classes as an alternative to in-person work experience and participate in events as part of our social contribution activities in the post COVID-19 era.



Handicraft and Experiment Courses



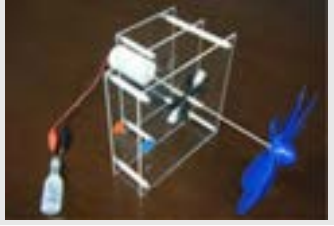




Original programs implemented

We believe that nurturing the engineers who will support the foundations of technology in the future and ensuring the succession of manufacturing skills is an important social issue for the Kawasaki Group, which conducts manufacturing using advanced technological capabilities. It is said, however, that there is a tendency for children in Japan to turn away from the sciences, and there are concerns about the future of manufacturing.

To address this issue, the Group conducts experiment-based crafts workshops in various regions using original programs based on the Group’s products to raise interest in science and manufacturing among children and contribute to the advancement of next-generation technology.

Introduction to original programs

The Group, working in collaboration with Leave a Nest Co., Ltd., developed original programs to support the development of next generation.

Make Your Own Helicopter!	Make Your Own Crane!	Make Your Own Power Plant!	Make Your Own Motorcycle!
			
Scientific Keywords <ul style="list-style-type: none"> • Lift Force • Airfoil • Tail Rotor 	Scientific Keywords <ul style="list-style-type: none"> • Pascal's Theorem (a small amount of power to move a large object) 	Scientific Keywords <ul style="list-style-type: none"> • Convert "Power" around us to Electricity 	Scientific Keywords <ul style="list-style-type: none"> • Weight • Center of Gravity, Balance
Make Your Own Train!	Make Your Own Ship!	Make Your Own Jet Engine!	
			
Scientific Keywords <ul style="list-style-type: none"> • Frictional Force • Circumference, Lean of wheel 	Scientific Keywords <ul style="list-style-type: none"> • Buoyancy • Weight, volume 	Scientific Keywords <ul style="list-style-type: none"> • Driving Force (generate power by controlling the air!) 	

Young employees from each internal company participated in the development of the original programs, devising ways for children to have fun while gaining science knowledge related to our products.



Participants learned how hydraulics work.



Experiments were conducted with a coach.

The Future Creation Division's *Miraihon* Project

Miraihon Project initiatives

The *Miraihon** Project is a social contribution initiative administered by employee volunteers which aims to foster human resources for the next generation, including among high school students. The activities offered as part of the project are intended to convey the enjoyment of both science and technology and *monozukuri* manufacturing to such students, who stand at a major crossroads in their lives in having to choose a career path. By doing so, these activities aim to serve them in making the most of their choices for the future.



* "Mirai" in *Miraihon* means "future" in Japanese.

Activity details

Early career engineers from diverse departments including research & development, aerospace, ship & offshore, rolling stock, and hydrogen, which engage with the world's most advanced technologies, play a central role in providing opportunities to experience authentic technologies to the next generation. The engineers are also pivotal to the planning of projects to address complex and involving challenges which allow the next generation to acquire the practical skills to deal with these challenges when they encounter them in society itself. Through these activities, we hope to induce in participants the "capacity to think and learn at their own initiative," which will be essential to future society.

To date, we have hosted learning events on hydrogen energy and programs for high school students co-created with universities and various companies, among other initiatives. Such next-generation educational programs will be conducted in the future so that the baton of technology can be passed on to the next generation.

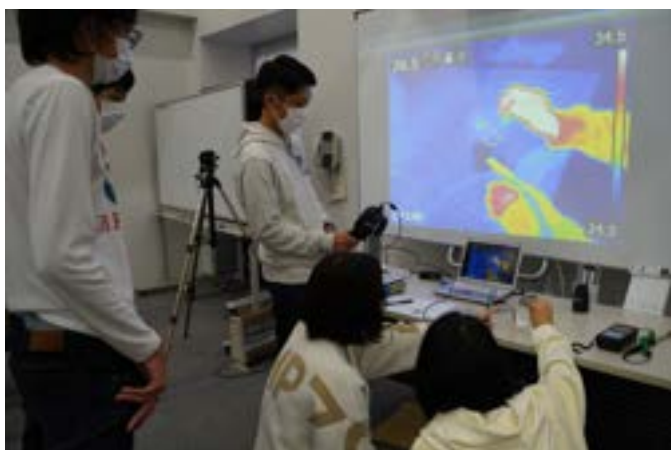
Activities examples : Archive

"Ocean's 17 Event," learning program to develop maritime personnel in Kobe

First event: <https://youtu.be/xbfC6w6Expc> 

Second event: https://youtu.be/97XEt7M7m_Y 

Third event: <https://youtu.be/hQxCpJTz6a8> 



Source of reference : [Kobe City Website](#)(Japanese language only) 

Kawasaki Good Times World

To allow as many people as possible to experience the wonders of technology and the importance of craftsmanship and to deepen communication with members of the community, we opened Kawasaki Good Times World in Kobe City, Hyogo Prefecture, in 2006.

This facility introduces our history of over 120 years and representative products for the land, sea, and air that have contributed to the development of society with our leading-edge technologies.

Access the banner blow for more information.




Topic

Learning about Kawasaki's World through the At-Home Time Series of Coloring Books

We created pictures (in PDF format) of Kawasaki products for coloring in at home.

Download pictures from the URL below and print them for a fun time for children and the whole family.

Download (on the "Kawasaki Good Times World" site)

<https://www.khi.co.jp/kawasakeworld/english/coloring/index.html> 

The PDF version of the pictures are A4 size, but for small children, enlarge the images and print A3 size as needed.

【Sample】



Volume 1
Sea and Air Version



Volume 1
Land Version

Kawasaki Robostage

In 2016, we opened the robot showroom Kawasaki Robostage in Odaiba, Tokyo so that visitors can watch, touch and experience the Kawasaki's state-of-the-art robotics technologies and knowledges. Setting a main concept of human-robot coexistence and collaboration, the facility continues to display the latest robots.

Access the banner blow for more information.



Topic

Introducing Elementary School Students to the World of Robots

As a part of our social contribution activities, the Kawasaki Group and Kawasaki Robot Service, Ltd. participated in the Asaho Spring Meeting 2021, an online event for elementary school students hosted by the Asahi Gakusei Shimbun Company.

This event, with its theme of "Discover a World with Robots!" introduced over 600 children to robots used in a variety of real-world situations, from industrial applications to those involving robots working alongside human counterparts.



Environmental Conservation Activities

Forest Conservation Activities

We are engaged in forest conservation activities in Taka and Ono, Hyogo Prefecture; Machida, Tokyo; and Niyodogawa, Kochi Prefecture. In fiscal 2022, activities were conducted with measures in place to prevent the spread of infections due to the impact of COVID-19.

Hyogo Prefecture

Since December 2008, we have participated in the prefecture's corporate forest restoration project. These activities began in the town of Taka and, in fiscal 2020 were expanded to Ono City, giving employees and their families the opportunity to get involved in forest conservation activities (tree trimming and clearing undergrowth) in two locations.

Tokyo

In fiscal 2020, Kawasaki became a participant in the "Tokyo Green Ship Action," and employees and their families joined forest conservation activities (clearing undergrowth) in Machida City under this campaign.

Kochi Prefecture

Since fiscal 2007, we have participated in a prefecture-organized forest restoration project, with new employees implementing such activities as forest thinning in the town of Niyodogawa. Although we refrained from directly participating in activities in fiscal 2022, we served as a co-sponsor to support local efforts.

Fiscal 2022 Achievements

Activity location	Taka, Hyogo	Ono, Hyogo	Machida, Tokyo	Niyodogawa, Kochi
Activity content	Tree trimming, clearing undergrowth	Tree planting, trimming, clearing undergrowth, nature observation	Tree trimming, clearing undergrowth, nature observation	Forest thinning Co-sponsoring local activities
Participants	Employees and their families, and others (24 people)	Employees and their families, and others (163 people)	Employees and their families, and others (15 people)	Refrained from employee participation due to the COVID-19 pandemic
Area covered	6.8ha	10.0ha	10.14ha	70.0ha
Number of events	1	2	1	0
Notes	Volume of CO ₂ absorbed: 0.39t/CO ₂ (subject to a third-party certification for absorption volume)			Volume of CO ₂ absorbed: 36.0t/CO ₂ (subject to a third-party certification for absorption volume)

Environmental Education through Forest Conservation Activities

We carry out forest conservation activities, such as forest development and experiential learning, every year to provide opportunities for thinking about the environment.

Fiscal 2022 Achievements

Activity content	Aim	Date
Nature observation (Ono, Hyogo Prefecture)	Interact with nature and learn about the importance of forests <ul style="list-style-type: none"> Learn about the necessity of forest maintenance by observing the gradually growing number of trees succumbing to Japanese oak wilt Observe thriving wild grasses, insects and birds as part of a natural ecosystem in a thick forest of evergreen trees 	April and November 2022
Nature observation (Machida, Tokyo)	Interact with nature and learn about the importance of forests <ul style="list-style-type: none"> Observe insects and grasses constituting a natural ecosystem in a location where a forest of <i>Quercus serrata</i> (jilcham oak) and <i>Quercus acutissima</i> (sawtooth oak) thrives alongside an orchard and a bamboo forest Take a close look at new growth sprouting from tree stumps to learn about the inherent capabilities of trees to regenerate themselves and, eventually, restore the forest as a whole 	November 2022



Activities in Ono, Hyogo Prefecture (in cooperation with NPO Hyogo Mori no Club)



Activities in Machida, Tokyo

Initiatives at Business Sites

Initiatives at Akashi Works

Winners of the Prize for Excellence, Akashi Flower Bed Competition

Akashi Works were awarded the Prize for Excellence after entering the flower bed competition hosted by Akashi.

In fiscal 2022, with "Akashi—a safe and secure SDG Future City" as the theme, we represented the Shigosenger local characters planting trees.

At the competition award ceremony, held in May 2023, the mayor of Akashi was in attendance, with local cable television also filming at the event.

In addition, at Akashi Works, we create flower beds in green spaces which can also be seen from the pavements outside the factory, to allow local residents to enjoy the pleasant views. We will continue to promote factory greening activities to provide eye-pleasing views to local residents.



A flower bed with a Shigosenjer design won the Prize for Excellence

Opening a violet garden to employees

Every spring, a great number of violets blossom at the Akashi Works' heliport. Such a thriving colony of naturally seeded violets within the premises of a plant is considered quite rare by botanists. To share this asset with plant employees and help them learn about the importance of greenery development, Akashi Works decided to invite them into the violet garden each year during the blooming season, opening the heliport, which is otherwise off-limits, to them. This heliport has become a rest area for insects and birds, and allowed employees to enjoy scenes of the blooming of spring flowers, in particular the violets, as part of a nature observation event held in April 2023.

This activity was first conducted in 2014, and in 2023, sunflower, zinnia, and other seeds were distributed to visitors to deepen their interest in green areas.

Going forward, Akashi Works will pursue environmentally friendly plant operations while pushing ahead with the development of greenery within its premises.



Employees visiting the violet garden





A thriving colony of naturally seeded violets

ESG-related information

235	ESG Data
259	ISO Certification Status
263	Evaluation by Society
269	Participation in International Initiatives

ESG Data

Third-Party Assurance/Verification

- The data with a star (★) have been externally assured by KPMG AZSA Sustainability Co., Ltd. in accordance with International Standard on Assurance Engagements (ISAE) 3000 issued by the International Auditing and Assurance Standards Board.
[Independent Assurance Report](#) 
- The data with a check mark (☑) received third-party verification by SGS Japan Inc.
[FY2022 Third-Party Verification of Greenhouse Gas Emissions](#) 

Scope of aggregation for each data type: Legend

Non-consolidated basis **KHI**

Including KRM and KMC **KHI, KRM, KMC**

Including domestic subsidiaries **Domestic Group**

Overseas subsidiaries only **Overseas Group**

Consolidated basis **Consolidated**

Governance

Corporate Governance

Number and Composition of Directors

KHI

(FY)

			Unit	2019	2020	2021	2022	2023
Directors	Internal Directors	Male	Persons	9	7	7	6	6
		Female		0	0	0	0	0
		Total		9	7	7	6	6
	Independent Outside Directors	Male		2	4	4	4	4
		Female		1	2	2	2	3
		Total		3	6	6	6	7
Total number			11	13	13	12	13	
Directors serving as Audit & Supervisory Committee Members* ¹			-	5	5	5	5	
Directors concurrently engaged in business execution			7	4	3	3	3	
Ratio of Directors concurrently engaged in business execution			%	63.6	30.8	23.1	25.0	23.1
Ratio of Independent Outside Directors			%	27.2	46.1	46.1	50.0	53.8
Ratio of Female Directors			%	9.0	15.3	15.3	16.6	23.1
Average tenure of Directors* ²			Years	3.0	1.5	1.92	2.75	3.46
Average age of Directors			Age	63.2	62.9	64.0	63.9	64.5

*1 On June 25 2020, Kawasaki transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee.

*2 As of the end of June of each fiscal year

Total Number of Auditors and Breakdown

KHI

(FY)

			Unit	2019	2020	2021	2022
Auditors	Internal Auditors	Male	Persons	2	-	-	-
		Female		0	-	-	-
		Total		2	-	-	-
	Independent Outside Auditors	Male		2	-	-	-
		Female		1	-	-	-
		Total		3	-	-	-
Total number			5	-	-	-	
Ratio of Independent Outside Auditors			%	60.0	-	-	-

Note: On June 25 2020, Kawasaki transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee.

Record of Board of Directors Meetings (Including Extraordinary Meetings)

KHI

(FY)

	Unit	2019	2020	2021	2022
Board meetings held	Number of times	17	14	13	16
Attendance rate of all Directors	%	99.0	100	100	100
Attendance rate of Outside Directors	%	96.1	100	100	100
Attendance rate of all Audit & Supervisory Board Members	%	100	100	-	-
Attendance rate of all Outside Audit & Supervisory Board Members	%	100	100	-	-

Note: On June 25 2020, Kawasaki transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee. The attendance rates of all Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members for fiscal 2020 given above are the attendance rates of the Audit & Supervisory Board Members at Board of Directors meetings before the transition to a company with an Audit & Supervisory Committee.

Record of Audit & Supervisory Board and Audit & Supervisory Committee Meetings

KHI

(FY)

	Unit	2019	2020	2021	2022
Number of Auditor meetings	Number of times	17	5	-	-
Attendance rate of Auditors	%	100	100	-	-
Attendance rate of Outside Auditors	%	100	100	-	-

	Unit	2019	2020	2021	2022
Number of Audit & Supervisory Board Meetings	Number of times	-	13	17	14
Attendance rate of Audit & Supervisory Board Meetings	%	-	100	100	100
Outside Audit & Supervisory Committee Members' attendance rate	%	-	100	100	100

Note: On June 25 2020, Kawasaki transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee.

Composition of Nomination Advisory Committee and Compensation Advisory Committee and Record of Meetings **KHI**

(FY)

		Unit	2019	2020	2021	2022
Nomination Advisory Committee	Internal Directors	Persons	2	2	2	2
	Independent Outside Directors		3	3	3	3
	Total		5	5	5	5
	Number of times held	Number of times	11	12	12	12

		Unit	2019	2020	2021	2022
Compensation Advisory Committee	Internal Directors	Persons	2	2	2	2
	Independent Outside Directors		3	3	3	3
	Total		5	5	5	5
	Number of times held	Number of times	6	12	12	7

Note: On June 25 2020, Kawasaki transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee.

Independent Auditor Compensation **Consolidated**

(FY)

	Unit	2019	2020	2021	2022
Compensation based on audit certification services	Millions of yen	239	253	421	388
Kawasaki Heavy Industries Ltd.	Millions of yen	190	205	334	298
Consolidated subsidiaries	Millions of yen	48	48	87	90

	Unit	2019	2020	2021	2022
Compensation based on non-audit services	Millions of yen	306	261	234	224
Kawasaki Heavy Industries Ltd.	Millions of yen	303	258	231	221
Consolidated subsidiaries	Millions of yen	2	2	2	2

Director Compensation (Fiscal 2022)

KHI

(FY)

	Number of recipients (persons)	Unit	Total compensation	Total compensation by type		
				Monetary compensation		Stock compensation
				Basic compensation	Performance-based compensation	
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	5	Millions of yen	353	210	70	72
Audit & Supervisory Committee Members (excluding Outside Directors)	3	Millions of yen	73	73	-	-
Outside Directors	8	Millions of yen	83	83	-	-

Note: 1. For stock compensation, the amount recorded as expenses for the current fiscal year is indicated based on performance-based stock compensation introduced pursuant to a resolution of the 198th Ordinary General Meeting of Shareholders held on June 25, 2021 and differs from the actual amount paid.

Note: 2. The number of people actually compensated by the company are listed in the total column

The Director Whose Total Amount of Remuneration Exceeds 100 Million Yen (Fiscal 2022)

KHI

(FY)

Name	Position	Unit	Total compensation	Basic compensation	Performance-based compensation	Stock compensation
Yasuhiko Hashimoto	Director	Millions of yen	108	62	23	23

Note: For stock compensation, the amount recorded as expenses for the current fiscal year is indicated and differs from the actual amount paid.

Compliance

Number of Compliance and Anti-bribery Violations

Consolidated

(FY)

	Unit	2019	2020	2021	2022
Number of serious compliance violations	Number of cases	0	0	1	0
Number of anti-bribery violations	Number of cases	0	0	0	0

Number of Whistle-Blowing Reports and Breakdown of Reports

Consolidated

(FY)

	Unit	2019	2020	2021	2022
Total number of Whistle-Blowing Reports*	Number of cases	47	39	55	54
Abuse of authority	Number of cases	12	15	23	19
Labor issues	Number of cases	14	14	19	13
Financial fraud	Number of cases	0	1	0	1
Sexual harassment	Number of cases	1	1	1	0
Threats and harassment	Number of cases	0	0	0	0
Bribery and corruption	Number of cases	0	0	0	0
Others	Number of cases	20	8	12	21

* The numbers of cases listed above refer to reports received, not those identified as actual compliance violations.

Number of Consultations Made to Other Reporting Systems

Overseas Group

(FY)

	Unit	2019	2020	2021	2022
Number of consultations made to Global Internal Reporting System	Number of cases	-	0	0	0

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022
Number of consultations regarding harassment	Number of cases	6	15	9	57

Number of Employees Who Underwent Compliance Education (e-Learning)

Consolidated

(FY)

	Unit	2019	2020	2021	2022
Number of employees who underwent compliance education*1	Persons	0	0	17,393	17,860
Number of employees taking the Code of Conduct training*2	Persons	-	-	-	3,447

*1 The Kawasaki Group (domestic)

*2 Overseas subsidiaries only

Expenditures to External Organizations

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022
Total political contributions	Millions of yen	3	3	3	3
Total expenditures to industry organizations*1 *2	Millions of yen	68.0	68.0	68.0	98.6
Total expenditures for donations, support funding, etc.*3	Millions of yen	146	160	111	278

*1 In reporting fiscal 2021 activities, we changed the method of calculation. Accordingly, we have altered performance figures before fiscal 2022.

*2 The purpose of the membership fee for industry organizations is to collect business information related to KHI. The main expenditures in fiscal 2022 were for the Japan Business Federation and the Kansai Economic Federation.

*3 Kawasaki Heavy Industries, Ltd. (non-consolidated)

Information Security

Information Security Education and Training

Domestic Group

(FY)

	Unit	2019	2020	2021	2022
Information security training participants	Persons	9,866	17,779	19,033	9,803

Research and Development

R&D Expense

Consolidated

(FY)

	Unit	2019	2020	2021	2022
Total	Billions of yen	52.6	44.9	47.1	50.7
Percentage of sales	%	3.2	3.0	3.1	2.9
Number of employees engaged in R&D	Persons	1,916	1,956	2,000	2,098

Environment

Environmental Management

Employees with Legal Qualifications

KHI, KRM, KMC

(FY)

		Unit	2019	2020	2021	2022
Pollution control managers	Air	Persons	97	97	97	98
	Water	Persons	82	85	88	87
	Noise, vibration	Persons	36	37	35	36
	Others	Persons	78	78	79	81
	Total	Persons	293	297	299	302
Energy managers		Persons	88	95	97	110

Environment-related Expenses

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022
Capital investments	Millions of yen	113	9	47	1,661
Operating expenses	Millions of yen	10,107	8,631	8,708	12,458

Environmental Compliance

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022
Violation of environmental laws and regulation	Number of cases	0	0	0	0
Incident and contamination that lead to environmental problems	Number of cases	0	0	1	2
Complaints about environmental problems	Number of cases	0	2	4	2
Amount of fine	Millions of yen	0	0	0	0

CO₂ FREE

CO₂ Emissions (Scope 1, Scope 2) Consolidated

(FY)

	Unit	2019* ¹	2020* ²	2021* ³	2022* ⁴
Scope 1 <input checked="" type="checkbox"/>	t	168,956	139,502	134,855	136,736
Scope 2	Market-based <input checked="" type="checkbox"/>	289,848	255,039	267,171	246,083
	Location-based	313,010	276,064	284,922	349,299
Total amount of Scope 1 and Scope 2	Market-based	458,804	394,541	402,026	382,819
	Location-based	481,966	415,566	419,777	486,035

*1 Total for KHI, 24 domestic consolidated subsidiaries, and 24 overseas consolidated subsidiaries

*2 Total for KHI, 26 domestic consolidated subsidiaries, and 24 overseas consolidated subsidiaries

*3 Total for KHI, 37 domestic consolidated subsidiaries, and 23 overseas consolidated subsidiaries

*4 Total for 28 sites of KHI, 30 related domestic sites, and 28 related overseas sites

Energy Consumption Consolidated

(FY)

	Unit	2019* ¹	2020* ²	2021* ³	2022* ⁴
Total non-renewable energy consumption	MWh	1,522,486	1,455,895	1,341,737	1,317,527
Total renewable energy consumption	MWh	1,526	1,637	2,405	13,538

*1 Total for KHI, 24 domestic consolidated subsidiaries, and 24 overseas consolidated subsidiaries

*2 Total for KHI, 26 domestic consolidated subsidiaries, and 24 overseas consolidated subsidiaries

*3 Total for KHI, 37 domestic consolidated subsidiaries, and 23 overseas consolidated subsidiaries

*4 Total for 28 sites of KHI, 30 related domestic sites, and 28 related overseas sites

	Unit	2019	2020	2021	2022
1. Purchased goods and services <input checked="" type="checkbox"/>	t	1,940,483	1,464,830	2,393,525	2,791,420
2. Capital goods	t	238,045	128,255	180,202	265,678
3. Fuel- and energy-related activities not included under Scope 1 or Scope 2	t	37,378	34,798	31,298	30,045
4. Upstream transportation and distribution	t	7,832	8,536	7,824	7,072
5. Waste generated in operations	t	12,102	10,760	7,577	8,540
6. Business travel	t	13,474	5,152	6,661	10,605
7. Employee commuting	t	6,770	6,885	6,782	6,914
8. Upstream leased assets	t	0	0	0	0
9. Downstream transportation and distribution	t	448	393	806	4,239
10. Processing of sold products	t	Excluded* ¹	Excluded* ¹	Excluded* ¹	42,644
11. Use of sold products <input checked="" type="checkbox"/> * ³ * ⁴	t	118,850,385	121,810,449	21,870,760	28,937,027
12. End-of-life treatment of sold products	t	Excluded* ¹	Excluded* ¹	Excluded* ¹	1,924
13. Downstream leased assets	t	Excluded* ²	Excluded* ²	Excluded* ²	Excluded* ²
14. Franchises	t	Excluded* ²	Excluded* ²	Excluded* ²	Excluded* ²
15. Investments	t	173,461	145,638	158,308	154,077
Total amount of Scope 3 * ³	t	121,280,378	123,615,696	24,663,743	32,260,185

*1 Excluded from calculation target because Kawasaki is unable to confirm reference data at this time.

*2 Excluded from calculation target because it is outside of the scope of our business.

*3 To more accurately determine emissions in Scope 3, Category 11, the calculation method was revised in fiscal 2021. Previously, calculations for products manufactured as parts incorporated into finished products such as hydraulic machinery were performed using the CO₂ emissions for finished products such as construction machinery, but as of fiscal 2021, the calculations are performed by taking into consideration to the degree of contribution to finished products, the weight ratios, and other factors.

Total Scope 3 emissions in fiscal 2019 as calculated according to the new method were 33.969 million tons, while the total Scope 3 emissions in fiscal 2020 were 31.531 million tons.

*4 Regarding Category 11 in Scope 3, from fiscal 2022, the scope of calculation was expanded from a total of KHI, KRM, and KMC, to the Kawasaki Group. The increase in emissions due to the expanded scope of calculation is 6.15 million tons.

Waste FREE

Waste (Total Generated)

Consolidated

(FY)

	Unit	2019	2020	2021	2022
Waste generated	t	76,751	62,648	58,844	58,492

Waste

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022
Total generated	t	50,181	44,578	42,772	39,697
Waste recycled	t	48,933	43,487	41,796	38,787
Waste disposed	t	1,247	1,091	976	910
Landfilled	t	100	166	67	47
Incinerated with energy recovery	t	1,147	925	909	863
Incinerated without energy recovery	t	0	0	0	0
Others	t	0	0	0	0
Waste with unknown disposal method	t	0	0	0	0

Hazardous Waste

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022
Total generated	t	241	149	309	234
Waste recycled	t	0	0	0	0
Waste disposed	t	241	149	309	234
Landfilled	t	-	-	0	0
Incinerated with energy recovery	t	-	-	277	219
Incinerated without energy recovery	t	-	-	32	15
Others	t	-	-	0	0
Waste with unknown disposal method	t	-	-	0	0

	Unit	2019	2020	2021	2022
Water withdrawal	Mm ²	5.983	5.633	5.629	5.510
Breakdown of water withdrawal (clean water)	Mm ²	0.584	0.491	0.539	0.563
Breakdown of water withdrawal (industrial water)	Mm ²	1.190	0.992	1.034	1.039
Breakdown of water withdrawal (groundwater)	Mm ²	4.209	4.150	4.056	3.908
Water discharged	Mm ²	4.497	4.445	3.282	3.304
Breakdown of water discharged (sewerage)	Mm ²	-	-	-	0.872
Breakdown of water discharged (rivers, lakes, ponds , etc.)	Mm ²	-	-	-	2.433
Breakdown of water discharged (infiltration of water into the ground)	Mm ²	-	-	-	0.000
Water consumed	Mm ²	1.486	1.188	2.347	2.206

Harm FREE

Major VOCs Emissions (Toluene, Xylene, and Ethylbenzene)

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022
Major VOCs emissions	t	700	634	642	429

Air Pollutants Emissions

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022
Sulfur oxides (SOx)	t	4.0	6.0	1.0	0.7
Nitrogen oxides (NOx)	t	129.0	120.0	103.0	84.0

Environment Data

Environmental Data by Business Site (Fiscal2022)

KHI, KRM, KMC

		Unit	Gifu Works	Nagoya Works 1	Kobe Works	Hyogo Works	Nishi-Kobe Works
INPUT	Total energy (heat conversion)	TJ	1,355	231	413	195	964
	Purchased electricity	MWh	73,376	22,548	24,746	16,526	88,395
	Fuel	TJ	624	6	166	30	83
	Renewable energy	MWh	0	765	24	18	532
	Water withdrawal	1,000m ³	3,815	42	178	59	193
OUTPUT (Air)	CO ₂ emissions from energy sources	t	62,377	9,171	17,123	6,661	31,914
	SO _x	t	Under 1	Under 1	Under 1	0	0
	NO _x	t	30	Under 1	44	Under 1	Under 1
	Soot and dust	t	Under 1	Under 1	1	Under 1	Under 1
OUTPUT (Water)	Water discharged	1,000m ³	2,051	9	137	47	165
	COD	t	3	Under 1	Under 1	Under 1	Under 1
	Nitrogen	t	15	Under 1	Under 1	Under 1	Under 1
	Phosphorus	t	Under 1	Under 1	Under 1	Under 1	Under 1
OUTPUT (Waste)	Total generated	t	2,866	213	4,458	3,818	5,740
	Recycled	t	2,866	213	4,447	3,818	5,740
	Others (incinerated/landfilled)	t	1	0	11	0	0

		Unit	Seishin Works	Akashi Works	Kakogawa Works	Harima Works	Sakaide Works
INPUT	Total energy (heat conversion)	TJ	304	1,628	134	124	286
	Purchased electricity	MWh	24,817	113,715	6,671	9,517	26,577
	Fuel	TJ	57	494	68	29	21
	Renewable energy	MWh	950	300	0	5	0
	Water withdrawal	1,000m ³	95	712	11	65	335
OUTPUT (Air)	CO ₂ emissions from energy sources	t	10,730	63,491	5,682	4,440	15,415
	SO _x	t	-	0	0	0	Under 1
	NO _x	t	1	7	0	Under 1	Under 1
	Soot and dust	t		2	-	Under 1	Under 1
OUTPUT (Water)	Water discharged	1,000m ³	71	470	6	28	317
	COD	t	-	-	Under 1	Under 1	Under 1
	Nitrogen	t	Under 1	-	Under 1	Under 1	Under 1
	Phosphorus	t	Under 1	-	Under 1	Under 1	Under 1
OUTPUT (Waste)	Total generated	t	1,097	6,011	2,141	2,786	10,567
	Recycled	t	1,097	6,011	2,132	2,786	9,678
	Others (incinerated/landfilled)	t	0	0	9	0	889

Society

Employee Data

Number of Employees

Consolidated

(FY)

		Unit	2019	2020	2021	2022
Total employees		Persons	36,332	36,691	36,587	38,254
	Domestic group	Persons	26,616	26,901	26,596	27,583
		%	73.3	73.3	72.7	72.1
	Overseas group	Persons	9,716	9,790	9,991	10,671
		%	26.7	26.7	27.3	27.9
By region	Japan	Persons	26,616	26,901	26,596	27,583
		%	73.3	73.3	72.7	72.1
	Europe	Persons	734	702	757	761
		%	2.0	1.9	2.1	2.0
	Americas	Persons	3,921	4,015	4,194	4,886
		%	10.8	10.9	11.5	12.8
	Asia	Persons	5,023	5,033	5,001	4,985
		%	13.8	13.7	13.7	13.0
	Australia	Persons	38	40	39	39
		%	0.1	0.1	0.1	0.1

Note: Number of employees as of fiscal year-end.

			Unit	2019	2020	2021	2022
Status of employees	Number of employees		Persons	17,218	17,396	17,162	17,413
		Male	Persons	15,748	15,876	15,688	15,883
			%	91.5	91.3	91.4	91.2
		Female	Persons	1,470	1,520	1,474	1,530
	%		8.5	8.7	8.6	8.8	
	Managerial staff		Persons	3,681	3,732	3,664	3,865
		Male	Persons	3,630	3,680	3,600	3,791
			Persons	51	52	64	74
		Female	Persons	13,537	13,664	13,498	13,548
	Male		Persons	12,118	12,196	12,088	12,092
	General employees	Female	Persons	1,419	1,468	1,410	1,456
		Average age		Years old	39.4	39.7	40.1
Male	Years old		39.3	39.6	40.0	40.5	
Female	Years old		40.9	41.1	41.7	42.1	
			Unit	2019	2020	2021	2022
By age ^{*2}	29 and younger		Persons	3,703	3,529	3,737	3,608
			%	21.5	20.3	21.7	20.7
		Male	Persons	3,451	3,268	3,467	3,328
			Female	Persons	252	261	270
	30 to 39		Persons	5,437	5,504	5,427	5,432
			%	31.6	31.6	31.6	31.2
		Male	Persons	5,027	5,084	5,025	5,032
			Female	Persons	410	420	402
	40 to 49		Persons	4,368	4,456	4,395	4,480
			%	25.4	25.6	25.6	25.7
		Male	Persons	3,887	3,989	3,941	4,024
			Female	Persons	481	467	454
	50 to 59		Persons	3,123	3,367	3,229	3,397
			%	18.1	19.4	18.8	19.5
		Male	Persons	2,850	3,048	2,919	3,053
			Female	Persons	273	319	310
60 and above		Persons	587	540	374	496	
		%	3.4	3.1	2.1	2.8	
	Male	Persons	533	487	336	446	
		Female	Persons	54	53	38	50

			Unit	2019	2020	2021	2022
By position	Director, Audit & Supervisory Board Member* ³	Male	Persons	16	13	13	17
			Persons	14	11	11	15
			%	87.5	84.6	84.6	88.2
		Female	Persons	2	2	2	2
			%	12.5	15.4	15.4	11.8
			Persons	25	26	30	28
	Executive officer and above	Male	Persons	25	25	29	27
			%	100	96.2	96.7	96.4
			Persons	0	1	1	1
		Female	%	0	3.8	3.3	3.6
			Persons	987	1,071	746	729
			Male	Persons	979	1,064	739
	%	99.2		99.3	99.1	99.2	
	Female	Persons		8	7	7	6
		%	0.8	0.7	0.9	0.8	
		Persons	2,470	2,527	2,918	3,136	
	Manager equivalent	Male	Persons	2,431	2,482	2,861	3,068
			%	98.4	98.2	98.0	97.8
			Persons	39	45	57	68
		Female	%	1.6	1.8	2.0	2.2
Persons			2,074	2,203	2,403	2,450	
Male			Persons	1,952	2,068	2,254	2,296
	%	94.1	93.9	93.8	93.7		
	Female	Persons	122	135	149	154	
%		5.9	6.1	6.2	6.3		

*1 Number of employees as of the fiscal year-end (includes temporary employees).

*2 Percentage figures will not necessarily add up to 100% as they are rounded up to the first decimal point.

*3 On June 25 2020, Kawasaki transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee. The above numbers of Directors for fiscal 2019 and earlier include the number of Audit & Supervisory Board Members.

*4 Senior manager equivalent includes positions up to associate officer.

Average Annual Remuneration

KHI

(FY)

		Unit	2019	2020	2021	2022
All employees		Millions of yen	7.2	7.0	6.8	7.4
	Male	Millions of yen	7.3	7.1	7.0	7.6
	Female	Millions of yen	5.3	5.2	4.7	5.0
Average for managerial staff (basic pay only)		Millions of yen	7.6	7.7	7.9	8.0
	Male	Millions of yen	7.6	7.7	7.9	8.0
	Female	Millions of yen	7.1	7.0	6.9	7.0
Average for managerial staff (basic pay plus bonuses, etc)		Millions of yen	11.4	11.1	10.6	11.3
	Male	Millions of yen	11.4	11.1	10.6	11.3
	Female	Millions of yen	10.5	9.9	9.2	9.9
Average for general employees (basic pay only)		Millions of yen	4.6	4.4	4.5	4.6
	Male	Millions of yen	4.6	4.5	4.7	4.8
	Female	Millions of yen	3.8	3.8	3.5	3.5

Human Resource Management

Number of Employees Hired

KHI, KRM, KMC

(FY)

		Unit	2019	2020	2021	2022	2023
New graduates hired*		Persons	562	555	357	370	405
	Male	Persons	507	498	323	333	376
	Female	Persons	55	57	34	37	29
Administrative and technical positions		Persons	338	344	231	246	278
	Male	Persons	290	296	200	214	254
	Female	Persons	48	48	31	32	24
Production specialists		Persons	224	211	126	124	127
	Male	Persons	217	202	123	119	122
	Female	Persons	7	9	3	5	5
Mid-career hires and ratio of mid-career hires to all new hires		Persons	296	167	95	362	-
		%	34.5	23.1	21.0	49.5	-
	Male	Persons	202	136	72	284	-
	Female	Persons	94	31	23	78	-
Administrative and technical positions		Persons	165	90	89	324	-
	Male	Persons	148	81	68	251	-
	Female	Persons	17	9	21	73	-
Production specialists		Persons	60	59	6	38	-
	Male	Persons	50	54	4	33	-
	Female	Persons	10	5	2	5	-
Partner		Persons	71	18	-	-	-
	Male	Persons	4	1	-	-	-
	Female	Persons	67	17	-	-	-
Average years of service		Years	13.4	13.7	14.2	14.5	-
	Male	Years	13.7	14.0	14.5	14.9	-
	Female	Years	10.0	10.3	10.8	10.9	-

* Number of new graduates hired as of April 1 of each fiscal year.

Number of People Resigning

KHI, KRM, KMC

(FY)

		Unit	2019	2020	2021	2022
Total number of resignations and turnover rate^{*1}		Persons	-	-	481	445
		%	-	-	2.8	2.6
	Male	Persons	-	-	421	393
		%	-	-	2.7	2.5
	Female	Persons	-	-	60	52
		%	-	-	4.1	3.4
Number of employees voluntarily resigning and turnover rate^{*1 *2}		Persons	217	205	313	321
		%	1.3	1.2	1.8	1.8
	Male	Persons	186	179	275	282
		%	1.2	1.1	1.8	1.8
	Female	Persons	31	26	38	39
		%	2.1	1.7	2.6	2.6
29 and younger		Persons	116	109	162	147
		%	3.1	3.1	4.3	4.0
	Male	Persons	104	99	146	127
		%	3.0	3.0	4.2	3.8
	Female	Persons	12	10	16	20
		%	4.8	3.8	5.9	7.1
30 to 39		Persons	77	63	105	129
		%	1.4	1.1	1.9	2.4
	Male	Persons	64	52	89	117
		%	1.4	1.0	1.8	2.3
	Female	Persons	13	11	16	12
		%	3.2	2.6	4.0	3.0
40 to 49		Persons	14	28	29	34
		%	0.3	0.6	0.7	0.8
	Male	Persons	11	25	24	28
		%	0.3	0.6	0.6	0.7
	Female	Persons	3	3	5	6
		%	0.6	0.6	1.1	1.3
50 and above		Persons	10	5	17	11
		%	0.3	0.1	0.5	0.3
	Male	Persons	7	3	16	10
		%	0.2	0.1	0.5	0.3
	Female	Persons	3	2	1	1
		%	1.1	0.5	0.3	0.3

*1 Age of resigning employees is shown as of April 1 of each fiscal year.

*2 The turnover rate for employees who voluntarily resign does not include retirees and executive transfers.

Employee Engagement Survey Results*

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022
Response rate	%	-	80	83	89
Supportive environment	%	-	52	52	52
Employee engagement	%	-	59	56	55
Ratio of employees for whom both "supportive environment" and "employee engagement" are high	%	-	29	28	29

* Results for fiscal 2020 and fiscal 2021 have been retroactively revised in accordance with modifications in the target data from fiscal 2022.

Diversity

Number of Foreign National Employees

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022	2023
Number of foreign national employees	Persons	36	35	36	34	36

Note: As of April 1 of each fiscal year. Administrative and technical personnel only.

Number and Percentage of Employees with Disabilities*¹ *²

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022	2023
Employees with disabilities*²	Persons	447	473	473	459	484
Percentage of employees with disabilities	%	2.40	2.50	2.49	2.44	2.52

*1 As of June 1 of each fiscal year. Respective results include those for special subsidiary Kawasaki Heartfelt Service Co., Ltd.

*2 People working short hours are calculated as 0.5 persons. One person with a severe disability is counted as two persons.

Number of Women in Managerial Positions*¹ *²

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022	2023	
Number of women in managerial positions	Persons	49	57	66	79	101	
Proportion of women in managerial positions	%	-	-	-	-	2.1	
	Executive officer and above*³	Persons	-	-	-	-	1
		%	-	-	-	-	3.0
	Senior manager equivalent	Persons	-	-	-	-	8
		%	-	-	-	-	0.8
	Manager equivalent	Persons	-	-	-	-	92
%		-	-	-	-	2.5	

*1 As of April 1 of each fiscal year.

*2 Section head or above. Figures include staff on external postings and staff on leave.

*3 Excluding Directors.

Work-life Balance

Usage of Work-Life Balance Programs

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021*1	2022	
Employees using the childcare leave	Persons	68	84	112	169	
	Male	Persons	13	38	58	122
	Female	Persons	55	46	54	47
Employees using the care leave	Persons	3	5	6	5	
	Male	Persons	3	3	3	2
	Female	Persons	0	2	3	3
Return rate after childcare leave	%	100	96	100	100	
Retention rate after childcare leave	%	96	95	100	_*2	

*1 Results for fiscal 2021 have been revised in accordance with retroactive modifications in the scope of data collection.

*2 The retention rate after childcare leave represents the percentage of employees still working one year following their return from childcare leave. No statistics are available for fiscal 2022 because this one-year period has not yet elapsed.

Annual Paid Leave Usage

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022
Number of used paid leaves*	Days /person	15.9	15.9	16.6	18.0
Paid leave usage rate	%	72.3	72.3	75.4	81.8
Total annual work hours	Hours /person	2,035	1,953	1,997	2,001
Total annual overtime hours	Hours /person	295.2	206.4	261.4	272.0

* 22 days given per year.

Human Resource Development

Education and Training Expenses

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022
Education and training expenses per employee	Yen/FTE*	34,000	27,000	27,000	27,000
Education and training hours per employee	Hours/FTE*	41	32	32	32
Total education and training hours	Hours	-	-	547,000	553,000

* FTE: Full-Time Equivalent

Occupational Safety, Hygiene, and Health

Status of Labor Accidents and Work-related Illnesses

Domestic Group

(Jan.-Dec.)*¹

		Unit	2019	2020	2021	2022
Number of labor accidents * ²	Total	Number of incidents	104	77	87	94★
	Under Kawasaki's overall supervision * ⁵	Number of incidents	69	48	58	49★
	Domestic consolidated subsidiaries * ⁶	Number of incidents	35	29	29	45★
Number of fatalities in the course of duty * ³	Total	Persons	1	0	1	0★
	Under Kawasaki's overall supervision * ⁵	Persons	0	0	1	0★
	Employees	Persons	0	0	1	0★
	Internal transfer staff * ⁷	Persons	0	0	0	0★
	Domestic consolidated subsidiaries * ⁶	Persons	1	0	0	0★
Lost Time Injury Frequency Rate (LTIFR) * ⁴	Under Kawasaki's overall supervision * ⁵	-	0.37	0.34	0.31	0.30★
	Employees	-	0.24	0.21	0.12	0.21★
	Internal transfer staff * ⁷	-	0.77	0.74	0.93	0.61★
	(Reference) Industry average * ⁸	-	1.80	1.95	2.09	2.06
	(Reference) Manufacturing industry average * ⁸	-	1.20	1.21	1.31	1.25

*1 The data collection period is from January to December of each year.

*2 Number of fatalities and injuries due to labor accidents, excluding commuting accidents

*3 Number of fatalities due to labor accidents, excluding commuting accidents

*4 Lost Time Injury Frequency Rate (LTIFR) = Number of fatalities and injuries due to labor accidents (lost work time of at least one day, excluding commuting accidents) ÷ Total number of work hours × 1,000,000. The total number of work hours by internal transfer staff includes an estimate based on Number of workers × 8 hours (4 hours in the case of half-days) × Number of working days.

*5 The scope of data collection is Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors.

*6 The scope of data collection does not include Kawasaki Railcar Manufacturing and Kawasaki Motors.

*7 Internal transfer staff under overall supervision of Kawasaki (temporary staff, and contract staff in shipbuilding and construction)

*8 Data source: Survey on Industrial Accidents 2022, Ministry of Health, Labour and Welfare

Status of Sanitation Management

KHI, KRM, KMC

(Jan.-Dec.)

	Unit	2019	2020	2021	2022	
Sick leave rate (case basis)*¹	-	5.7	4.8	4.6	14.6	
	-	0.35	0.43	0.50	0.60	
Mental health-related sick leave frequency (case basis)*²	Mental health issues (Situational/Acute)	Cases	67	84	99	120
	Other psychological disorders	Cases	5	7	7	5
Absence rate (day basis)*³	Leave due to mental health issues*⁴	-	3.8	4.6	5.0	6.4
	Overall sick leave	-	7.1	7.5	7.8	12.1

*1 Calculated as the total number of cases of sick leave per year / total number of workers employed per year × 1,000.

*2 In 2019, per an amendment to corporate regulations, the period that an employee may be absent before being placed on leave was shortened by three months, causing the figure for 2019 to appear larger.

*3 The absence rate is calculated based on days missed. Specifically, it is the number of employees absent per 1,000 employees per work day, calculated as the total number of days of leave taken / total man-days of work × 1,000.

*4 Included in total sick leave

Health Management

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021* ²	2022* ²
Health score*¹	-	-	-	3.90	3.93
Percentage taking regular physical checkups	%	99.6	99.8	98.4	99.0

*1 The health score refers to a score on a six-point scale that is based on the results of a medical examination of six lifestyle habits (diet, exercise, drinking, sleep, smoking, and appropriate weight) that affect labor productivity. The higher the score, the healthier the lifestyle.

*2 The health score in the health report issued in the relevant year is the actual value for that year (scoring starting from 2021).

Business and Human Rights

Labor Union Data **KHI, KRM, KMC**

(FY)

	Unit	2019	2020	2021* ¹	2022
Number of union members	Persons	13,294	13,459	12,880	13,184
Labor union makeup*²	%	79.2	78.7	75.0	77.3
Number of labor discussions with the union	Number	23	44	38	28

*1 Results for fiscal 2021 have been revised in accordance with retroactive modifications in the scope of data collection.

*2 The number of labor union members and labor union makeup are current as of the end of the respective fiscal years. Labor union makeup percentage represents the percentage of union members versus all permanent employees, including managerial staff.

Social Contribution Activities

Social Contribution Activities by Type*¹

KHI

(FY)

	Unit	2019	2020	2021	2022
Donations and philanthropy	%	36.29	37.69	31.96	29.70
Investments (ongoing partnerships with NGOs, etc.)	%	46.47	43.72	50.34	54.09
Advertising and marketing (support funding, campaigns, etc.)	%	17.24	18.59	17.70	16.21
Total*²	%	100	100	100	100

*1 Totals for Kawasaki and Kawasaki Good Times Foundation in the United States

*2 Because the above figures are rounded to the second decimal place, the percentage figures may not add up to exactly 100%.

Social Contribution Activities Expenditure^{*1}

KHI

(FY)

		Unit	2019	2020	2021	2022
Total^{*2}		Millions of yen	712	679	661	802
Breakdown by category	Vitalization of industry and economy	Millions of yen	205	199	217	332
	Communities	Millions of yen	198	184	204	191
	Education	Millions of yen	214	215	148	155
	Culture and sports	Millions of yen	59	57	55	87
	Welfare and humanitarian aid (including disaster relief)	Millions of yen	7	6	4	9
	Others (including environmental safety and disaster prevention)	Millions of yen	28	18	33	28
Expenditure type	Provision of funds	Millions of yen	146	160	111	278
	Provision of goods	Millions of yen	238	194	226	192
	Employee volunteer activities	Millions of yen	328	326	324	332
	Indirect management costs	Millions of yen	0	0	0	0
Percentage of ordinary profit		%	1.76	- ^{*3}	2.21	1.14

*1 Totals for Kawasaki and Kawasaki Good Times Foundation in the United States

*2 The above figures include expenses for donations, support funding, in-kind contributions, and requests for support from third-party organizations as well as the cost of labor of employees assigned to thirdparty organizations (the portion incurred by Kawasaki). They do not include internal cost of labor of employees or expenses associated with the use of facilities.

*3 Because the Company recorded an ordinary loss in fiscal 2020, the percentage of ordinary profit could not be calculated.

Working with Suppliers

Number of Companies Responding to Sustainable Procurement Survey

KHI, KRM, KMC

(FY)

	Unit	2019	2020	2021	2022
Domestic	Companies	480	-	395	-
Overseas	Companies	-	37	-	-

ISO Certification Status

Certification Status of Quality Management

【Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors】

Business segment		Date of Acquisition	Reference	Certification Bodies
Aerospace Systems Company	Defense & Aerospace Business Division	Sep. 1996	JIS Q 9100* ¹	BSK* ²
	Commercial Aircraft Business Division			
	Helicopter & MRO Business Division			
	Aero Engine Business Division	Dec. 1994	JIS Q 9100	BSK
Kawasaki Railcar Manufacturing Co., Ltd		Aug. 1994		DNV* ³
Energy Solution & Marine Engineering Company	Energy Solution Business Division	Jun. 1993		DNV
	Plant Engineering Business Division			
	Marine Machinery Business Division			
	Ship & Offshore Structure Business Division	Apr. 1993	general merchant ship, offshore structures and AUV business	DNV
Precision Machinery & Robot Company	Precision Machinery Business Division	Oct. 1994		DNV
	Robot Business Division	Oct. 1994		DNV
Kawasaki Motors, Ltd		Oct. 1994		DNV

*1 JIS Q 9100 : Management system standards for ensuring the safety and improving reliability of products and services in the aerospace and defense industries

*2 BSK : Defense Structure Improvement Foundation

*3 DNV : Det Norske Veritas AS (Norway)

Certification Status of Quality Management 【Overseas Production Sites(Group Companies)】

	Business	Company	Acquisition (Y/N)
1	Energy Solution & Marine Engineering	Wuhan Kawasaki Marine Machinery Co., Ltd.	Y
2	Kawasaki Motors, Ltd	Changzhou Kawasaki and Kwang Yang Engine Co., Ltd.	Y
3	Kawasaki Motors, Ltd	Kawasaki Motors Enterprises (Thailand) Co., Ltd.	Y
4	Precision Machinery	Flutek, Ltd.	Y
5	Precision Machinery	Kawasaki Precision Machinery (Suzhou) Ltd	Y
	Robotics		Y
6	Precision Machinery	Wipro Kawasaki Precision Machinery Private Limited	Y
7	Kawasaki Railcar Manufacturing Co., Ltd	Kawasaki Motors Manufacturing Corp., USA	Y
	Aerospace Systems		Y
	Kawasaki Motors, Ltd		Y
8	Kawasaki Railcar Manufacturing Co., Ltd	Kawasaki Rail Car, Inc.	Y
9	Precision Machinery	Kawasaki Precision Machinery (UK) Ltd.	Y

Environmental Management Systems

Percentage of sites covered by ISO14001
(Total of Domestic and Overseas) : 60%

【Domestic (Kawasaki and Group Companies)】

Business segment	Certification Bodies*1	EMS level*2	Date of Acquisition	Date of Expiration
Aerospace Systems Company (Defense & Aerospace Business Division) (Commercial Aircraft Business Division) (Helicopter & MRO Business Division)	BSK	1	Feb. 2002	Feb. 2026
KGM Co., Ltd.		1	Feb. 2002	Feb. 2026
NIPPI Corporation		1	Dec. 2006	Dec. 2024
NIPPI Skill Corporation		1	Dec. 2012	Dec. 2024
Aerospace Systems Company (Aero Engine Business Division)	BSK	1	Mar. 2000	Mar. 2024
Kawaju Akashi Engineering Co., Ltd.		1	Mar. 2000	Mar. 2024
Energy Solution & Marine Engineering Company (Plant Engineering Business Division)	DNV	1	Nov. 1999	Feb. 2026
EarthTechnica Co., Ltd.		1	Sep. 2000	Sep. 2024
Kawaju Facilitatech Co., Ltd.	-	2	Jul. 2013	-
Energy Solution & Marine Engineering Company (Energy Solution Business Division) (Marine Machinery Business Division)	DNV	1	Dec. 2000	Feb. 2026
Kawasaki Thermal Engineering Co., Ltd.		1	Apr. 2002	Apr. 2026
Energy Solution & Marine Engineering Company (Ship & Offshore Structure Business Division)	DNV	1	Aug. 2000	Apr. 2026
Kawasaki Marine Engineering Co., Ltd.	-	3	Apr. 2013	-
Precision Machinery & Robot Company (Precision Machinery Business Division) 	DNV	1	Feb. 1998	Nov. 2024
Kawasaki Hydromechanics Corporation		1	Jun. 2007	Mar. 2026
Precision Machinery & Robot Company (Robot Business Division)	DNV	1	Mar. 2011	Apr. 2024
Kawasaki Railcar Manufacturing Co., Ltd	DNV	1	Feb. 2002	Feb. 2026
Kawasaki Rolling Stock Component Co., Ltd.		1	Feb. 2002	Feb. 2026
Alna Yusoki-Yohin Co., Ltd.	-	2	Nov. 2017	-
NICHIJO CORPORATION	-	2	Jun. 2009	-
Kawasaki Motors, Ltd	DNV	1	Feb. 2000	Feb. 2024
Union Precision Die Co., Ltd.		1	Jul. 2006	Apr. 2024
Technica Corp.	-	3	Mar. 2012	-
Shin Nippon Wheel Industries Co.,Ltd	-	2	Sep. 2014	-

(Date of Expiration is as of Sep. 2023.)

*1 BSK: Defense Structure Improvement Foundation; DNV: Det Norske Veritas AS (Norway)

*2 Level 1: ISO 14001 registration Level 2: Simplified EMS certification Level 3: Self-declaration of EMS establishment

【Overseas (Group Companies)】

Oversight organization	Company	Location	EMS level ^{*1}	Date of Acquisition	Date of Expiration
Energy Solution & Marine Engineering Company (Marine Machinery Business Division)	Wuhan Kawasaki Marine Machinery Co., Ltd.	China (PRC)	1	Jun. 2009	Jun. 2024
Precision Machinery & Robot Company (Precision Machinery Business Division)	Kawasaki Precision Machinery (Suzhou) Ltd.	China (PRC)	1	Jan. 2008	Aug. 2025
	Kawasaki Precision Machinery (UK) Ltd.	UK	1	Nov. 2001	Nov. 2023
	Wipro Kawasaki Precision Machinery Private limited	India	1	Dec. 2019	Dec. 2025
	Flutek, Ltd.	South Korea	1	Nov. 2006	Oct. 2023
Kawasaki Railcar Manufacturing Co., Ltd	Kawasaki Rail Car, Inc.	U.S.A.	3	Jul. 2015	-
Kawasaki Motors, Ltd	PT. Kawasaki Motor Indonesia	Indonesia	3	Jan. 2012	-
	Kawasaki Comonants da Amazonia Ltda	Brazil	3	Jun. 2013	-
	Kawasaki Motores do Brasil Ltda	Brazil	3	Jun. 2013	-
	Kawasaki Motors (Phils.) Corporation	Philippines	3	Jan. 2012	-
	Kawasaki Motors Manufacturing Corp., U.S.A. (MRV)	U.S.A.	1	Nov. 2008	Dec. 2024
	Kawasaki Motors Enterprise (Thailand) Co., Ltd.	Thailand	1	Dec. 2011	Nov. 2023

(Date of Expiration is as of Sep. 2023.)

*1 Level 1: ISO 14001 registration Level 2: Simplified EMS certification Level 3: Self-declaration of EMS establishment

Evaluation by Society

Kawasaki vigorously embraces activities for sustainable society. The activities have been widely recognized, and we have been evaluated by various external bodies as shown below. (As of December 2022)

ESG Indices

Dow Jones Sustainability Asia Pacific Index

Jointly compiled by S&P Dow Jones Indices and RobecoSAM, DJSI is a leading SI index which assesses and selects leading sustainability-driven companies in terms of economic, environmental, and social criteria, and serves as one of the most important indices for investors who take the corporate social responsibility (CSR) initiatives of each company into consideration.

The DJSI Asia Pacific has specifically designed for companies in the developed Asia Pacific markets.



FTSE4Good Index Series

Created by the global index provider FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company), the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



FTSE4Good

FTSE Blossom Japan Index

The FTSE Blossom Japan Index is designed to measure the performance of Japanese companies that demonstrate strong Environmental, Social and Governance (ESG) practices. The index is constructed so that industry weights align with the Japanese equity market and uses the globally established FTSE4Good Index Inclusion Rules which are drawn from existing international standards including the UN Sustainable Development Goals.



**FTSE Blossom
Japan**

FTSE Blossom Japan Sector Relative Index

The FTSE Blossom Japan Sector Relative Index, developed by global index provider FTSE Russell, is designed to measure the performance of Japanese companies that have relatively strong Environmental, Social, Governance (ESG) practices in individual sectors. The index is designed so that sector weights align with the Japanese equity market. In addition, this index supports the transition to a low-carbon economy by selecting companies with particularly high GHG emissions as constituent stocks only if they have achieved a reduction in GHG emissions based on the TPI Management Quality Score. The FTSE Blossom Japan Sector Relative Index is used by Japan's Government Pension Investment Fund (GPIF) as a benchmark for passive ESG investment management.



**FTSE Blossom
Japan Sector
Relative Index**

MSCI Japan ESG Select Leaders Index

MSCI Japan ESG Select Leaders Index is a broad ESG index comprised of stocks with relatively high ESG scores in each industry based on MSCI ESG Research.

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

THE INCLUSION OF Kawasaki Heavy Industries, Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Kawasaki Heavy Industries, Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient is designed to measure the performance of companies in the Tokyo Stock Price Index (TOPIX), (the “underlying index”), while overweighting or underweighting those companies that have lower or higher levels of carbon emissions per unit of revenue.



Sompo Sustainability Index

The Sompo Sustainability Index is an investment index that draws on environment (E)-related corporate research conducted by SOMPO Risk Management Inc. and social (S)- and governance (G)-related corporate research conducted by IntegreX Inc. to generate composite ESG scores. The index comprises companies with above-average ESG performance, as determined through composite scoring.



ECPI World ESG Equity Index ECPI Global Developed ESG Best in Class Index

ECPI Group provides investment and sustainability advisory services with its offices in Milan, Italy and Luxembourg. ECPI Index family represents one of the widest ESG offer on the market covering main asset classes, geographies and investment themes.

ECPI World ESG Equity Index is a broad benchmark representative of developed market companies that satisfy ECPI ESG criteria.

ECPI Global Developed ESG Best in Class Index represents global developed market companies selected on the basis of their ESG performance as measured by ECPI ESG ratings and scores (Best-in-Class approach).

For more information, please visit [here](#) .

Recognitions of Kawasaki's Sustainability Initiatives

CDP

Kawasaki received A score in the CDP Climate Change 2022 assessment.

CDP an environmental non-profit organization that runs the global disclosure system for companies, cities and governments. The charity measures and evaluates their environmental initiatives, including goal setting, risk management and disclosures. The assessment process is aligned with TCFD recommendations on climate-related financial disclosures task force and well known as a global standard of environmental action evaluation.



The Act on Promotion of Women's Participation and Advancement in the Workplace

In May 2016, Kawasaki received "Eruboshi (Grade 2)" certification as an outstanding company for promoting women's participation in the workplace. The Eruboshi system is based on the Act on Promotion of Women's Participation and Advancement in the Workplace, which went into full effect on April 1, 2016. Of companies that draw up and submit general employer action plans under the Act, only those subsequently judged to meet certain standards and provide excellent conditions to encourage women to be more active in the workplace, are eligible for certification by the Minister of Health, Labour and Welfare under the Eruboshi system. Kawasaki is the first company in Hyogo Prefecture to acquire certification.



The Act on Advancement of Measures to Support Raising Next-Generation Children

We have a number of systems to support raising the next generation and nursing care, in order to enable our employees to continue working actively while balancing work with childcare and nursing care. The Hyogo Labour Bureau certified us as a company supporting childcare, and awarded us the "Kurumin Mark" in 2010. The Kurumin Mark is a certification logo presented by the Ministry of Health, Labour and Welfare to companies that have achieved targets stated in the business action plans formulated by each company in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children and have met certain criteria. The logo indicates such companies are childcare-supportive employers.



Performance Index for LGBT Initiatives “PRIDE Index 2022”

In 2022, Kawasaki, Kawasaki Railcar Manufacturing Co., Ltd., and Kawasaki Motors, Ltd. received the top rating of “gold” on “PRIDE Index”, a performance index certified by a Japanese voluntary organization “work with Pride”, which evaluates companies’ initiatives related to sexual minority such as LGBT. In Pride Index, for achievement of creating the workplace where LGBT individuals are able to work actively, companies are evaluated from 5 viewpoints: Policy, Representation , Inspiration , Development and Engagement / Empowerment .

work with Pride



Participation in International Initiatives

United Nations Global Compact

Kawasaki signed the United Nations Global Compact (“UNGC”) initiative proposed by the United Nations and was registered as a participating company in January, 2020. We have also joined the Global Compact Network Japan, the compact’s local network in Japan.

The UNGC is a voluntary initiative for companies and organizations to act as good members of society and participate in creating a global framework for sustainable growth by taking responsible and creative leadership.



In conducting their business operations, UNGC signatory companies and organizations are required to support the initiative’s ten principles in the four fields of human rights, labour, the environment, and anti-corruption.

With our signing of the UNGC, we commit ourselves to promoting the ten principles in the four fields and continue our activities towards the realization of a sustainable society.



【The Ten Principles of the United Nations Global Compact】

Human Rights	Principle1 :	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle2 :	make sure that they are not complicit in human rights abuses.
Labour	Principle3 :	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle4 :	the elimination of all forms of forced and compulsory labour;
	Principle5 :	the effective abolition of child labour;
	Principle6 :	the elimination of discrimination in respect of employment and occupation.
Environment	Principle7 :	Businesses should support a precautionary approach to environmental challenges;
	Principle8 :	undertake initiatives to promote greater environmental responsibility; and
	Principle9 :	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle10 :	Businesses should work against corruption in all its forms, including extortion and bribery.

- [United Nations Global Compact](#) 
- [Kawasaki's CoP on the UN GC Website](#) 

TCFD (Task Force on Climate-related Financial Disclosures)

Kawasaki signed the statement of support for the TCFD recommendations in September, 2019.

TCFD (Task Force on Climate-related Financial Disclosures) is a task force established by the Financial Stability Board, an international organization that includes central banks and financial regulators in major countries.

Institutional investors and financial institutions who are investing in ESG emphasize that it is critical for companies to be aware of the risks and opportunities of climate change and incorporate them into their management strategies. They propose approaches to the appropriate disclosure of information regarding the risks and opportunities of climate change, which companies voluntarily disclose.

We will communicate more clearly the Company's efforts to realize a sustainable society to our stakeholders, and work to further enhance information disclosure.



Kawasaki signs Neptune Declaration on Seafarer Wellbeing and Crew Change

January 27, 2021

Kawasaki has signed "The Neptune Declaration on Seafarer Wellbeing and Crew Change" which recognizes that we have a shared responsibility to ensure that the current crew change crisis is resolved as soon as possible and to use the learnings from the crisis as an opportunity to build a more resilient maritime supply chain.

Please check the following link for further details.

- [The-Neptune-Declaration-on-Seafarer-Wellbeing-and-Crew-Change.pdf](#) (globalmaritimeforum.org). 