Kawasaki
Powering your potential



Kawasaki Sustainability Report 2024

Kawasaki Heavy Industries, Ltd.

CONTENTS

01 Contents
02 Approach to Information Disclosure
04 Message from President and CEO

06 Kawasaki Group's Sustainability
Sustainability Management
07 Sustainability Framework
13 Stakeholder Engagement
16 The Kawasaki Group Code of Conduct

17 Kawasaki Group's Materiality
18 Materiality
26 KPIs and Results for Materiality "The Foundation of Our Business Activities"
31 Kawasaki's Approach to the SDGs

33 Governance
34 Corporate Governance
56 Compliance and Anti-corruption Measures
69 Export Control
72 Tax Transparency
73 Risk Management
85 Information Security
90 R&D and Intellectual Property Activities

96 Environment
97 Environmental Management
104 CO_2 FREE (Realization of a Carbon-neutral Society)
123 Waste FREE (Realization of a Recycling-oriented Society)
128 Harm FREE (Realization of a Society Coexisting with Nature)
131 Environmentally Conscious Products

135 Society
136 Product Safety and Quality
140 Customer Relationship Management
145 Business and Human Rights
157 Working with Suppliers
164 Human Resource Management
176 Human Resource Development
186 Diversity, Equity, and Inclusion
197 Occupational Safety, Hygiene, and Health
208 Social Contribution Activities

229 ESG-related information
230 ESG Data
259 ISO Certification Status Certification
263 External Evaluation
269 Participation in External Initiatives

Approach to Information Disclosure

Editorial Policy of Our Sustainability Website

In order to achieve sustainable growth, the Kawasaki Group proactively discloses information regarding sustainability, thereby fulfilling its accountability duties to its stakeholders and addressing its communications.

At our website, we disclose comprehensively and in detail the Kawasaki Group's basic stance and policies with regard to the environment (E), society (S), and governance (G), along with our management structure and the results of our activities.

Furthermore, with the goal of collecting all ESG information in one place for disclosure to our stakeholders, since fiscal 2022 we have published our annual Kawasaki Sustainability Report. This replaces our previously issued the Kawasaki Environmental Report and the Kawasaki ESG Data Book, and brings together the ESG information posted to our website in a PDF file.

Boundary 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 boundary, in which case the specific boundary of the report is stated explicitly.

Reporting Period

The report primarily includes information on activities carried out during fiscal 2023 (April 1, 2023 to March 31, 2024). It also includes information on past activities and activities carried out on or after April 1, 2024, 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

To ensure the reliability of the reported information concerning ESG data, when it comes to environmental and social performance indicators, we receive third-party assurances in compliance with the International Standard on Assurance Engagements (ISAE) 3000 of the International Auditing and Assurance Standards Board from KPMG AZSA Sustainability Co., Ltd. The performance data covered by the assurances is marked with a star (★).

- 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, the 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.

<table>
<tr><th></th><th>Financial information</th><th>Non-financial (ESG) information</th></tr>
<tr><td rowspan="2">Information of high importance</td><td colspan="2">Other Presentations
https://global.kawasaki.com/en/corp/ir/library/other_presen.html</td></tr>
<tr><td colspan="2">Kawasaki Report (Integrated Report)
Information on how the Kawasaki Group creates value and achieves sustainable growth
https://global.kawasaki.com/en/corp/sustainability/library/kawasaki_report/index.html</td></tr>
<tr><td rowspan="4">Detailed and comprehensive information</td><td rowspan="3">Financial Results
https://global.kawasaki.com/en/corp/ir/library/financial_results.html

Securities Report and Quarterly Report (Japanese language only)
https://www.khi.co.jp/ir/library/financial.html</td><td>Sustainability Report
https://global.kawasaki.com/en/corp/sustainability/library/sustainability_report/index.html</td></tr>
<tr><td>Corporate Governance Report
https://global.kawasaki.com/en/corp/ir/library/governance.html</td></tr>
<tr><td>Kawasaki Technical Review
Reports on the Company's products and technologies
https://global.kawasaki.com/en/corp/rd/magazine/index.html</td></tr>
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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

Sustainability Management
07 Sustainability Framework
13 Stakeholder Engagement
16 The Kawasaki Group Code of Conduct

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 the sustainability of society and the environment through our products and services to be our 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 CO_2 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. In addition, the Corporate Planning Division oversees sustainability to enhance the capacity to formulate plans relating to sustainability as well as to actively promote sustainability as an integral part of the management strategy.

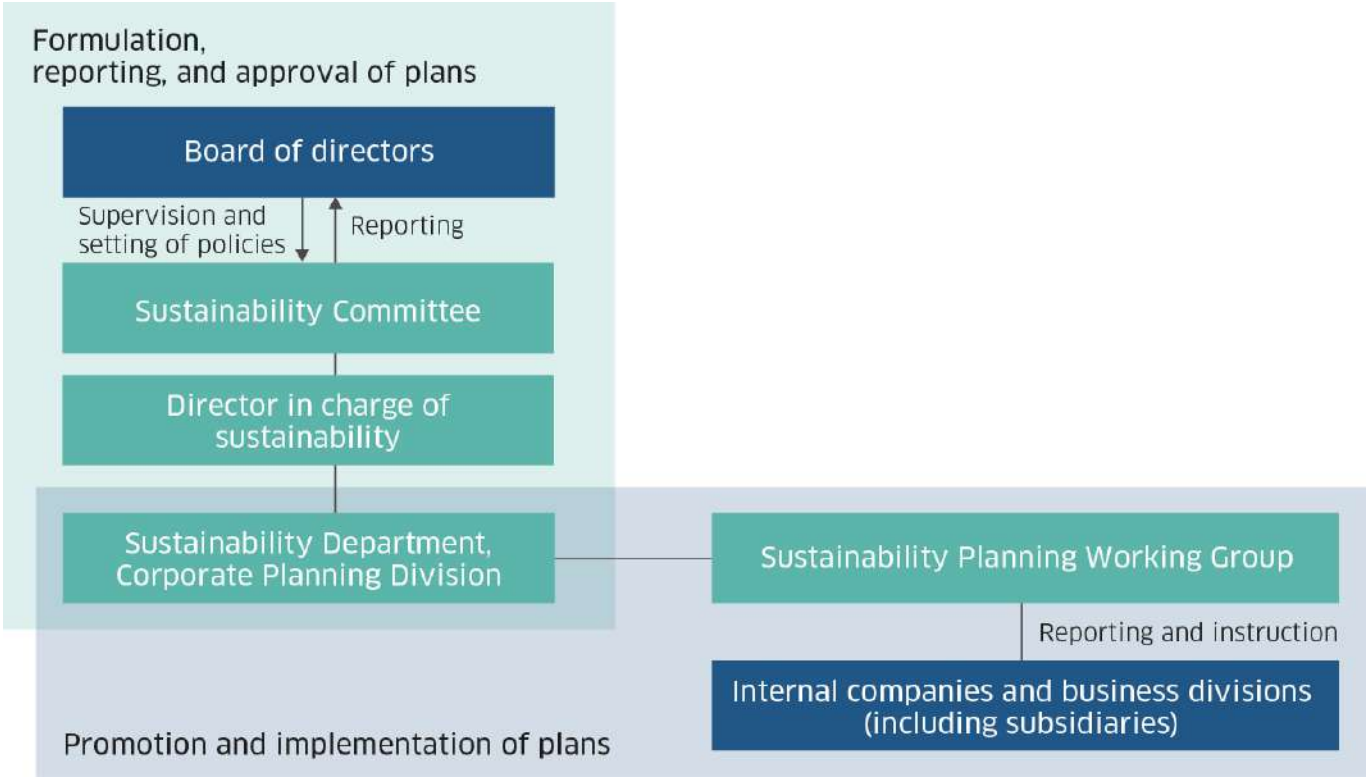
Sustainability Committee

For agenda items pertaining to sustainability, the Sustainability Committee deliberates and reports mainly 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 President of Kawasaki Railcar Manufacturing, the President of Kawasaki Motors, 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. In fiscal 2023, it met three times, and is reporting to the Board of Directors.

Sustainability Promotion System

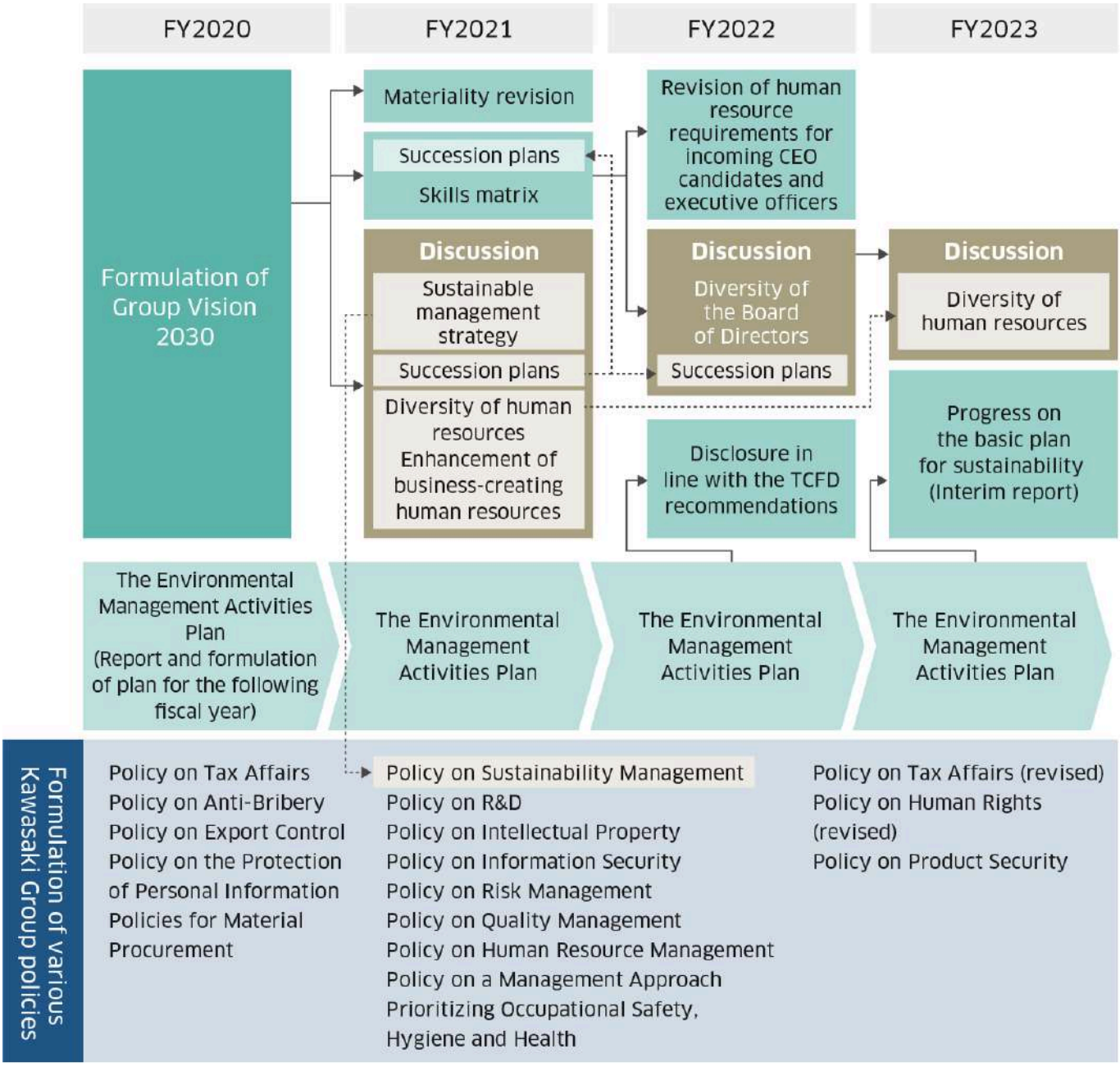


Responsible Officers

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

Sustainability Topics for Discussion at the Board of Directors

The Board of Directors has established various Group policies, which clearly stipulate our fundamental concepts and specific policies. Since the formulation of Group Vision 2030, in addition to the Environmental Management Activities Plan and so on discussed heretofore, the Board of Directors also has held highly effective discussions on important topics relating to human capital toward the realization of our Policy on Sustainability Management, including reform and operation of the personnel system to strengthen the management foundation, the skills matrix for directors and succession plans, the diversity of human resources, and the employee engagement. Sustainability-related topics discussed and reported in the Board of Directors in recent years are shown in the diagram below.



Risk Management Regarding Sustainability

The identification and assessment of risks pertaining to sustainability are carried out by the Sustainability Committee, which deliberates and reports on necessary actions to respond to changes in the business environment and stakeholder demands and expectations, in terms of both the risks and opportunities. In fiscal 2023, discussions focused mainly on human rights due diligence, climate change responses, and biodiversity. 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, in company-wide risk management undertaken by the coordinating risk management departments, assessments and monitoring are carried out on an ongoing basis by the departments responsible for specific risks for risks designated as being subject to monitoring, such as sustainability-related matters; matters pertaining to the global environment, in particular those aimed at the realization of a carbon-neutral and recycling-orientated society; as well as matters relating to the human capital responsible for providing new value. The details of these efforts are reported to the Board of Directors four times a year, and after discussions about the course of action, necessary feedback is provided 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, e-learning training on themes including the Sustainable Development Goals (SDGs), the environment, and business and human rights has been held since fiscal 2020.

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.

- Please refer to Environmental Management for information on environmental education, and Business and Human Rights for information on employee education relating to business and human rights.

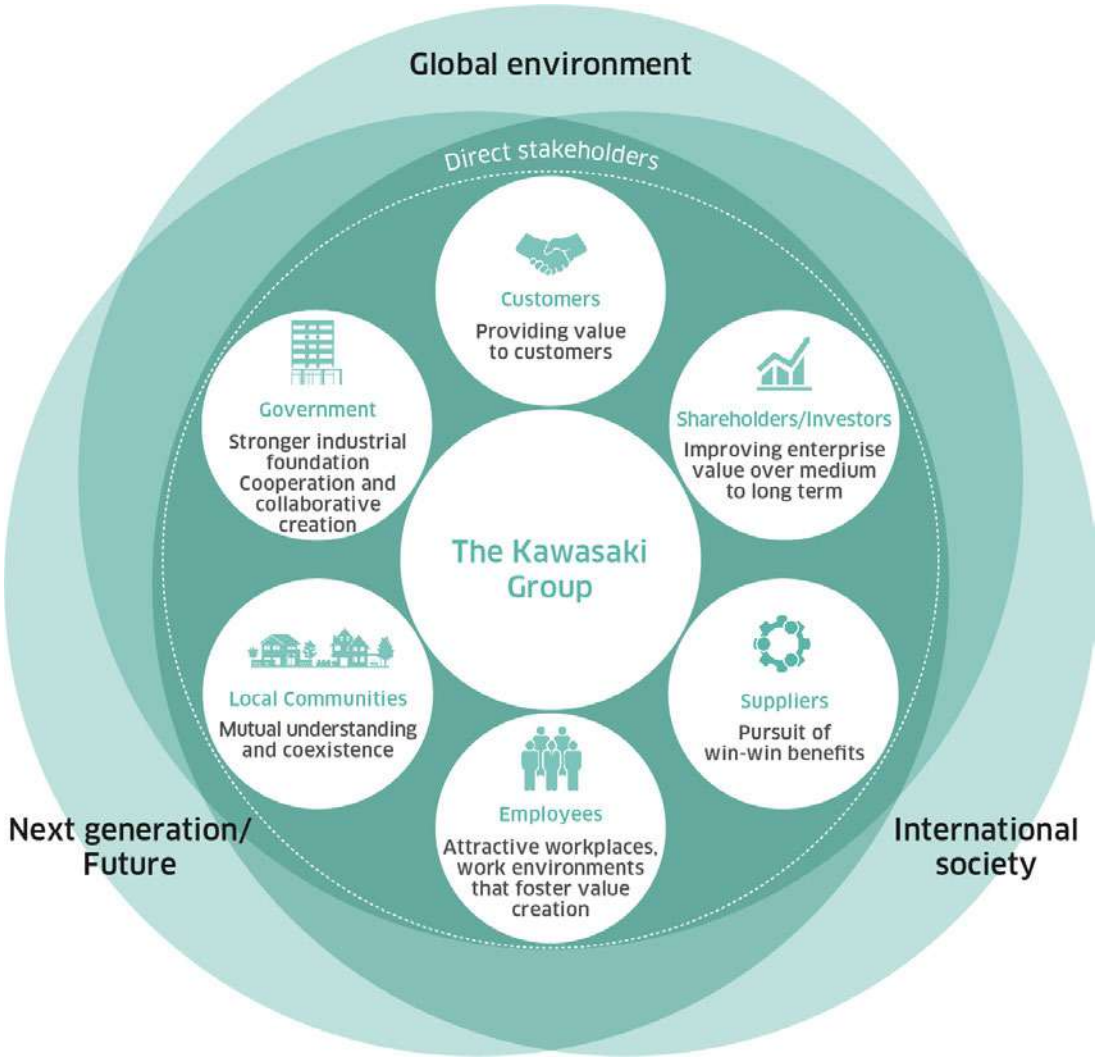
Stakeholder Engagement

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	• Creation of products and services that meet customer expectations • Response to customer complaints and inquiries • Appropriate disclosure of product and service information	• Conducting customer satisfaction surveys • Television commercials, newspaper advertisements, and websites • Providing product safety information	Customer Relationship Management Recall Information (Japanese only)
Shareholders/ Investors	• Timely and appropriate information disclosure • Reflection of shareholder and investor perspectives in management	• Conducting the General Meeting of Shareholders • Conducting conferences on financial results • Conducting IR meetings with institutional investors • Conducting exclusive tours for shareholders	Investors Disclosure Policy
Suppliers	• Solid partnerships with our suppliers based on relationships of mutual trust • Enhancement of supply chain risk management and enterprise value through sustainable procurement	• Conducting training programs, liaison meetings, and other events for suppliers in Japan • Conducting the sustainable procurement survey	Working with Suppliers

Stakeholders	Communication objectives	Major communication opportunities and approaches	Reference
Employees	• Employee-friendly workplaces • Effective use of human resources • Appropriate treatment of human resources • Ensuring occupational safety and hygiene and promoting health	• Information disclosure on the K-Portal intranet • Education and training for employees • Publication of the internal bulletin • Implementing the employee engagement survey	Human Resource Management Human Resource Development Diversity, Equity, and Inclusion Occupational Safety, Hygiene, and Health
Local Communities	• Fulfillment of our responsibilities as a corporate citizen • Participation in communities	• Organizing events for the local community • Support activities for sports/arts and culture • Conclusion of agreements for times of disasters with local communities • Conducting on-site classes for the handicraft and experiment courses	Social Contribution Activities Contribution to Local Communities Support for the Next Generation
Government	• Compliance with laws and regulations • Policy proposals • Participation in industry/government/academia projects	• Participation in business groups and industry associations • Participation in public-private joint development and projects	Open Innovation External Affairs Activities Concerning Climate Change

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 onduct 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)
- Simplefied 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:3.49MB)
- 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:3.92MB)
- Spanish (Version 2.2) (PDF:3.48MB)
- Italian (Version 2.2) (PDF:3.49MB)

Kawasaki Group’s Materiality

18 | Materiality

26 | KPIs and Results for Materiality “The Foundation of Our Business Activities”

31 | Kawasaki’s Approach to the SDGs

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 CO_2 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.

Kazuo Tase
President and CEO, SDG Partners, Inc.



- 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)

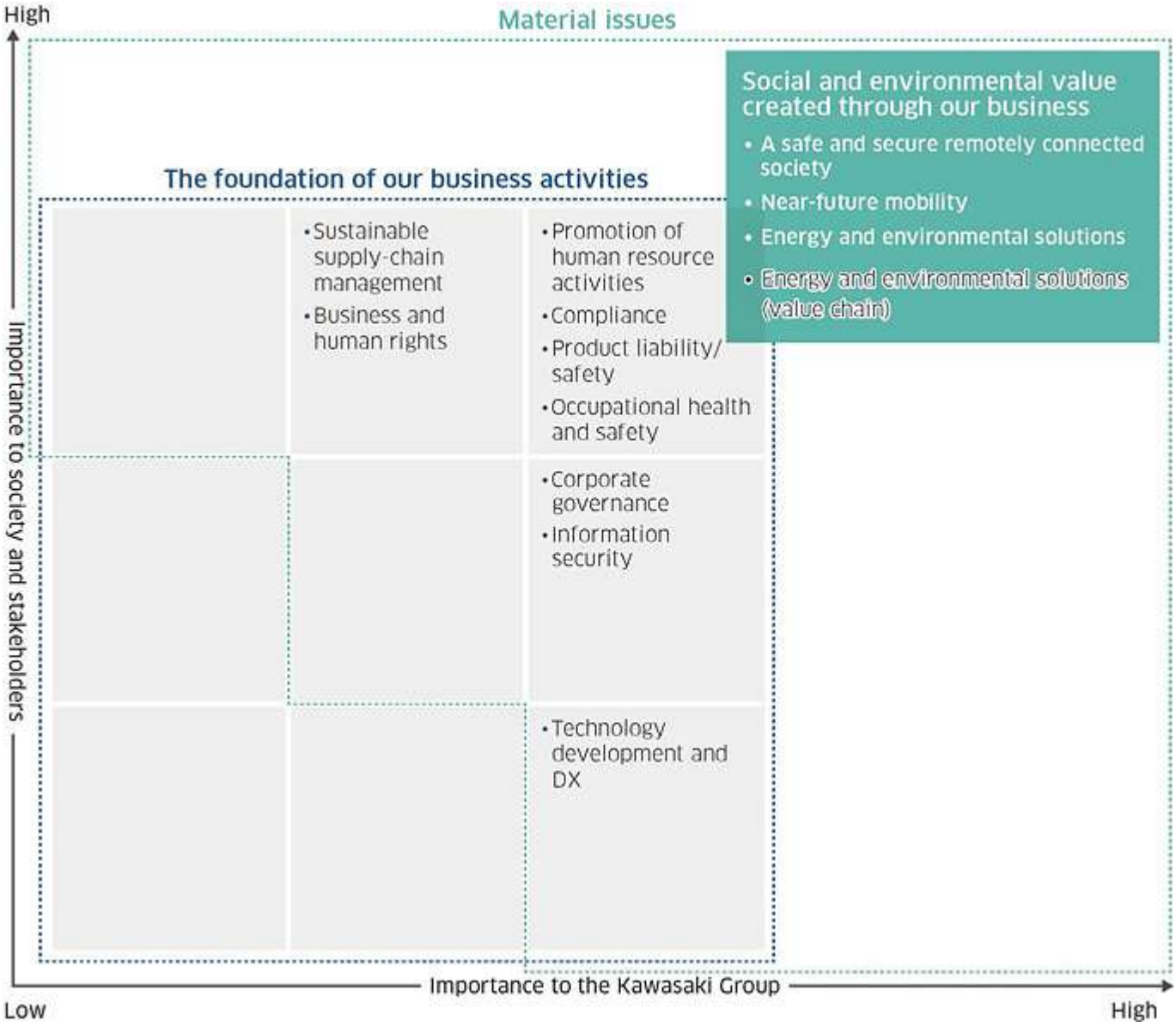
(2) Matters given importance until now but to be steadily strengthened going forward

(3) All mechanisms to be improved as business foundations

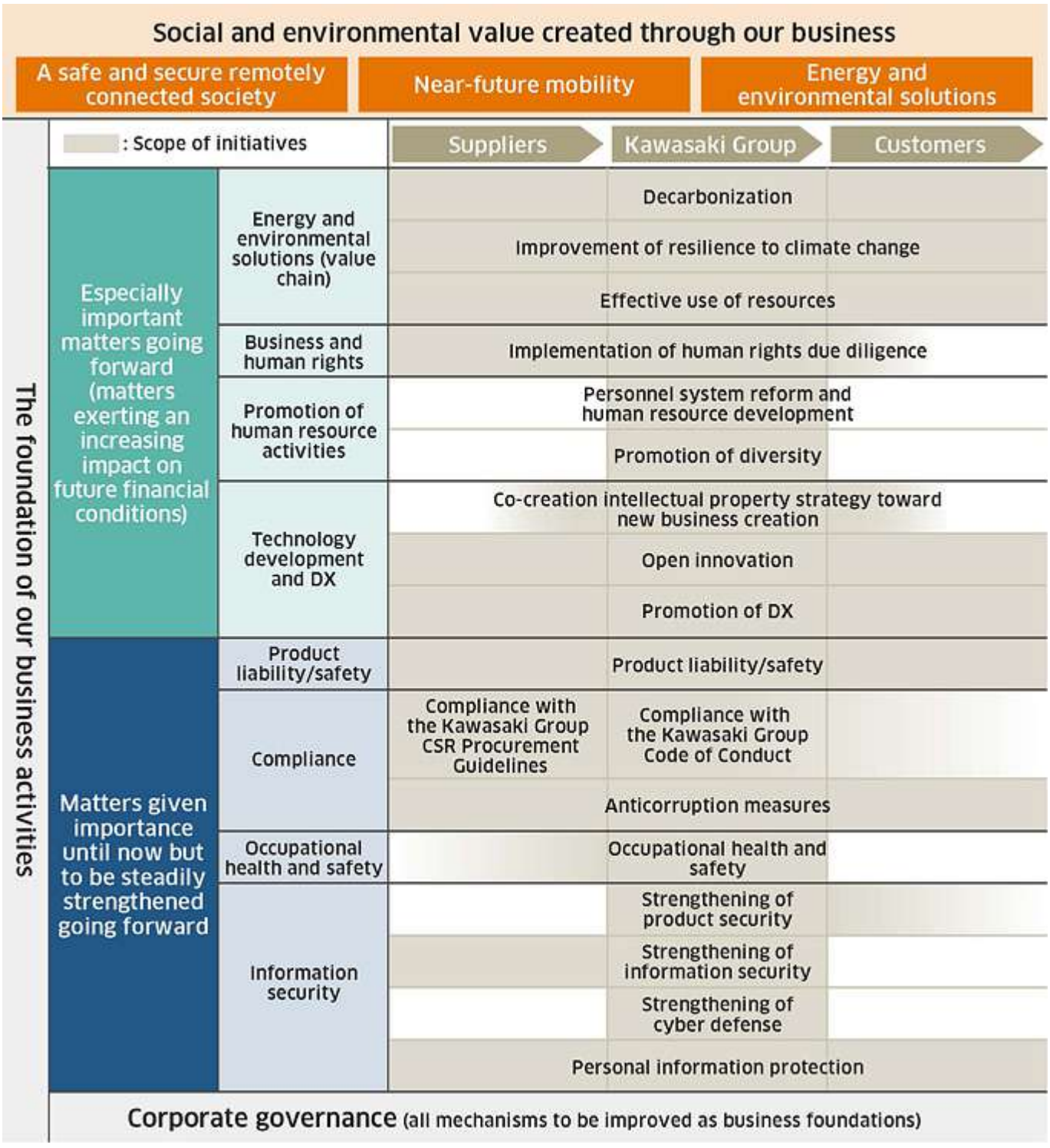
Furthermore, after taking a broad view of the flow from planning and design to product use and the whole value chain from related suppliers to customers, we clarified the scope of initiatives for each issue in categories 1 and 2 above and compiled a table of the Kawasaki Group's materiality and priority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



- Business Strategies and Targets/Metrics for the Key Material Issues

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

Energy and Environmental Solutions (Value Chain)

Goals of Group Vision 2030

- Implement, to the maximum extent, feasible measures concerning Scope 3, to steadily work toward the milestone of becoming Zero-Carbon Ready by 2040.

Priority matters	Target indicators (or key performance indicators)	Fiscal 2022 results	Fiscal 2023 results
• **For category (i), reduce CO_2 emissions by suppliers of materials and parts** • **For category (xi), pursue a lineup of CO_2-free standard solutions in all businesses**	Scope 3 (category (i))	2,791,420 t-CO_2*1	3,829,334 t-CO_2*1
	Scope 3 (category (xi))	28,937,027 t-CO_2*2	32,650,318 t-CO_2*2
	Initiatives to reduce category (i) of Scope 3	Preemptively implemented an emission survey for major suppliers	Confirmed the status of carbon neutral initiatives with key suppliers

*1 Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors
*2 The Kawasaki Group

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, equity, and inclusion (DE&I) 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	Fiscal 2023 results
• **Implement the personnel system reform and human resource development in ways that enhance corporate value** • **Promote DE&I**	Ratio of employees for whom both "supportive environment" and "employee engagement" are high (employee engagement survey results)	28%*1	29%*2
	Proportion of women in managerial positions	2.1%*3 *4	2.7%*5
	Rate at which women, foreign nationals, and individuals with mid-career hires are promoted to senior manager or above	7%*3	8%*3
	Wage differences between male and female employees	66.3%*6	62.0%*5
	Rate at which male employees take childcare leave	17.9%*3	25.0%*3

*1 Kawasaki and some domestic consolidated subsidiaries (eight companies total)
*2 Kawasaki and some domestic consolidated subsidiaries (19 companies total)
*3 Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors
*4 As of April 1, 2023
*5 The Kawasaki Group (domestic)
*6 Kawasaki Heavy Industries (non-consolidated)

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*1	Fiscal 2023 results*1
• **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*3	0.23*3
	Health score*2	3.93*3	3.91*3

*1 Calendar year basis
*2 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.
*3 Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors

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	Fiscal 2023 results
• **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**	Number of major suppliers responding to our sustainable procurement survey	Completion of selection of suppliers (535 companies) targeted for survey in fiscal 2023	Responses from 533 companies of the total of 685 (77.8% response rate)
	Implementation status of human rights due diligence	Publication of Sustainable Procurement Guidelines	Identification of 12 supplier companies as targets for improvements based on the results of the sustainable procurement survey
	Number of reports from our supplier hotline	Completion of installation of the hotline	7 reports

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	Fiscal 2023 results
• **Implement human rights due diligence among subsidiaries and suppliers**	Number of human rights audits conducted and revised at subsidiaries	Implemented SAQ* targeting six overseas subsidiaries	Implemented SAQ* targeting four overseas subsidiaries (manufacturing sites in developed countries)
	Number of subsidiaries confirming prohibition of child labor and forced labor (implementation at subsidiaries where the company president has changed)	26 companies	23 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)	Participants: 10,336 (Attendance rate: 84.7%)

* Self-assessment questionnaire (self-assessment sheet)

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	Fiscal 2023 results
• **Promote TQM*1 activities**	Certification status of quality management system*2	73.1%*3	73.1%*3
	Number of TQM training participants	Participants: 1,421	Participants: 5,052

*1 TQM: Total Quality Management
*2 ISO 9001
*3 Total of domestic and overseas manufacturing sites

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	Fiscal 2023 results
• **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 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	22 products and cases First delivery of the Successor-G® remotely-operated glider robot system, etc.
	Number of cases of major external collaborations*1	7 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.	5 cases The establishment of the Microsoft AI Co-Innovation Lab in Kobe City, in-orbit technology demonstration of the Debris Removal Unprecedented Micro-Satellite (DRUMS), etc.
	Number of patents held*2	Japan: 2,916 patents Overseas: 4,227 patents	Japan: 3,049 patents Overseas: 4,511 patents
	R&D expenses	50.7 billion yen	53.3 billion yen

*1 Number of cases disclosed in news releases
*2 Calendar year basis

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	Fiscal 2023 results
• **Strengthen information security governance throughout the Kawasaki Group**	Number of employees taking information security training: 20,000	9,803 persons	17,053 persons
	Frequency of targeted threat mail training: 20 times	5 times	21 times
	Number of receivers of targeted threat mail training: 4,000	2,308 persons	6,876 persons
	Scores of 80 points or more for all domains owned by KHI from security risk rating	Percentage of domains exceeding target values: 84%	Percentage of domains exceeding target values: 74%*

* Scores lower due to more stringent external assessment criteria

Compliance

Goals of Group Vision 2030

- Monitor as accurately as possible the risks of comitting 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	Fiscal 2023 results
• **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	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)	Compliance documents read-through activities: 29,422 persons
	Degree of compliance permeation in employee awareness surveys	70 points	71 points
	Attendance rate for compliance training for overseas	88.8%	Not implemented owing to external circumstances
	Number of whistle-blowing system reports	Japan: 54 reports/Overseas: 0 reports	Japan: 76 reports/Overseas: 0 reports
	Number of cases of compliance violations	21 cases	18 cases

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.



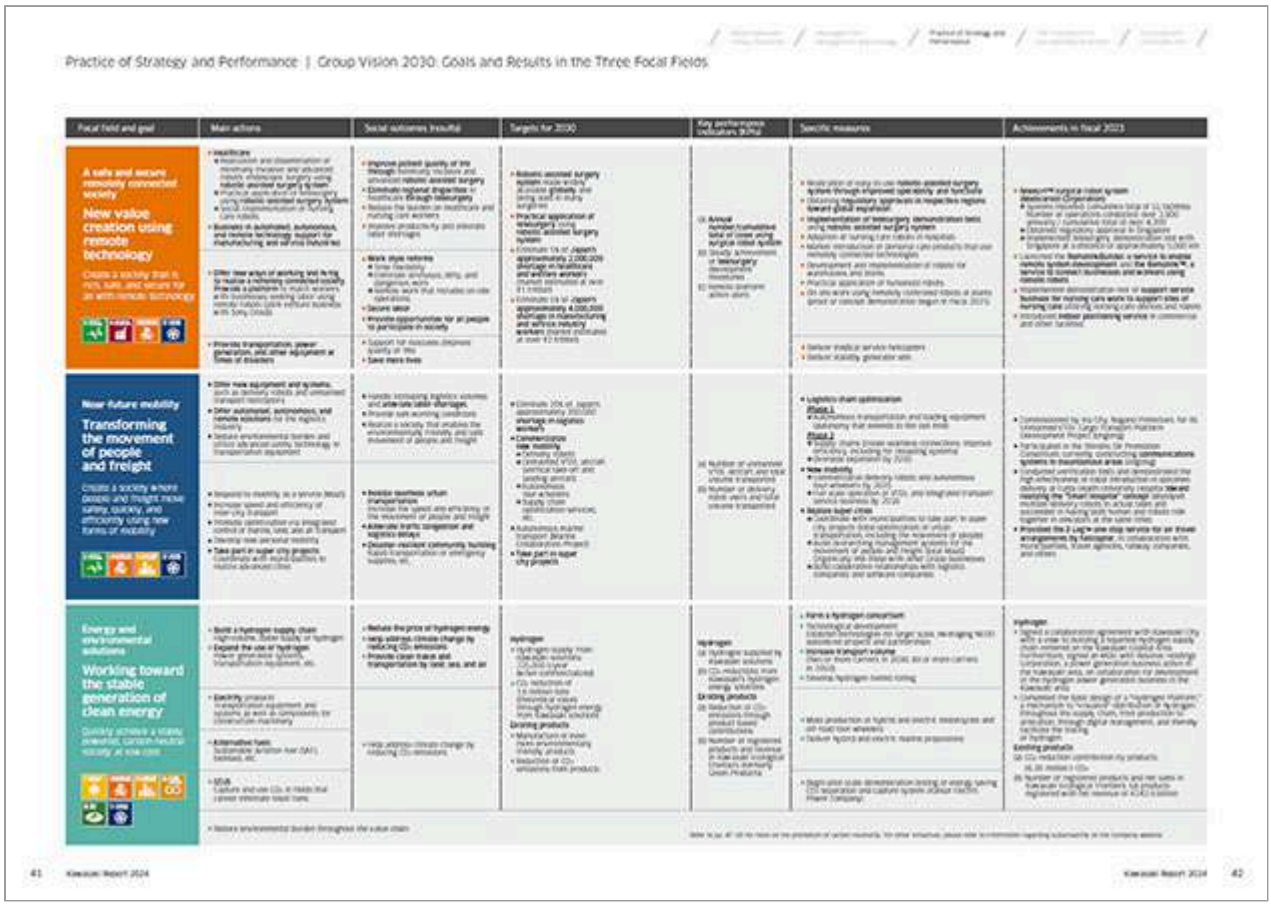
*About the SDGs - Reference: UN

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.



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

Japan.
Committed
to SDGs

Governance

34 | Corporate Governance
56 | Compliance and Anti-corruption Measures
69 | Export Control
72 | Tax Transparency
73 | Risk Management
85 | Information Security
90 | R&D and Intellectual Property Activities

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 a 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), and 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, the Company's first female Internal Director (Audit & Supervisory Committee Member) was appointed to the Board in June 2024. Currently, five of the Directors are women and two are foreign nationals, providing a balance of knowledge, experience, and skills, promoting diversity, and creating a system that enables more multifaceted decision making. 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 fiscal 2023, the Board discussed issues including promotion of management that focuses on strengthening group governance, reinforcing compliance, promoting the advancement of women, capital costs, and stock prices. We also created a system whereby the Board adopts resolutions on 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 presiding officers and a majority of members of each committee are Outside Directors. 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.

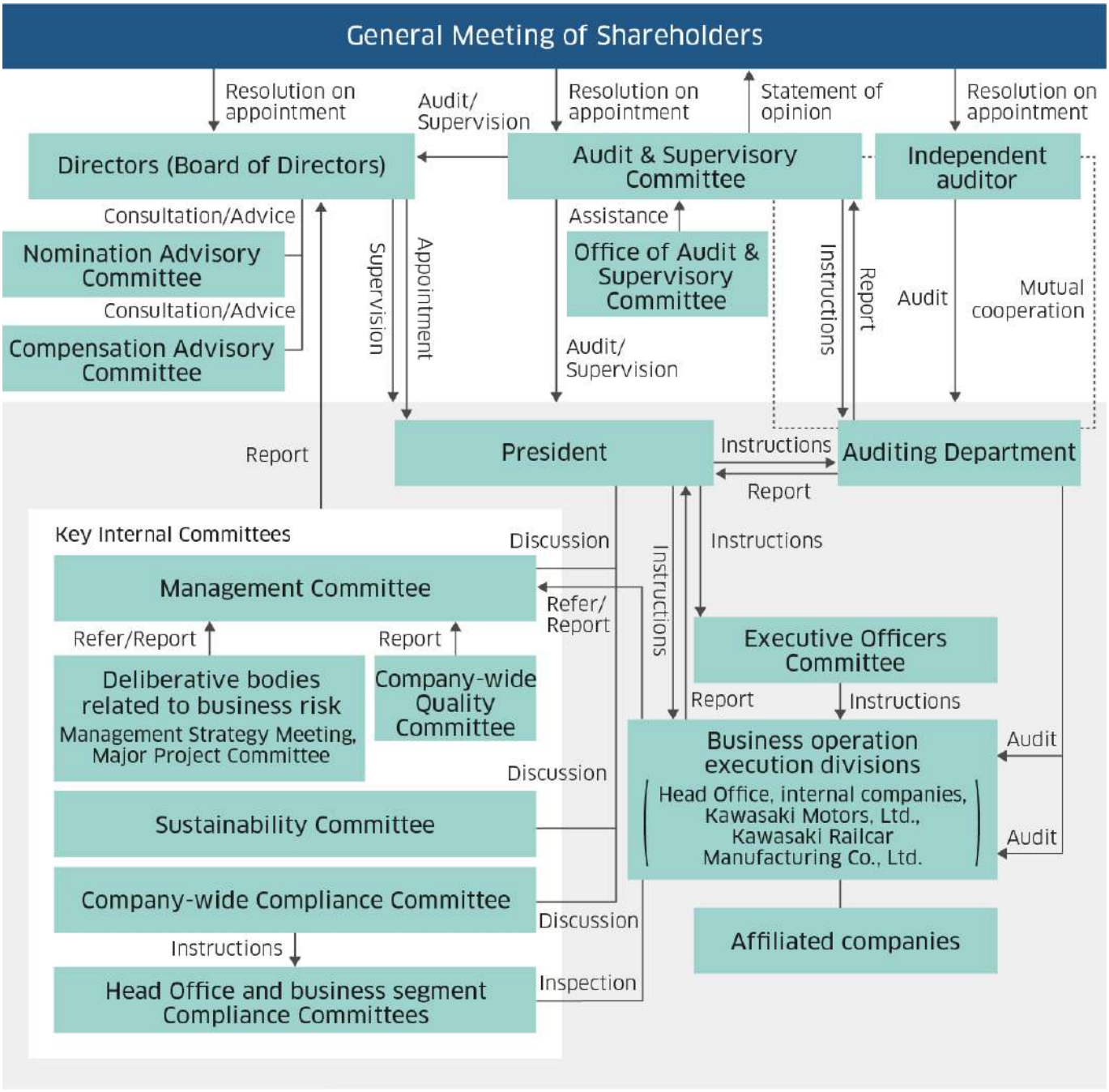
Business Execution Framework

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.

The Company established a Management Committee consisting of Representative Director, presidents of internal companies, and others as an advisory body to the President on overall Group management. The Committee deliberates on important matters related to business execution. The Company also established the Management Strategy Meeting and the Major Project Committee to engage in multifaceted discussions of strategies, action plans, and risk assessment and countermeasures for each business and project, 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 June 26, 2024)



- Corporate Governance Report

Corporate Officers (As of June 26, 2024)

Name	Position at the company	Executive	Independent	Years of Service as a Director*1	Nomination Advisory Committee	Compensation Advisory Committee	Woman	Non-Japanese National	Board of Directors Meetings Attended*2	Audit & Supervisory Committee Meetings Attended*2
Yoshinori Kanehana	Chairman of the Board			12					16/16	-
Yasuhiko Hashimoto	Representative Director, President, and Chief Executive Officer	○		6	○	○			16/16	-
Katsuya Yamamoto	Representative Director, Senior Corporate Executive Officer	○		7	○	○			16/16	-
Hiroshi Nakatani	Representative Director, Senior Corporate Executive Officer	○		4					16/16	-
Jenifer Rogers	Outside Director		○	6			○	○	15/16	-
Hideo Tsujimura	Outside Director		○	4	○ Presiding officer	○ Presiding officer			16/16	-
Katsuhiko Yoshida	Outside Director		○	2					16/16	-
Melanie Brock	Outside Director		○	1			○	○	13/13	-
Nobuhisa Kato	Director (Audit & Supervisory Committee Member)			2					16/16	14/15
Atsuko Kakihara	Director (Audit & Supervisory Committee Member)			New			○		-	-
Atsuko Ishii	Outside Director (Audit & Supervisory Committee Member)		○	4 (7)	○	○	○		16/16	15/15
Susumu Tsukui	Outside Director (Audit & Supervisory Committee Member)		○	2					16/16	15/15
Tomoko Amaya	Outside Director (Audit & Supervisory Committee Member)		○	New			○		-	-

*1 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.

*2 Data on the number of Board of Directors meetings attended and Audit & Supervisory Committee meetings attended is for fiscal 2023.

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 one Audit & Supervisory Committee Member
Meeting frequency	10 times in fiscal 2023

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 one Audit & Supervisory Committee Member
Meeting frequency	Seven times in fiscal 2023

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 (31 times in fiscal 2023)

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 2023)

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 2023)

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 2023)

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 2023)

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 (twice in fiscal 2023)

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 Outside 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 Group Vision 2030 as "vision, strategic thinking, and governance to increase enterprise value," "business structure transformation," and "growth initiatives related to infrastructure development." To realize Group 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 (tecnhology, 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	✓	✓				✓			✓		
Nobuhisa Kato	Director (Audit & Supervisory Committee Member)	✓	✓	✓					✓	✓		
Atsuko Kakihara	Director (Audit & Supervisory Committee Member)	✓	✓				✓			✓		

Name	Position at the company	Areas of expectation							Required experience			
		Busines strategy	Gover nance	Finance and account ing	Personn el & organiz ational manag ement	Monozu kuri (tecnho logy, develop ment, product ion & quality)	Sales & market ing	IT, DX & securi ty	Corporate managem ent	Global	Legal & adminis tration	Finance & research organizat ions
Atsuko Ishii	Outside Director (Audit & Supervisory Committee Member)	✓	✓		✓						✓	
Susumu Tsukui	Outside Director (Audit & Supervisory Committee Member)	✓	✓								✓	
Tomoko Amaya	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 Outside 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 additive average values for all questions (excluding the free writing section) were approximately the same as in the previous year.

The item with the highest score was "Does the Board engage in free and constructive discussions and exchanges of opinions?" Many of the respondents highly evaluated the active and non-formal discussions conducted by the Board of Directors. Also, the item with the greatest score improvement was "Approaches and targets for ensuring diversity of core human resources such as promoting women, foreign nationals, and mid-career hires to managerial positions, human resource development policies, and internal environment development policies." This result is recognition of the multiple discussions conducted during Board of Directors meetings and the actions taken based on the results of those discussions.

In addition, among the items raised as issues for the Board in fiscal 2023, the score for "Securing diversity among core human resources" improved significantly, and this is believed to be the result of steady progress in discussions and action to address this issue.

On the other hand, the item relating to "Overseeing the implementation of digital transformation" received the lowest score. As a result, it is desirable that the Board discuss management policies concerning the future and direction of the Company, including AI, recruiting human resources, and other issues. (For details of specific measures, refer 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 items set as issues based on the results of last year's survey is as follows.

1. **Firmly establishing leadership succession plans**
   We created various lists including short and long lists of candidates and defined the succession process. We evaluated shortlist candidates from the perspective of competencies and incorporated the evaluations into the job and human resource requirement statements for each executive position. We are also clarifying development issues in the process of evaluating candidates and allocating challenging assignments based on those points as appropriate.
2. **Securing diversity among core human resources**
   Within succession plans, we are investigating mechanisms that can select personnel from a pool of officer candidates through more diverse channels than ever before, and we are promoting the identification and promotion of diverse human resources on the executive level based on evaluation criteria (assessment of behavioral characteristics) with a focus on actions desired to achieve the Company's vision. In addition, promoting the advancement of women is an important topic in terms of diversity, and the Board of Directors shared information on the current status and issues and discussed perspectives necessary for reinforcing promotion. Based on those discussions, we are investigating and have started implementing specific measures.
3. **Enhancing the content of the Board of Directors' discussion regarding medium- to long-term management policies**
   In fiscal 2023, management that focuses on strengthening group governance, reinforcing compliance, active participation by diverse human resources (promoting the advancement of women), organization of corporate principles, capital costs, and stock prices was raised and discussed as a priority issue.
4. **Strengthening group-wide internal control systems within quality control**
   We promoted awareness among all employees by disseminating messages within the Company and conducting training through e-learning while taking action to identify issues at an early stage, such as conducting employee awareness surveys. In addition, we are promoting the application of total quality management (TQM) methods as a foundation for streamlining business processes so that we can effectively utilize TQM methods in business activities.

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**
   We will make improvements while ensuring stable operation of the structures for the human resource hiring process currently in use. We will also raise the effectiveness of training plans for future successor candidates (executive positions) through dialogue with company presidents. In addition, we will continue to take action to instill competencies (behavioral attributes) in all officers while employing job and human resource requirement statements and conducting evaluations.
2. **Securing diversity among core human resources**
   In fiscal 2024, we will continue our efforts to diversify the pool of officer candidates with a focus on a systematic developmental scheme for female line managers and on identifying and developing business exploration human resources. We will also deepen awareness of the importance of ensuring diversity in relation to achieving management goals including achieving our vision through the HR Management Committee and reflect this in companywide and division initiatives in the future.
3. **Enhancing the content of the Board of Directors' discussion regarding medium- to long-term management policies**
   At its meetings, the Board will continue to select and discuss topics in line with important issues for achieving Group Vision 2030, deploy the decided policies to the execution side, and further reinforce measures that will lead to specific action.
   (Priority Themes That We Plan to Investigate This Fiscal Year)
   Re-examination of business structures with an awareness of capital efficiency, active participation by diverse human resources, reinforcement of group governance, implementation of DX, intellectual property strategies, etc.
4. **Reinforcing monitoring of initiatives to promote quality and compliance**
   In fiscal 2023, we continued efforts to reinforce company-wide quality management by streamlining and standardizing business processes centered on Total Quality Management (TQM), identifying similar matters relating to compliance, and taking other actions. We are also creating systems to eliminate misconduct and errors by reviewing Group governance systems and internal control systems.

Audits

Internal Audits

The Auditing Department, which is an internal audit division and consists of 19 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. Through the above activities, 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 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 degree of achievement of targets set for the preceding fiscal year is 100%.

Compensation Levels

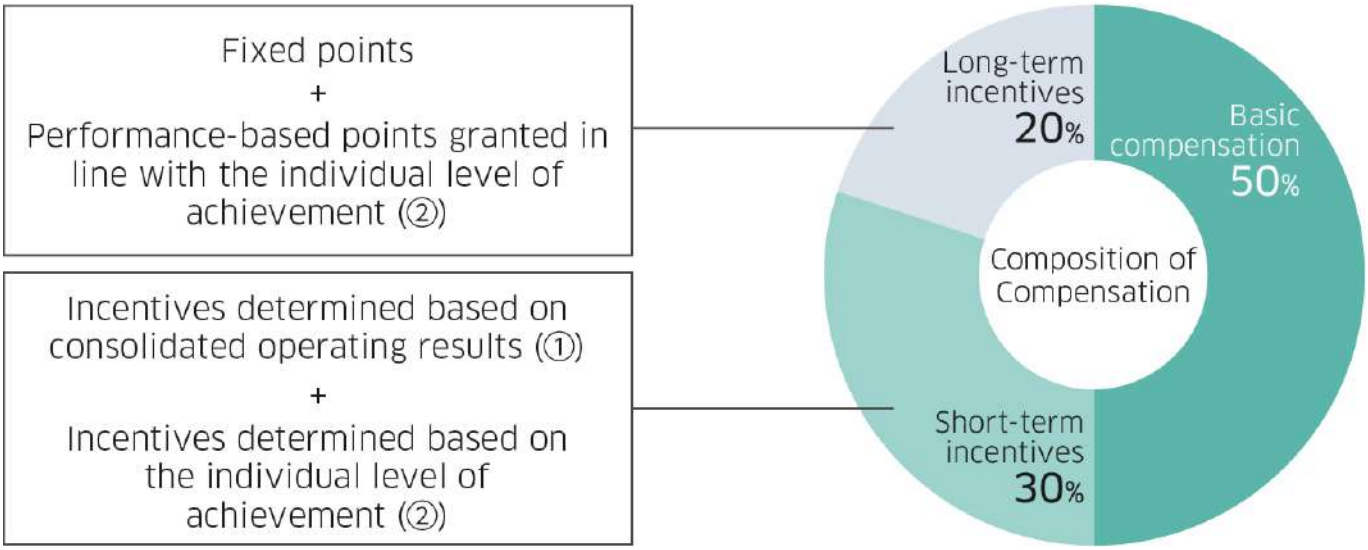
Compensation levels are set appropriately, taking into consideration conditions at other companies and officer compensation survey data from an external specialized organization. Compensation levels for each position are generally as indicated below, with compensation for the Director, President, and 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	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. 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. As one aspect of management that takes into consideration the weighted average cost of capital (WACC) and share price, the Group considers after-tax ROIC to be one objective indicator for determining the status of achievement of financial management objectives and sets the level of profit attributable to owners of the parent for the year based on after-tax ROIC.
Long-term incentives (fixed portion and performance-based portion)	Stock	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. 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.

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

* Considering that current WACC is in the 4% to 5% range, the targets for profit attributable to owners of parent have been set at ¥45 billion, the level that will enable the Group to achieve after-tax ROIC commensurate with the WACC, and \70 billion, the level that will result in after-tax ROIC that exceeds the WACC by approximately 3%.

(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 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.

Details of Revisions to the Director Compensation System

At a meeting held on May 9, 2024, the Board of Directors adopted a resolution to revise the compensation system for the Company's Directors (excluding Audit & Supervisory Committee Members and Outside Directors) and executive officers as set forth below.

Details of revisions (applicable starting in July 2025)		
Reinforced linkage with performance	The ratios of fixed compensation accounted for by monetary compensation and stock compensation will be reduced to strengthen the link between compensation and performance.	
New evaluation indicators set	The targets relating to the highly effective employee ratio, ESG, and improvement in share price that until now have been set individually for eligible Directors will be set as common standards and reflected in performance-based compensation as independent evaluation indicators as indicated below.	
	Reflection in short-term incentives	• Employee engagement indicators With the objective of drawing out even greater performance from human resources who work for the Company, the payment rate will be determined according to the ratio of employees who give high scores to both "supportive environment" and "employee engagement" in the Employee Engagement Survey. Payment rates will be set at 100% for levels in excess of the average score for companies in Japan in the previous fiscal year and at 200% for levels of the global corporate average score.
	Reflection in long-term incentives	• ESG indicators (CO_2 reduction and third-party institution evaluation) To encourage overall ESG-related efforts including CO_2 reduction, the payment rate will be set based on achievement of the Company's CO_2 reduction targets through our business activities and the provision of solutions for achieving carbon neutrality, taking into consideration a third-party institution evaluation (the Dow Jones Sustainability Index*1). • Share price To reinforce awareness regarding improvement of corporate value, the target share price will be made visible and incentives to raise the share price will be increased. The payment rate will be set each year according to the degree of achievement with the objective of bolstering measures intended to improve corporate value.
Composition of Compensation	The ratios of basic compensation, short-term incentives, and long-term incentives within director compensation account for approximately 33.3% respectively of the total, assuming that the Group's consolidated operating results and each indicator in the preceding fiscal year reached target levels, that each eligible Director's degree of achievement of targets set for the preceding fiscal year is 100%, and that conversion is performed at the share price level at about the time of the May 9, 2024 Board of Directors meeting when the resolution revising the compensation system was adopted.	

*1 A share index developed jointly by S&P Dow Jones Indices and RobecoSAM

- Notice Concerning the Revision of the Executive Compensation System (Company Press Release issued on May 9, 2024)

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.

- 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

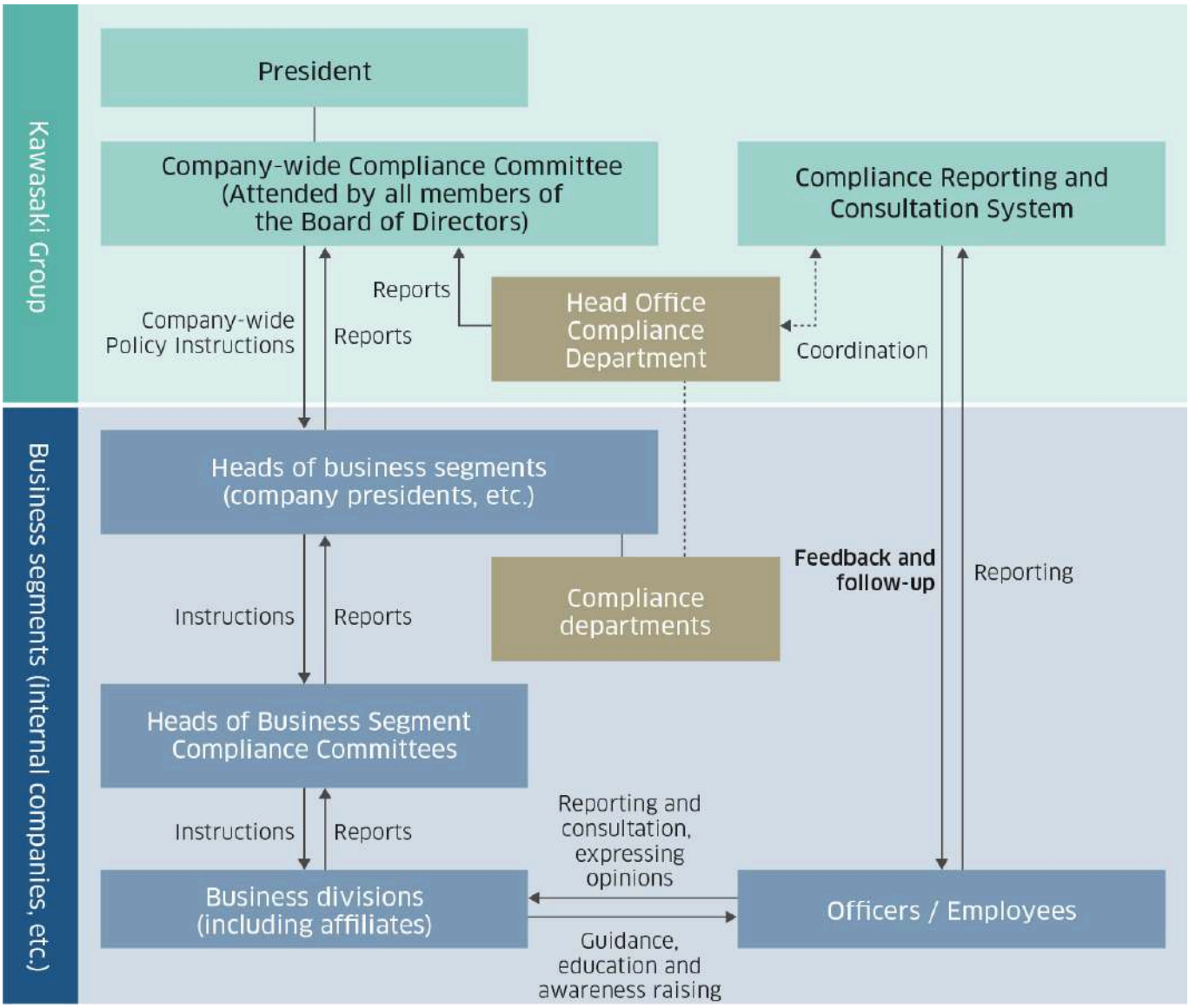
The Company-wide Compliance Committee is chaired by the Kawasaki president. The committee meets at least twice a year (two meetings were held in fiscal 2023). Its functions are to discuss and determine measures to ensure strict compliance within the Kawasaki Group and to monitor the status of achievement 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 business segments 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 business segments each formulate annual activity themes that they use to carry out compliance-related initiatives.

The main initiatives carried out in fiscal 2023 in accordance with the company-wide action plan are listed below.

	Main Initiatives in Fiscal 2023
Compliance education measures	• In Japan, in addition to e-learning on compliance for managerial staff, measures involving reading compliance materials together were also conducted at each worksite.
Compliance awareness survey	• The results of the awareness survey conducted in fiscal 2022 were analyzed and reported at the Company-wide Compliance Committee. Also, the analysis results of the awareness survey conducted in Japan were reported in the internal bulletin for employees.
Development of anti-bribery systems	• Anti-bribery e-learning was conducted in Japan, and information was disseminated on internal anti-bribery rules.
Enhancement of whistle-blowing system	• We investigated and made preparations to increase by one the number of outside lawyers serving as contacts (a three-lawyer structure began operating in April 2024).

Compliance Promotion Structure



Responsible Officer

Chair of Company-wide Compliance Committee: Yasuhiko Hashimoto, Representative Director, President and Chief Executive Officer
Executive officer in charge of compliance: Takeshi Kaneko, Managing 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 2023, 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

Compliance Training

To raise awareness of compliance, we conducted compliance training including e-learning-based training on the Kawasaki Group Code of Conduct.

In fiscal 2023, we implemented measures involving reading compliance materials together at each worksite for all Kawasaki Group employees in Japan, and 29,422 employees participated. Also, 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)

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 seventh (issued in October 2023).

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 2023, the President issued a message, and Kawasaki, the Group newsletter, included articles, such as explanations of examples of compliance violations, 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 through measures that involve reading compliance materials together at each worksite 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 business segment 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. An analysis of the results was explained to employees in the internal bulletin in 2023.

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

(FY)

	Unit	2019	2020*1	2021*2	2022	2023
Survey response rate	%	-	80.0	85.0	89.0	89.0
The percentage of respondents who replied that their company was being managed in a compliant manner	%	-	77.0	70.0	70.0	71.0

*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

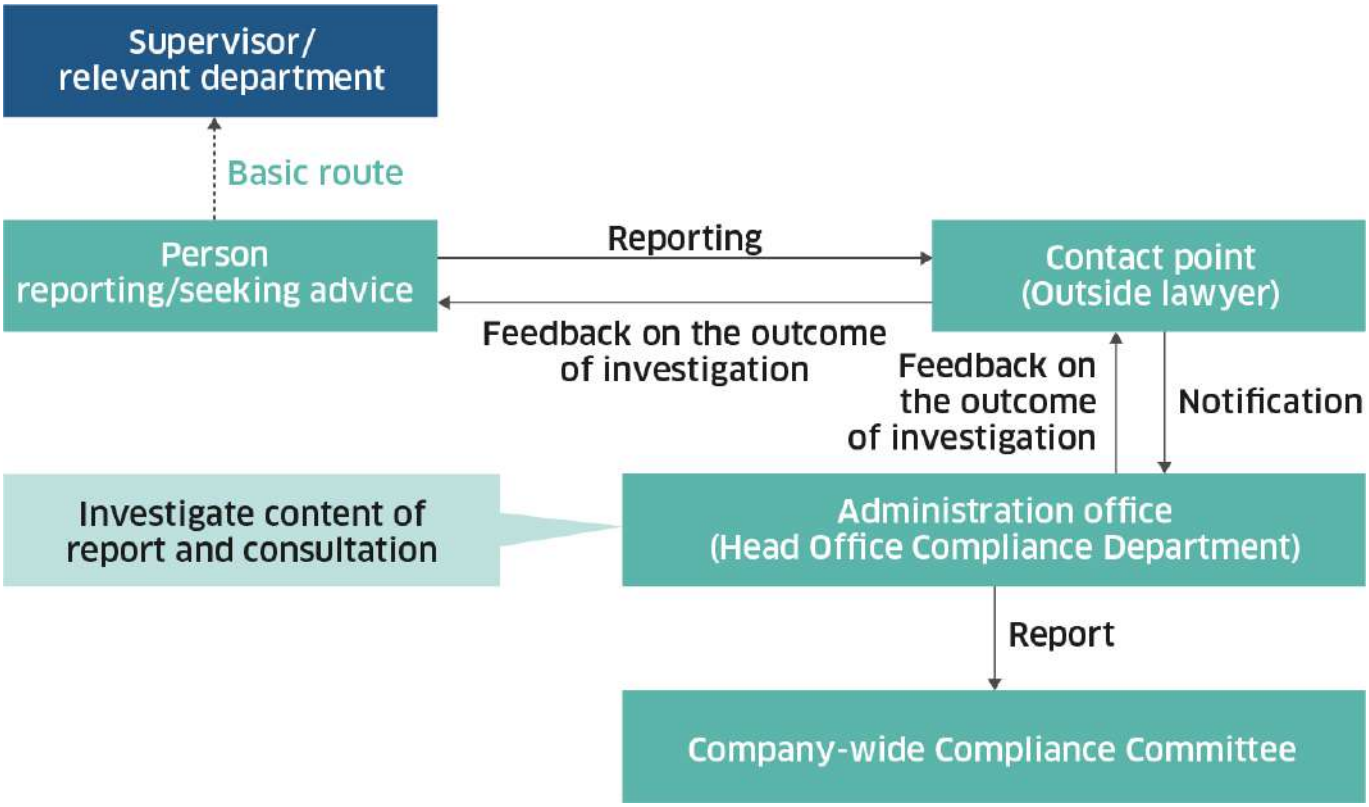
We have established the Compliance Reporting and Consultation System, with an outside lawyer acting as the contact, so that executives and employees of the Company and domestic subsidiaries can report or seek consultation regarding suspected violations of compliance practices relating to their operations. The system accepts anonymous reports and consultations with the objective of fostering a corporate culture and creating mechanisms that effectively self-correct by making the system more user friendly.

Under the Compliance Reporting and Consultation System, an outside lawyer responds directly to inquiries from employees reporting or consulting by email or other means. 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. If a compliance violation is discovered as a result of investigation, company rules provide for the imposition of strict disciplinary measures on the offending employee in accordance with the employment regulations or other rules.

The Group works to ensure that employees know how to use this system by regularly providing information about it on the Company intranet as well as through 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. In addition, 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 2023, a total of 76 reports were submitted via the Compliance Reporting and Consultation System.

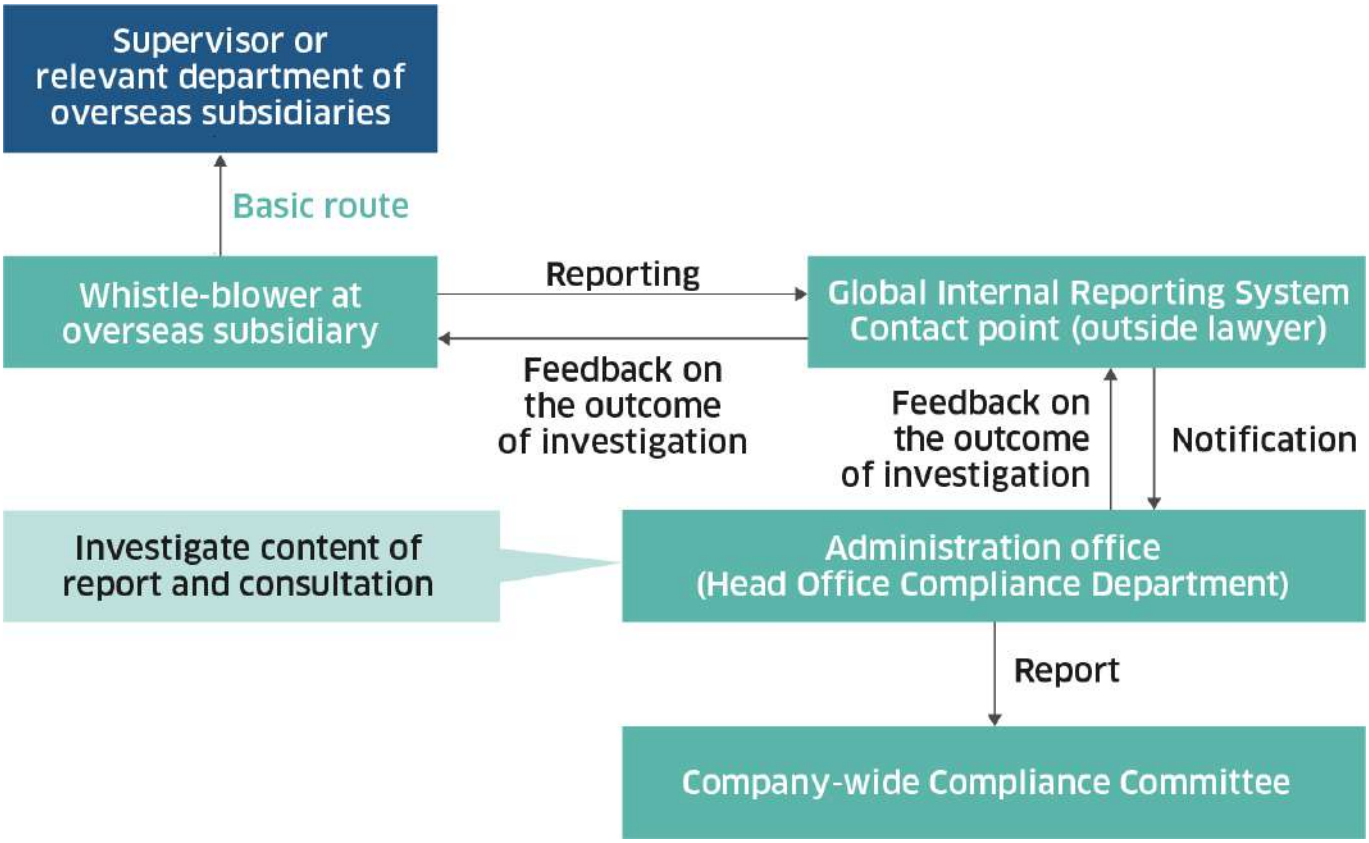
Of these reports, 18 of the matters were determined to be compliance violations, and corrective measures were required concerning 18 reports.There were no major violations.

- 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 2023. 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. Also, Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors have established internal and external harassment consultation points for employees.

- 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, please 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. In June 2023, all 35 subject subsidiaries in Asia and South America completed the adoption of rules.

Anti-Bribery Training for Employees

Each year, we conduct bribery prevention training for employees in Japan. In fiscal 2023, we conducted employee training in Japan through e-learning on internal rules intended to prevent bribery. Participants in e-learning take a test 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.

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. In light of the Company's current governance structures, under which execution and supervisory functions are separate, in fiscal 2024, the Board adopted a resolution to confirm that status of implementation of measures to ensure compliance with the Antimonopoly Act on the business execution side. 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. Also, since January 2024, Kawasaki Heavy Industries has conducted training on the Act for all officers and employees of Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors who are able to participate online (excluding production workers) with a target participation rate of 100%, and the participation rate target was achieved. Since March 2024, other Group companies have been broadly informed about the training on the Act.

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 its officers and employees that were subject to penalties or administrative monetary penalties.

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.

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

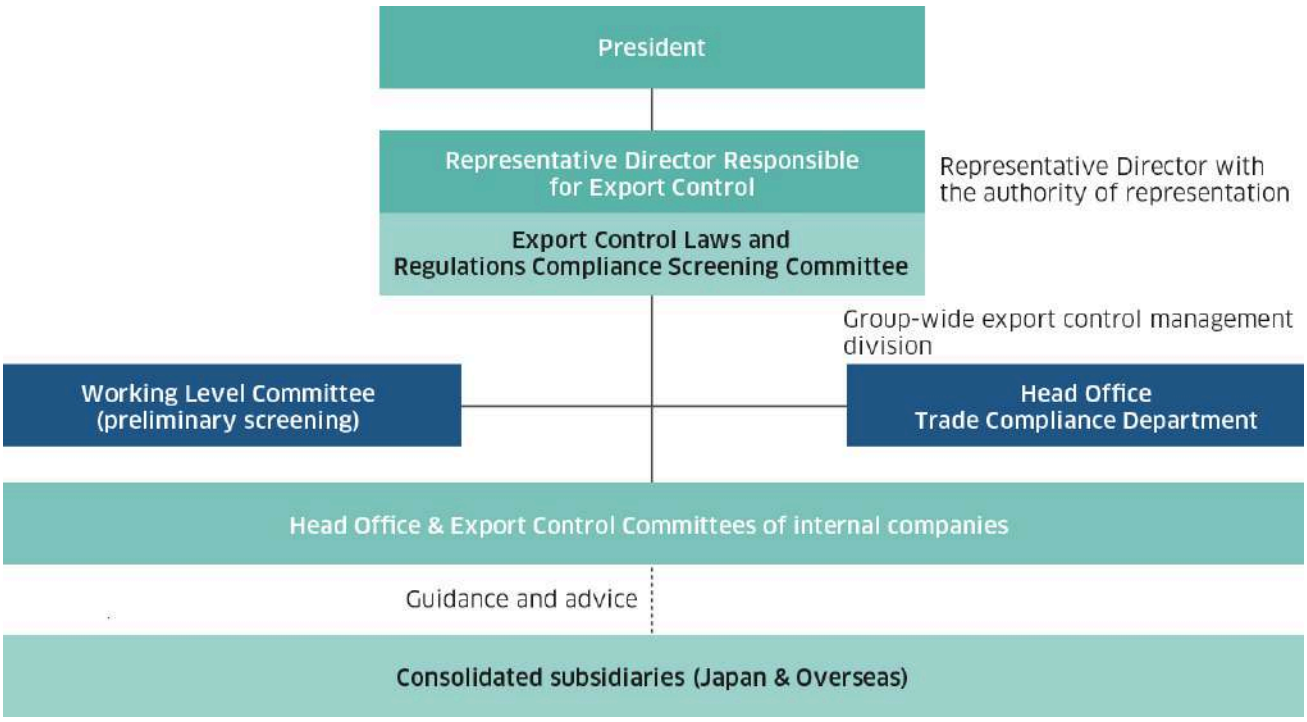
To ensure compliance with export control laws and regulations throughout the Kawasaki Group, we have formulated a set of corporate export control regulations for goods and technologies relevant to security maintenance and have put in place an export control system in which a Representative Director acts 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 training, we began using e-learning in this area in fiscal 2018. In fiscal 2023, such e-learning was provided for 15,241 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 both complies with the tax-related laws applicable to each country in accordance with the spirit of the law, and undertakes appropriate tax payments in line with relevant standards issued by international organizations and other bodies (e.g., the OECD Transfer Pricing Guidelines and the BEPS Action Plan).

Furthermore, the Kawasaki Group has established the Kawasaki Group Policy on Tax Affairs as its basic stance on taxation matters, and both works to promote awareness of the policy internally and institutes appropriate tax governance across the entire Kawasaki Group as part of efforts to manage tax risk in response 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.

When conducting tax operations, the Head Office Accounting Department implements Kawasaki Group tax operations in coordination with the accounting divisions of business segments and Group companies. When significant tax-related issues or risks have been identified, these are reported to the Audit & Supervisory Committee as well as to the Management Committee or Board of Directors in a timely and appropriate manner, depending on their importance, with decision-making then carried out.

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. 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 Group-wide enterprise risk management framework 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 and business segments 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

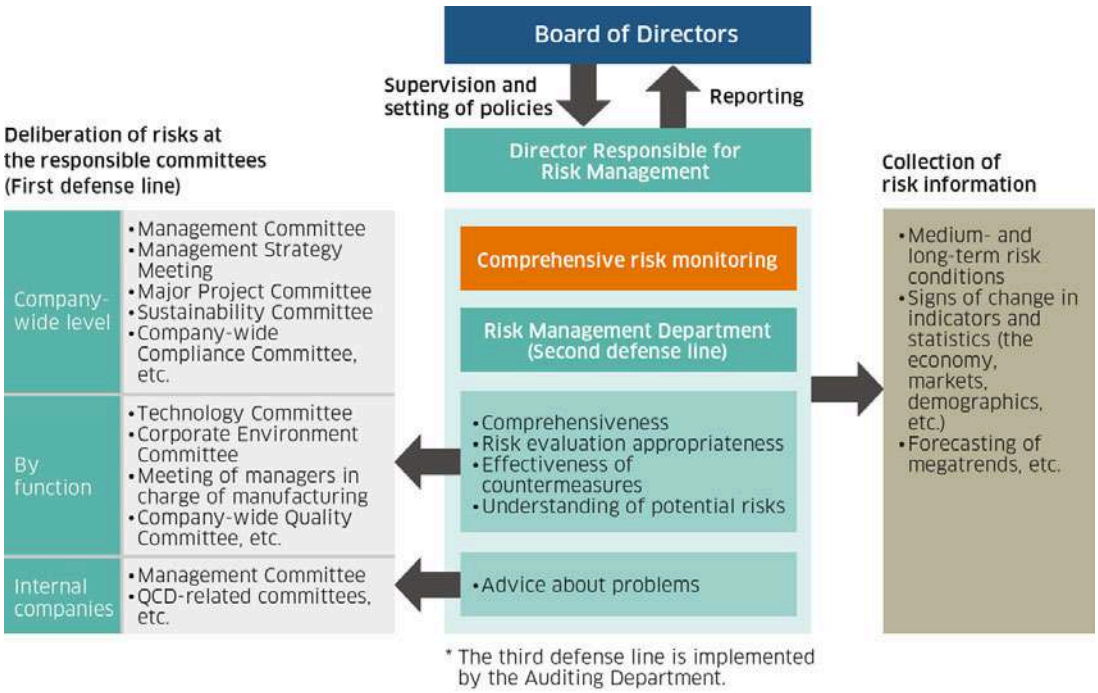
Risk Management System

The Kawasaki Group has established a Group-wide enterprise risk management (ERM) framework to render any risks more transparent and to ensure that they are effectively addressed. 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 has established the owners of risk (Company-wide/functional internal committees and internal divisions of each business segment) as our first line of defense, depending on the type of risk. While streamlining and implementing management methodology and management systems, we have devised a system for the centralized monitoring of the effectiveness and workability of such management systems, thereby managing risks both individually and comprehensively. In addition, we have also set up a second line of defense in the form of the Risk Management Department, an organization that stands independent of Company-wide/functional internal committees and business segments that are responsible for the first line of defense. The Risk Management Department compiles analysis reports on our risk management status and global risk trends surrounding the Company through risk monitoring, and the director responsible for risk management reports this information to the Board of Directors four times annually. After the Board of Directors deliberates and 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. In order to deliberate and promptly address any rapidly emerging risk from the recent geopolitical issues as well as climate, governmental, and economic instability, Board of Director meetings are held on an as-needed basis.

The Auditing Department, which is independent from the first and second lines of defense, assess the effectiveness of risk management and governance as a third line of defense.

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: Hideki Hiramatsu, General Manager of Corporate Planning Division and Executive Officer

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 Group's risk management process consists of a version of the COSO framework and ISO 31001, customized for the Group'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 Group 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	Internal Environment	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, biodiversity, etc.			

Risks That the Group Should Pay Close Attention to Currently

As a result of company-wide monitoring activities, the 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	Highest	Highest	High
Contracts, IP	Extremely high	1	Highest	Highest	Highest	High
Compliance	Extremely high	3	Highest	Highest	High	High
Geopolitics, international circumstances (economic security), distribution difficulties, rising materials cost, inflation, etc.	High	4	Highest	High	High	High
Progress and misuse of technologies (AI and cyber security)	High	5	High	Highest	Medium	High
Shortages of human resources and personnel	Medium	6	High	High	Medium	High
Carbon neutrality (Climate change)	Medium	6	High	Medium	High	High
Natural disasters in Japan	Medium	8	Medium	Medium	High	High
China/Taiwan relations	Medium	8	Medium	Medium	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: Timing of impact is 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	• In order to prevent reoccurrence of major quality issues such as cracking of the series N700 Shinkansen railcar bogie frame, we implement company-wide total quality management (TQM) activities; design and manufacturing process innovation; promotion of production improvement activities (KPS: Kawasaki Production System); and personnel education as key strategies.
Strengthening contract management →Contract risks	• The revenue-producing model is switching from one focused on technology to one focused on intellectual property and business contracts. In this connection, we develop personnel and organizations with contract-related skills and boost intellectual property strategies.
Compliance →Governance and compliance risks	• In order to prevent reoccurrence of inappropriate actions committed by Kawasaki Thermal Engineering Co., Ltd. or impropriety/misconduct including violations of the Subcontract Act, we take steps to maintain a sound organization and employees and boost internal checks including whistle-blowing systems, and work to strengthen compliance management for all of the Group's businesses.
Geopolitics and international circumstances (economic security) →Geopolitical risks	• As political and economic uncertainty grows due to unpredictable international circumstances, various factors impacting our business environment continue to arise in real time, including climbing materials costs, chaos in the distribution sector, stricter regulations, and more. To respond to this situation, we engage in business with a focus on geopolitical factors such as boosting the entire Group's supply chain, ensuring business continuity, and training personnel in the context of security clearance systems.
Strengthening and maintaining appropriate levels of cyber security →Cyber security risks	• As cybercrime rapidly grows more problematic, AI threats are now very tangible. Our Group, which is engaged in social infrastructure projects, collaborates with external specialist organizations to proactively implement maintenance for products and services to ensure customer safety, as well as maintenance and improvement of Group-wide production activities and employee security literacy.
Securing and developing human resources →Risk of shortage of human resources and personnel	• In Japan, as government strategies have resulted in greater fluidity of employment, and at the same time labor shortages persist around the world, we are working toward business continuity from the perspective of securing personnel, by implementing employee re-skilling, diversification of human resources, as well as new workstyles that actively incorporates robotics, AI, and more. • We foster a culture of taking on challenges and 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	• The challenge of carbon neutrality is a serious issue the world over. In this connection, we implement the key business strategy of promoting our hydrogen businesses as well as rendering existing business environmentally-friendly. The goal is to accommodate the rapid rise of green energy markets.
Natural Disasters in Japan	• The occurrence of the Nankai Trough Earthquake as well as a massive earthquake centered directly under Tokyo are considered highly likely in the future. Such an event would have considerable impact on economic activity and our company's business. Additional severe disaster scenarios include typhoons and torrential downpours. In order to better handle such occurrences, we are implementing business continuity as well as post-disaster relief initiatives, with the primary focus on saving lives.
China-Taiwan relations	• We continue to operate local subsidiaries assigning the utmost priority to the safety of our employees and their families in China and Taiwan.

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 decarbonized products	
Overview of risk	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 2023). In addition, nearly 90% of CO_2 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. 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 CO_2 emissions such as the introduction of carbon taxes, a surge in raw material prices, and greater customer demand for improvements to product performance. 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 decarbonization that the Group is researching and developing, or if products are launched by our competitors that have a competitive advantage.
Potential impact	Demand for products that contribute to 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 80% of net sales (fiscal 2023). 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.
Mitigation measures	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, we launched two models of electric motorcycle in 2023, and we 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. 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.

Cyber security risks	
Overview of risk	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. 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. 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.
Potential impact	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. 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.
Mitigation measures	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. 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. 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.

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.

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. From the perspective of economic security, in light of developments concerning the protection of both civilian and advanced technologies that have military applications, which have deep implications for our business, we have been holding lectures on related topics with the goal of protecting our employees from the rising risk of covert manipulation targeting employees for purposes of fraudulently using our business information.

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)

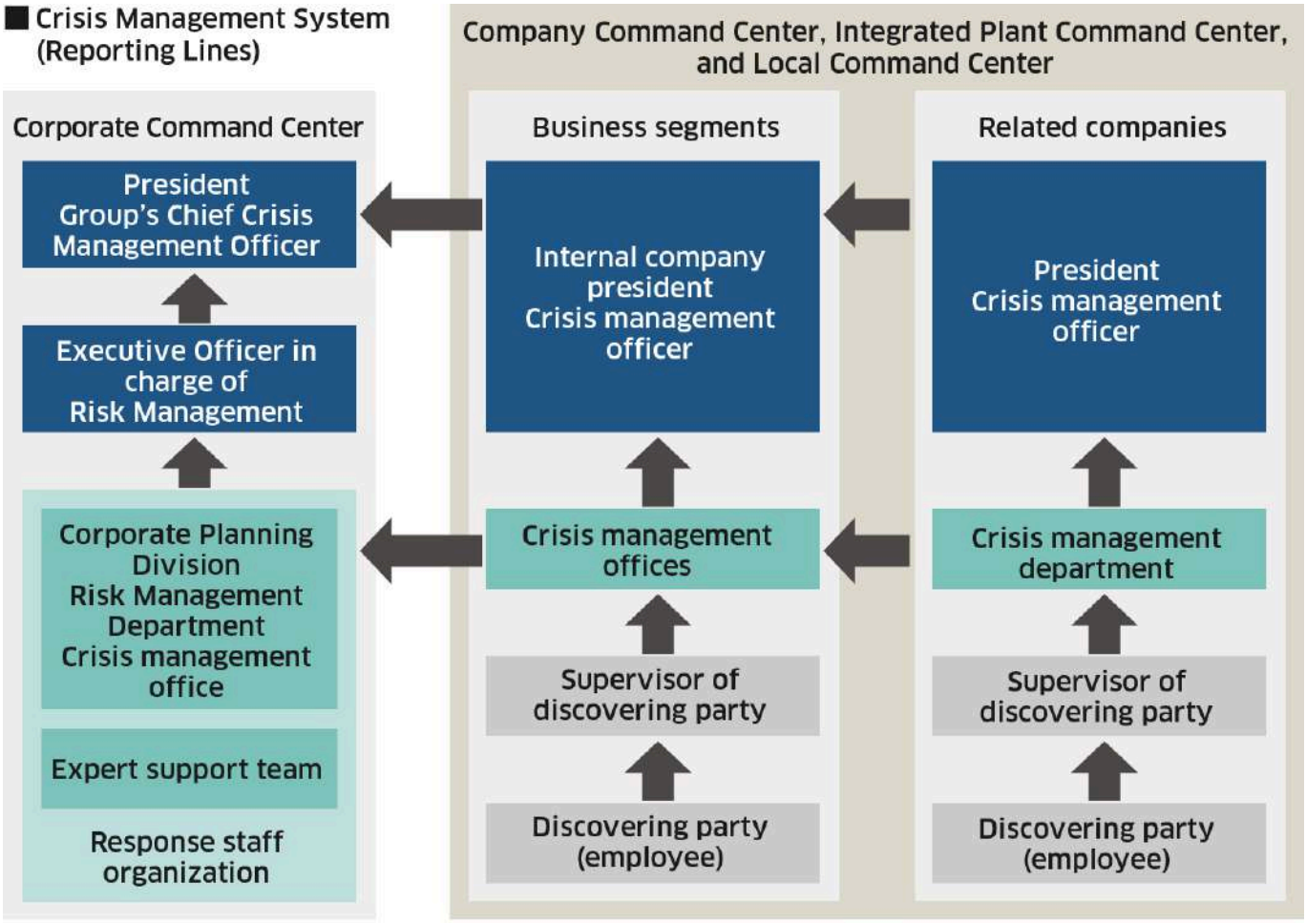
In readiness for risks, including large-scale disasters, we maintain a Group-wide horizontally integrated Crisis Management Organization at all times.

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 business segment 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 Each Business Segment Priorities
   With the basic policy in mind, designate functions to be maintained at the Head Office and each business segment even in the event of disaster.

   We have identified priorities for the Head Office and business segments 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 business segment 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.

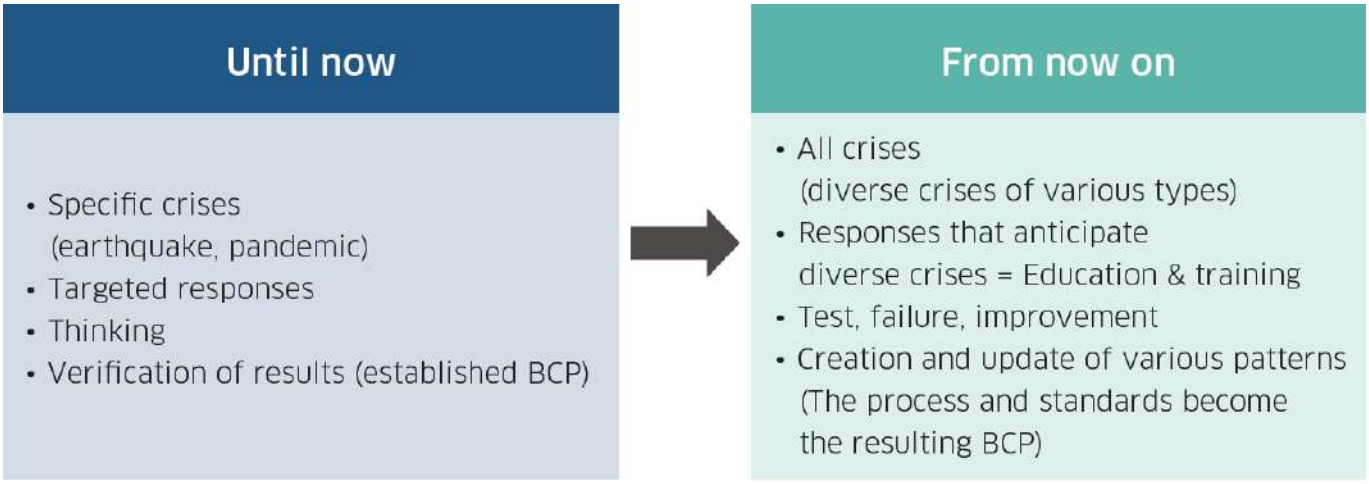
   Many disaster scenarios indicate the possibility of a massive earthquake centered directly under Tokyo as well as a cascade-like triple megaquake event along the Tokai–Tonankai–Nankai segment of the Pacific Ocean coastline. Bearing these potential events in mind, we considered the responses necessary 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 drills based on BCP and revising BCP content based on how the drills were performed.

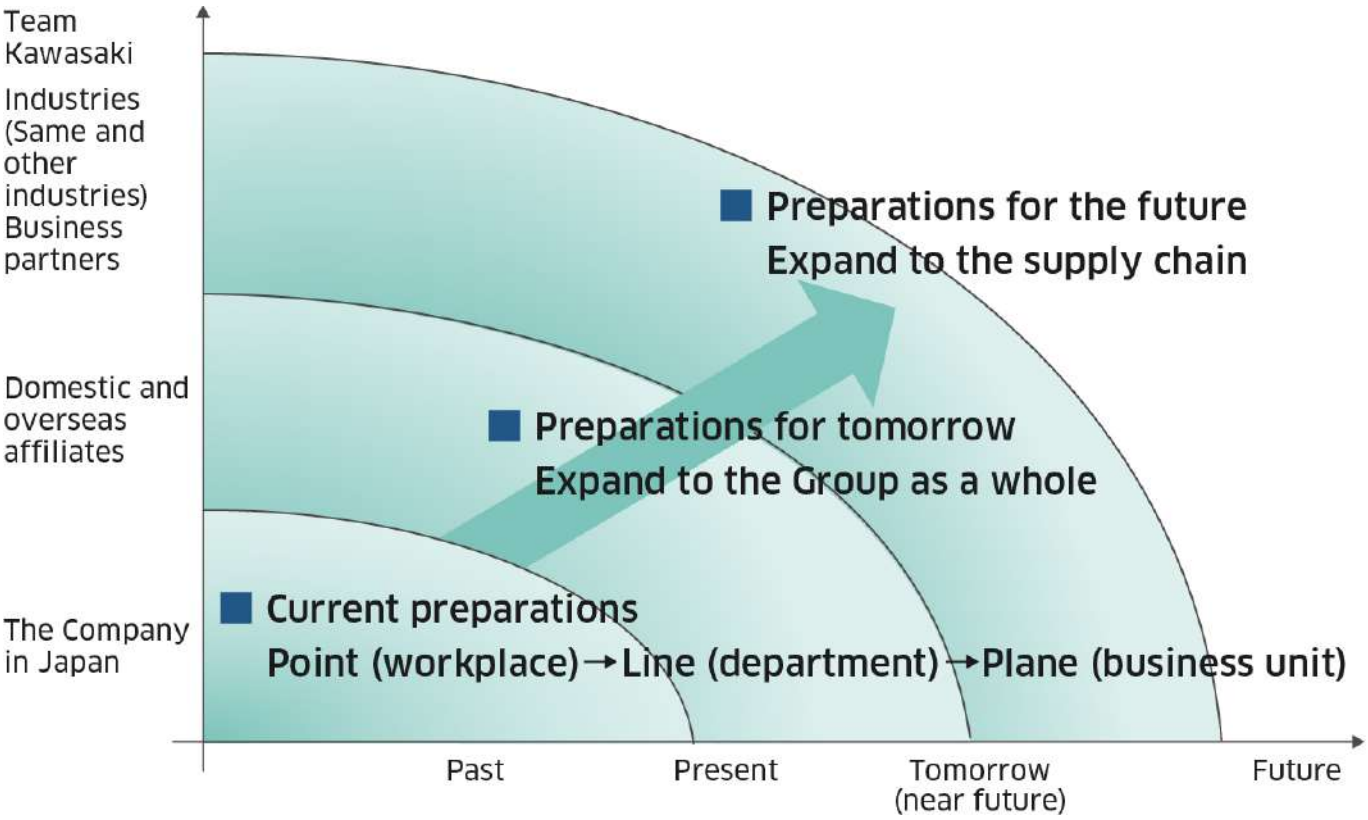
Details of Business Continuity Plan Review

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

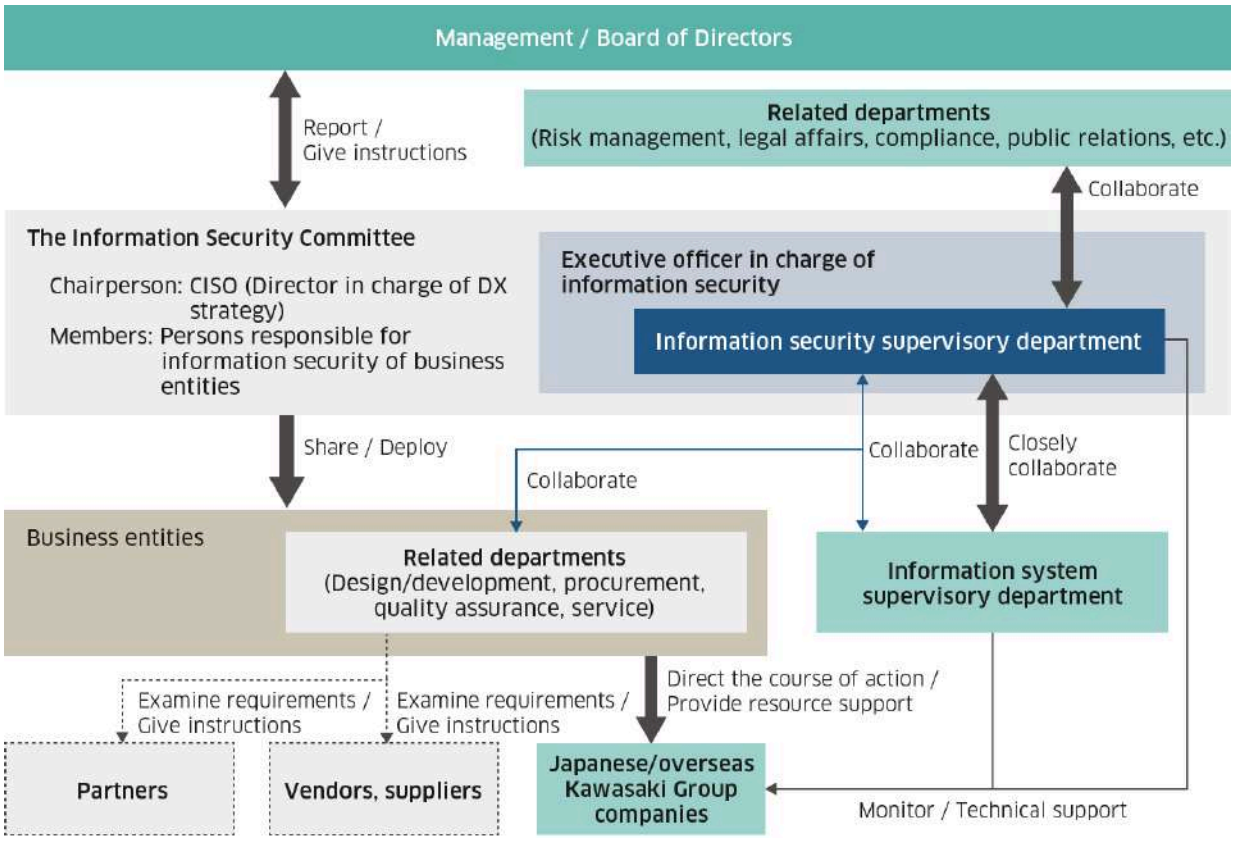
Information Security Management Structure

The Director in charge of DX strategy takes on the role of CISO. The Information Security Committee is organized as the CISO being the chairperson and the person in charge of information security in each business entity as members. The committee share and deploy policies and plans related to information security and various measures against information security risks to business units, the Kawasaki Group companies, and related organizations.

Also an information security supervisory department is established under the executive officer in charge of information security within the head office. The department will develop information security strategies, identify information security risks, plan and implement measures, conduct audits, and handle information security incidents (detect, address, and recover).

Based on instructions from the Information Security Committee, the information security supervisory department will lead each business entity, the Kawasaki Group companies, and related departments to collaborate with each other and systematically prepare and promote ways to ensure, maintain, and improve information security from the three perspectives of "technical measures," "education/training," and "rules" to address ever-changing information security risks.

Information security management structure



Responsible Officers

Director Responsible for DX Strategy (CISO): Hiroshi Nakatani, Representative Director, Senior Corporate Executive Officer
Executive Officer Responsible for Information Security: Hironobu Urabe, General Manager of DX Strategy Division and Executive Officer

Third-party Evaluations and Obtaining Certification for Information Security

The Kawasaki Group promotes third-party evaluations and certification for information security, with organizational units that have obtained certification for information security detailed below.

ISMS (ISO/IEC 27001)-certified organizations

- Kawasaki Heavy Industries, Ltd. (Project Management Department, Presidential Project Management Division)
- BENIC SOLUTION CORPORATION (Infrastructure Design Department/Operation Service Department, Digital Infrastructure Solution Service Division)

Privacy Mark-certified companies

- BENIC SOLUTION CORPORATION
- K Career Partners Corporation

CSMS (IEC 62443-2-1)-certified organization

- Kawasaki Heavy Industries, Ltd. (Plant Engineering Business Division, Energy Solution & Marine Engineering Company)

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 2023, 17,053 employees took the information security training, while 21 training drills were conducted using targeted attack phishing emails for a total of 6,876 employees.

- Information security training participants (ESG Data)

Number of Violations, Details of Violations, and Actions Taken

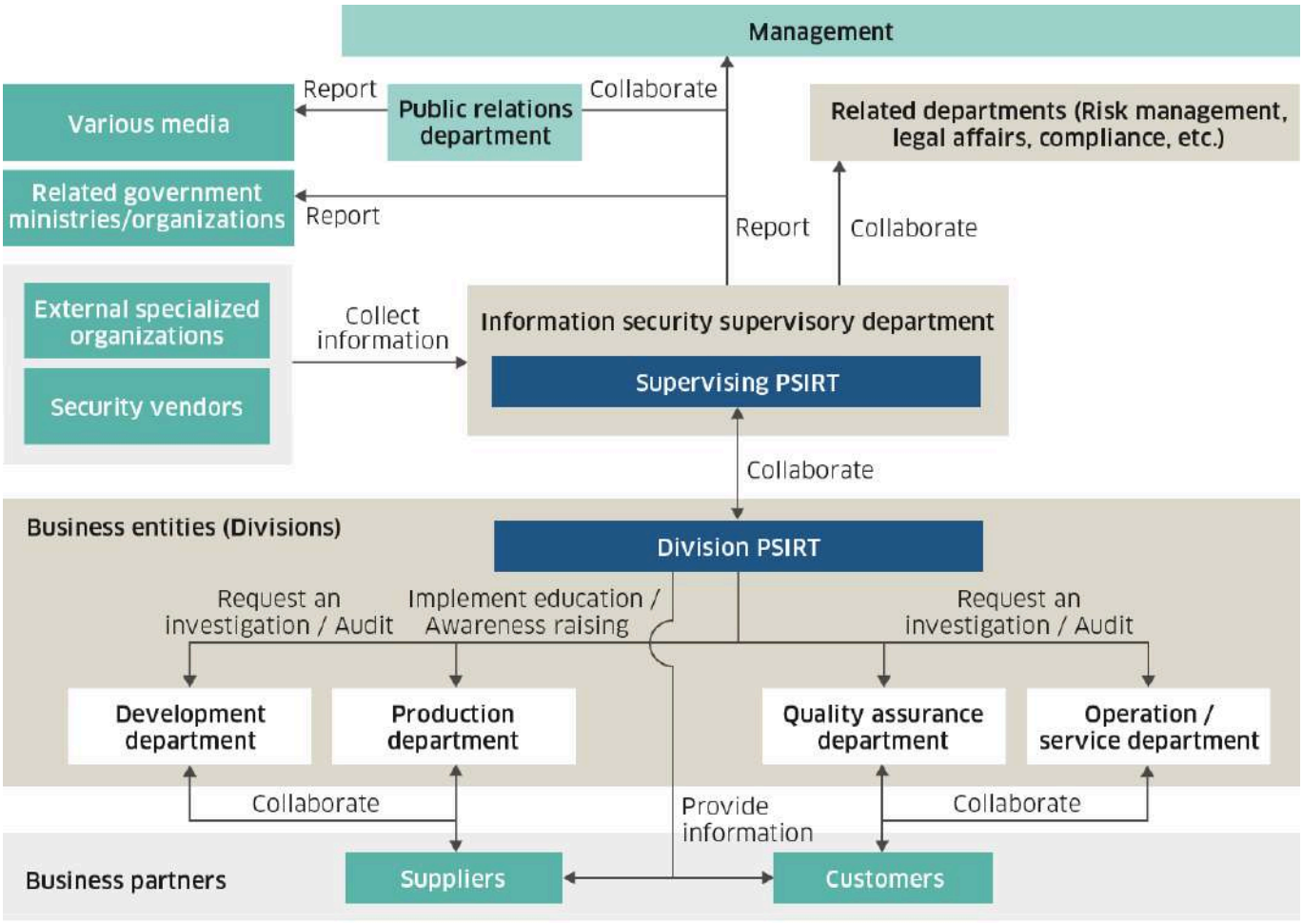
There were no cases of violations pertaining to information security in fiscal 2023.

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.

Product security promotion system



- The Kawasaki Group Product Security Policy

Information Security Report

We issued Kawasaki Group Information Security Report 2023.

This report is published with the purpose to disclose the Kawasaki Group's initiatives on information security for our stakeholder's understanding. It is based on "Cybersecurity Management Guidelines Ver.3.0" made by the Ministry of Economy, Trade and Industry, Japan.

- Information Security Report

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.

- 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.

R&D and Intellectual Property Activities

Research and Development

Our Approach and Policy on R&D

The Group's research and development is based on the Kawasaki Group Policy on R&D. Our R&D assumes a role in the creation of new value from the ground up and into the future, and it involves remaining up to speed with changes in the times as well as with market and client needs, to contribute to ambidextrous organization at the Group. Specifically, the Group will promote the development of competitive new products and solutions in cooperation with each business segment based on competitive trends and those in the market as well ongoing business conditions, toward the achievement of sustainable growth. We will meanwhile also reconfigure and enhance our fundamental technologies and develop and enhance our human capital in technical domains linked into respective technologies as means to increase our shared capacities in fundamental technologies, which will constitute the driving force behind value creation. We will also undertake initiatives toward the achievement of this goal, bringing together the collective wealth of technologies which the entire Group has to offer, and mobilizing "synergy of technological and manufacturing capabilities" to their maximum extent.

Furthermore, 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. 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 fundamental technologies of the Corporate Technology Division, we aim to create technological synergy throughout the entire Kawasaki Group and to further enhance corporate value.

- Kawasaki Group Policy on R&D

Structure

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

In addition, the business segments, Head Office Presidential Project Management Division, Corporate Technology Division, Hydrogen Strategy Division, and DX Strategy Division are collectively endeavoring to bring together the wealth of technologies which the Group has to offer to realize Group Vision 2030; at the same time leveraging the latest system integration and digital technologies in R&D to provide value to our customers into the future.

Responsible Officer

Takumi Kawasaki, Managing 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.

In addition, Company-wide Technology Committee serves to provide direction for company-wide responses to new and shared technological challenges and to the development of human capital in technical domains; while inter-company technical exchanges and interactions are deployed to facilitate the horizontal exchange and sharing of technologies and to promote synergistic effects.

- R&D Expense (ESG Data)

Promotion of Innovation

We will maintain a steady view to the Group's growth into the future, undertake to promote various innovations, and further expedite transformations of our business.

Open Innovation

In addition to carrying out R&D within the Group, we will leverage open innovation, and utilize cutting-edge technologies from universities, research institutions, start-ups, and other sources in both Japan and overseas to expedite the pace of our R&D. Furthermore, the Group will proactively promote collaboration with external businesses.

Initiatives in Open Innovation

The Microsoft AI Co-Innovation Lab Opened in Kobe to Drive Innovation

Microsoft Japan marked the opening of the sixth Microsoft AI Co-Innovation Lab worldwide in Kobe on October 11, 2023 with a ceremony at the Kobe Commerce, Industry, and Trade Center, where the Lab is located.

Microsoft worked with Kawasaki Heavy Industries and the city of Kobe to establish the Lab—a facility for driving AI- and IoT-powered innovation and developing industry through supporting the endeavors of startups and other companies exploring new possibilities for products and services that leverage AI.

- For details on Microsoft AI Co-Innovation Lab, please refer to the Microsoft Corporation website.

Kawasaki signs MOU on consortium toward expanding the introduction of renewable energy in the Republic of the Philippines

Kawasaki Heavy Industries has concluded an MOU*1 on the establishment of energy systems which aim to realize decarbonized society with IKS Co., Ltd., Amber Kinetics, Inc. (hereinafter, "Amber"; Republic of the Philippines), and Aboitiz Power Corporation (Republic of the Philippines).

The MOU was signed at a LOI*2 signing/exchange ceremony, taking the opportunity of the official visit to Japan by H.E. Ferdinand R. Marcos, Jr., President of the Republic of the Philippines. Going forward, the four companies, including Kawasaki, will actively undertake research, development, and project structuring for an energy system in the Republic of the Philippines which will combine an inverter equipped with Virtual Synchronous Generator (VSG) software developed by Kawasaki and a flywheel developed by Amber, to realize the adoption of renewable energy without compromising grid stability.

*1 MOU: Memorandum of Understanding; a basic agreement document
*2 LOI: Letter of Intent

- Kawasaki signs MOU on consortium toward expanding the introduction of renewable energy in the Republic of the Philippines (Kawasaki Press Release on February 13, 2023).

Process Innovation

- Improved our product manufacturing processes using 3D scanners
- 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

Effects of Process Innovation

As an example of a notable achievement, a 3D scanner was used to measure the distortion of product parts, pre-verify for interference between parts, and institute measures to avoid interference, with the outcome of a 22% saving in labor hours when compared to the previous amount of time involved in assembly.

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 Activities

Principles of Intellectual Property Activities

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

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 supervisor and the intellectual property management departments of each business segment to carry out intellectual property activities in line with each segment's business.

Responsible Officer

Director in charge of intellectual property: 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

The Group sets forth the three pillars of "deliberating on and formulating intellectual property strategies aligned to business strategies"; "securing intellectual property to serve as a source of non-price competitive power"; and "ensuring scrupulous and thorough intellectual property risk management," through which intellectual property should contribute to our business, toward the aim of realizing continuous growth and discontinuous innovation.

To achieve this, we strive to implement IP activities in coordination with management and the business strategy 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.

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

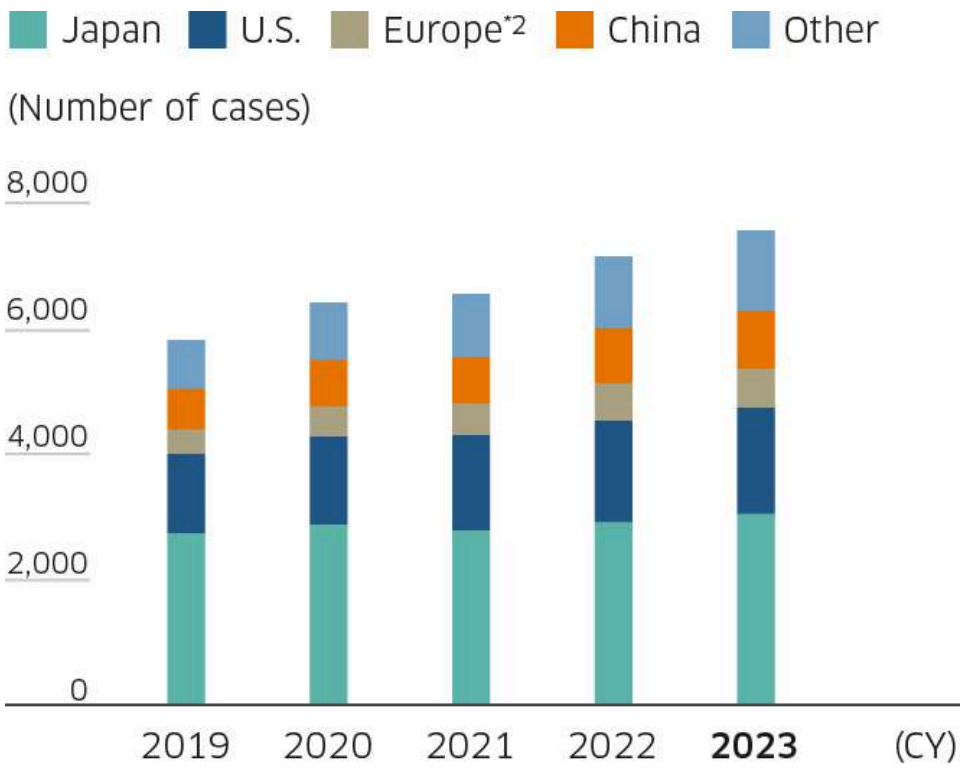
Based on the Patent Law regulation pertaining to inventions by employees, Kawasaki has established a provision in its internal rules regarding inventions by employees to reward employees at specific milestones, such as the filing of a patent application (application reward), patent registration (registration 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.

Intellectual property data

Number of patents held*1 (Kawasaki Group)



(CY)

Country/region	Unit	2019	2020	2021	2022	2023
Japan	Number of patents	2,732	2,842	2,775	2,916	3,049
U.S.	Number of patents	1,278	1,440	1,521	1,626	1,673
Europe*2	Number of patents	385	484	493	585	616
China	Number of patents	605	707	731	822	928
Other	Number of patents	803	968	1,063	1,194	1,294

*1 Numbers are for Kawasaki Heavy Industries + major consolidated subsidiaries as of the end of each calendar year

*2 Numbers of patents granted by EPOs with ongoing patent rights

Environment

97 | Environmental Management

104 | CO_2 FREE (Realization of a Carbon-neutral Society)

123 | Waste FREE (Realization of a Recycling-oriented Society)

128 | Harm FREE (Realization of a Society Coexisting with Nature)

131 | Environmentally Conscious Products

Environmental Management

Kawasaki Group Policy on Environmental Management

In June 2024 the Kawasaki Group set aside its existing Environmental Charter and established the new Kawasaki Group Policy on Environmental Management. Up to this time, the Environmental Charter, which was established in 1999 and revised in 2010, stipulated the common values, principles of environmental management activities, and guidelines for the daily conduct required of every employee, and we promoted environmental management activities accordingly. However, this new policy is intended to substantially revise the Environmental Charter content in view of changes in the demands from society relating to environmental management.

Under this new basic environmental policy, we will accelerate initiatives to tackle environmental challenges throughout the entire value chain, including the realization of carbon neutrality, the reduction of energy consumption, the recycling of resources, and respect for biodiversity.

- Kawasaki Group Policy on Environmental Management

Kawasaki Global Environmental Vision 2050

Pursuing Three "Frees": CO_2 FREE, Waste FREE and Harm FREE

The Kawasaki Group has announced that it will collaborate toward the realization of a sustainable society, and formulated the "Kawasaki Global Environmental Vision 2050," in 2017 based on the Paris Agreement and the Sustainable Development Goals (SDGs).

The Group will take on its three objectives to embody its aspirations for 2050 of "CO_2 FREE," "Waste FREE," and "Harm FREE," and will actively contribute to mitigating global warming, promoting a recycling-oriented society, and protecting biodiversity.



- Press Release (Aug.09,2017)

The Environmental Management Activities Plan 2024 (FY2024–2026)

Based on the Group Mission, the Kawasaki Group Policy on Environmental Management, and Group Vision 2030, the Group has formulated the Environmental Management Activities Plan as key strategies which cater to the needs of society and facilitate the realization of both environmental conservation and business growth and the Kawasaki Global Environmental Vision 2050 goals of "CO_2 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, since 2022, the plan has been formulated annually looking ahead to the three years to come.

Following approval of the formulated plan by the Board of Directors, the plan is rolled out to the business segments through the environmental management system.

The medium-term actions policies toward achieving CO_2 FREE, Waste FREE, and Harm FREE are as follows.

For CO_2 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).

In the Environmental Management Activities Plan 2023, which covers fiscal 2023, in addition to the three FREE actions policies described above, we set out new initiatives, including those to visualize CO_2 emissions in the upstream of the supply chain; acquire SBT certification; and ascertain consolidated environmental data such as that on water and waste, with these initiatives then implemented as planned.

As part of the Environmental Management Activities Plan 2024, the Group aims to further expand the disclosure of non-financial information for the enhancement of corporate value as well as to actively work to deepen the initiatives set out in the 2023 plan.

Refer to individual pages for details of the key strategies and achievements for CO_2 FREE, Waste FREE, and Harm FREE for fiscal 2023, and the key strategies for fiscal 2024.

- CO_2 FREE (Realization of a Carbon-neutral Society)
- Waste FREE (Realization of a Recycling-oriented Society)
- Harm FREE (Realization of a Society Coexisting with Nature)

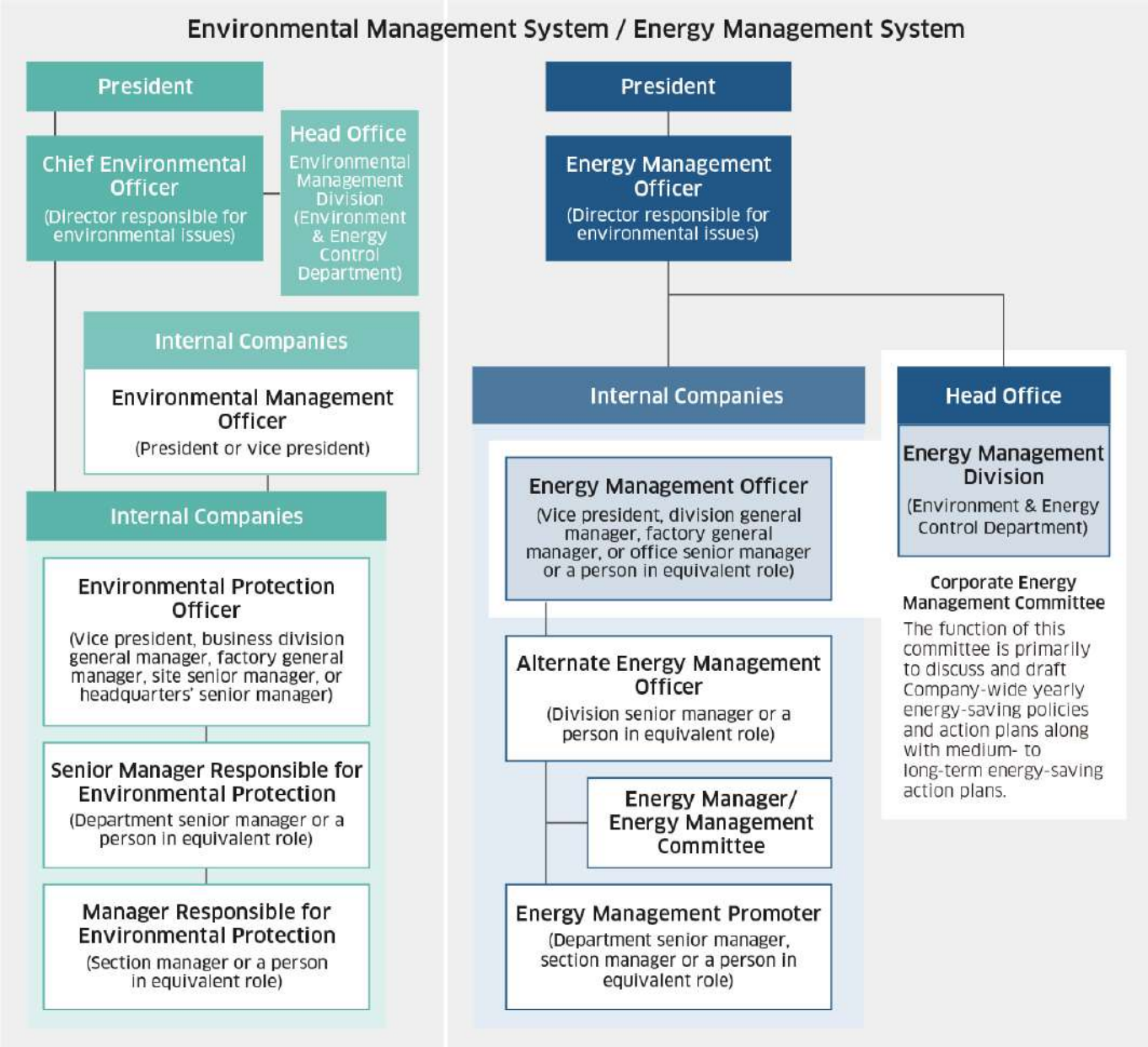
Environmental Management Promotion Structure

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 has 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 polices 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.



- Sustainability Promotion System

Responsible Officer

Katsuya Yamamoto, 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 2023, 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 resulted in fines in fiscal 2023.

The number of accidents, pollution incidents, and complaints relating to the environment have been disclosed on the ESG data page. All of these are being resolved through the institution of actions and measures to prevent recurrence.

- Environmental Compliance (ESG Data)

Environmental Education

Various Training Conducted

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

Every year, we formulate an Environmental Management Activities Plan (three-year plan), and revise the content of training in line with its content.

In fiscal 2023, we implemented training by means of e-learning, with approximately 13,400 people (approx. 86% attendance) undergoing training. We will continue to implement various training and actively endeavor to maintain and improve the environmental awareness of Group employees.

Target	Content	
	Education item	Specific content
Employees of KHI/KRM/KMC as well as domestic Group employees	Explanation of strategies and guidelines for climate change countermeasures	• The Kawasaki Group's carbon neutrality strategies • Environmental Management Activities Plan, etc.
	Initiatives at respective divisions	• Raising employee awareness of energy saving • Increasing advanced efficiency and fuel efficiency of products • Energy conversion from fossil fuels • Improved operational efficiency during product manufacturing • Reduction of water consumption • Reduction of waste • Consideration of alternative technologies for hazardous substances

Raising Environmental Awareness

We periodically distribute information internally to raise environmental awareness. We conduct these awareness raising activities continuously, 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.

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 2023, there were 1,662 individual environmental management and environmental auditors.

- Employees with Legal Qualifications (ESG Data)

CO_2 FREE (Realization of a Carbon-neutral Society)

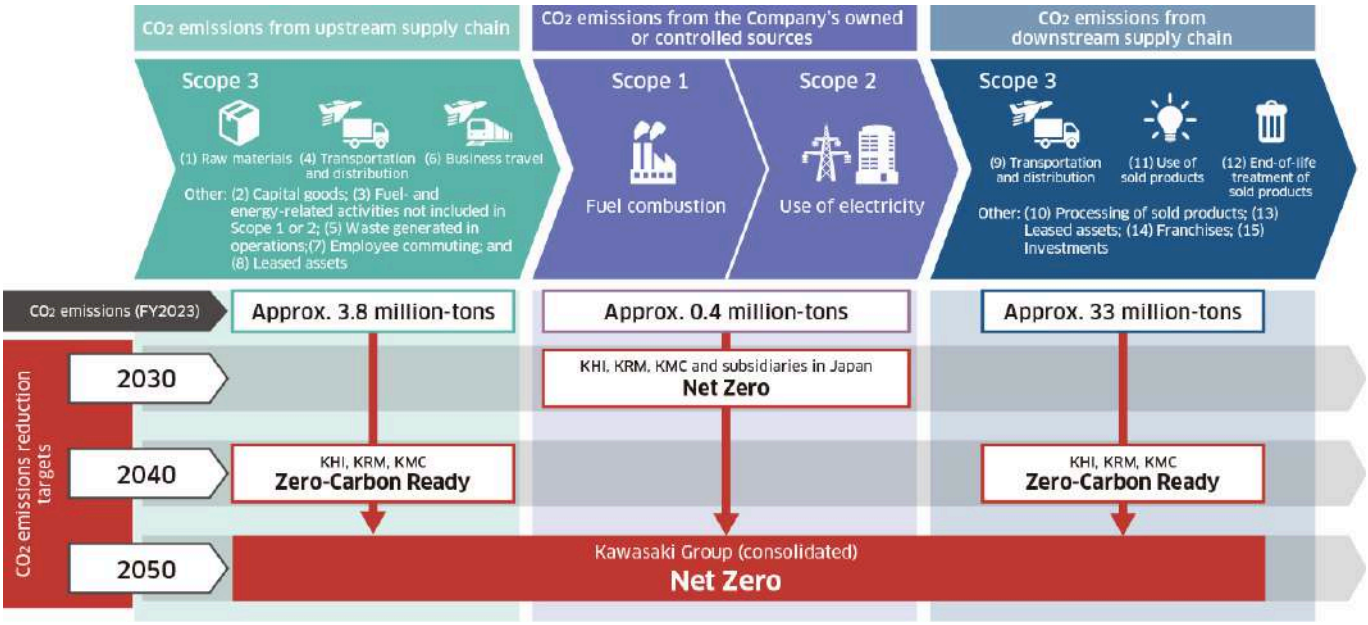
In October 2020, the Japanese government declared its target of achieving carbon neutrality by 2050, to this end raising its fiscal 2030 reduction target for CO_2 emissions from 26% to 46% (both compared with the fiscal 2013 level) in April 2021. This is but one example of decisions made by countries around the globe amid the accelerating trend toward across-the-board decarbonization and the realization of a low-carbon society.

Toward achieving the CO_2-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 CO_2 Emissions—Carbon Neutrality Targets (Medium- to Long-term Targets)

Toward achieving the CO_2-free target set out in the Kawasaki Global Environmental Vision 2050, the following CO_2 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

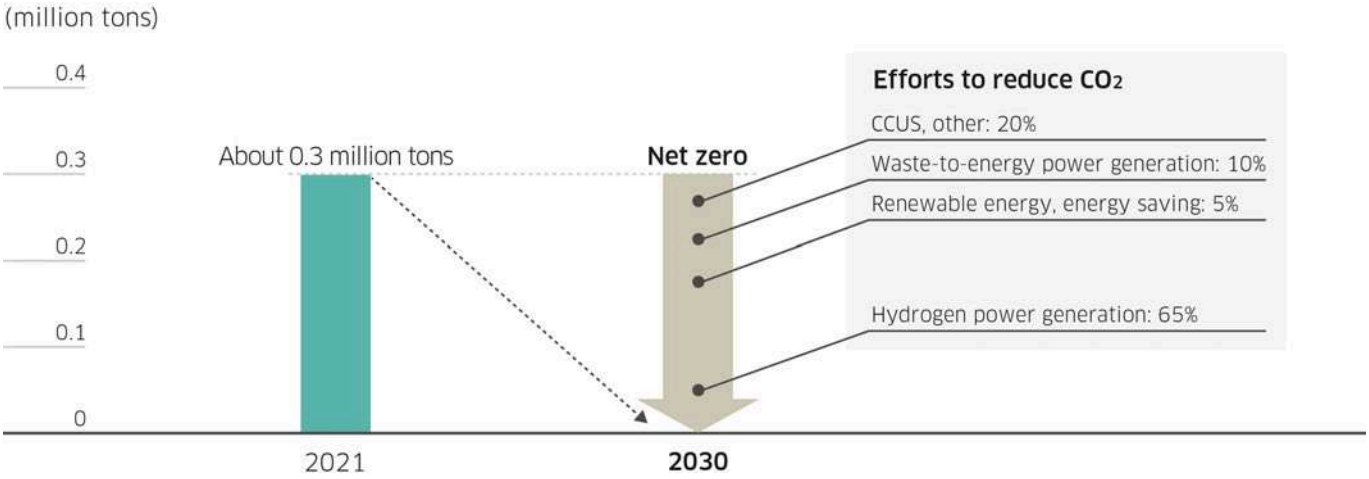
Corresponding companies: Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, Kawasaki Motors + Affiliated companies in Japan

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

To reduce Scope 1 and 2 CO_2 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 2023 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.

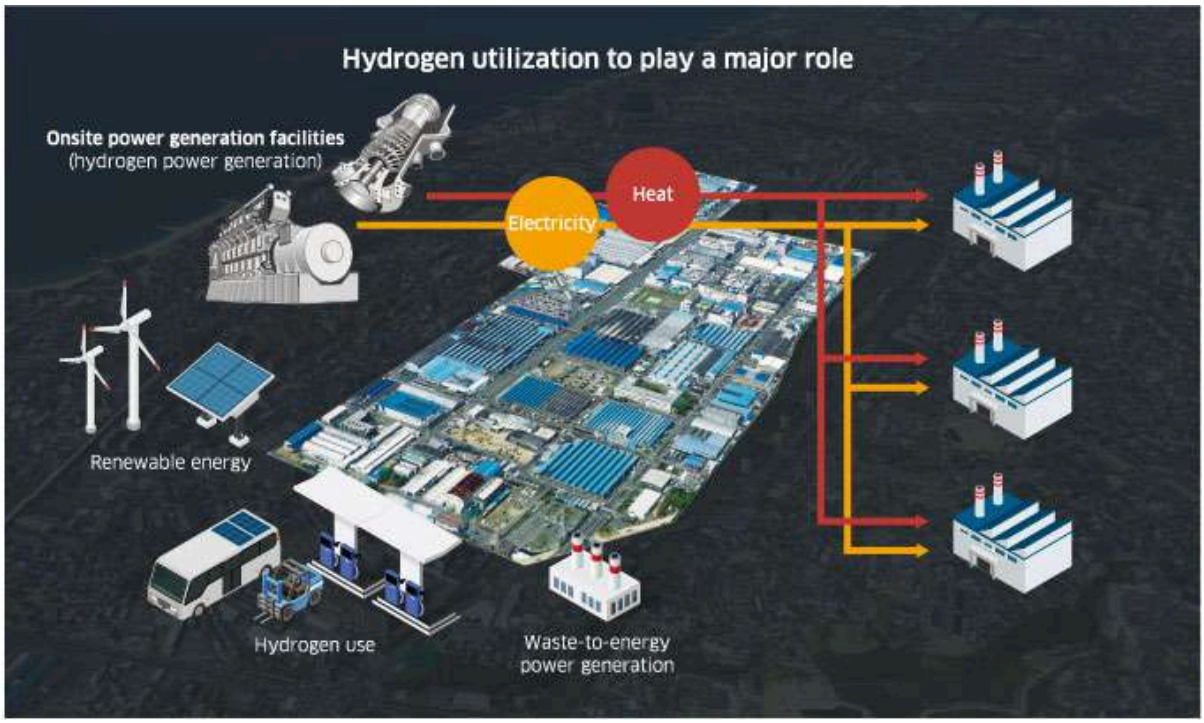
Hydrogen power generation is currently advancing from the verification stage to the commercial application stage, and one urban area that can serve as a model, we have already achieved supply of heat and electric power generated exclusively from hydrogen using gas turbines manufactured by Kawasaki Heavy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



Zero-Emissions Plant

Zero-emissions plant refers to initiatives to achieve zero CO_2 emissions from plants by obtaining the electricity and thermal energy used at the plants from a combination of methods that do not emit any CO_2, such as hydrogen power generation, solar power generation, and waste power generation.

The Kawasaki Group will reduce CO_2 emissions throughout the Group by converting its plants in Japan to zero-emissions plants by 2030.



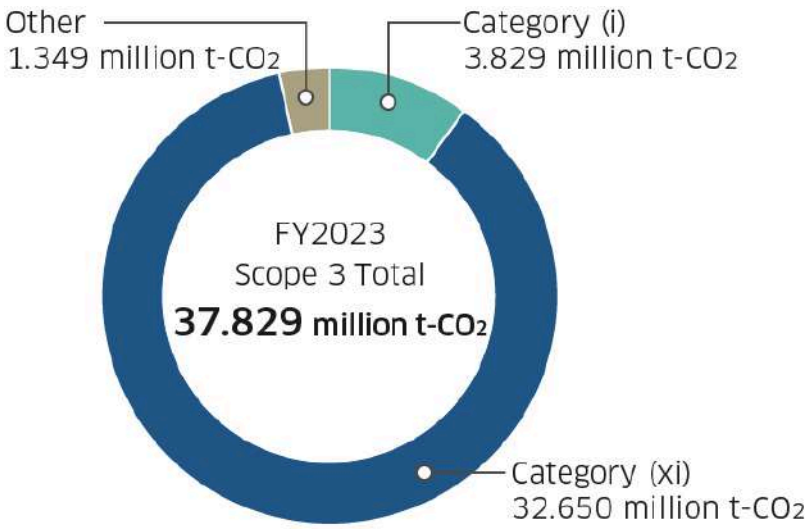
- CO_2 Emissions (Scope 1, Scope 2) (ESG Data)

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 CO_2 emissions by suppliers of materials and parts by 80% compared to fiscal 2021, and for category (xi), we will develop a lineup of CO_2-free standard solutions in all businesses. Moreover, we will reduce CO_2 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.

- CO_2 Emissions (Scope 3) (ESG Data)

Scope 3 Category (i) Procurement of materials and parts

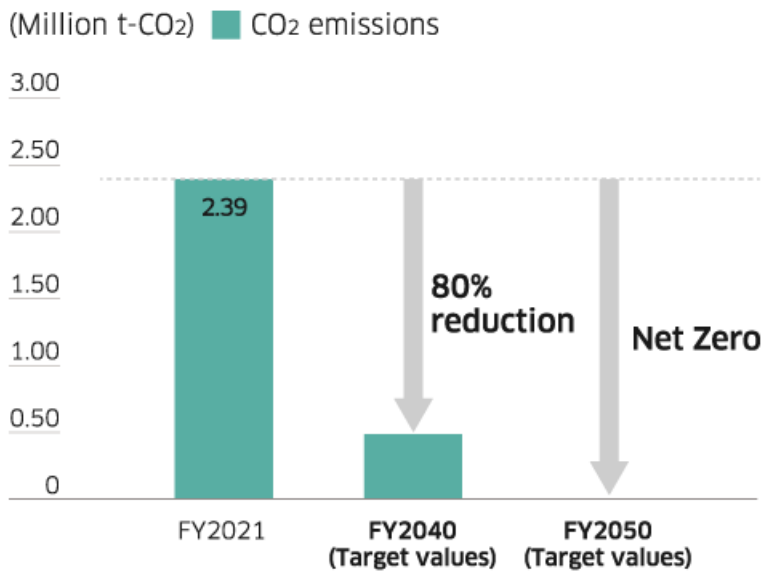
Support industrial initiatives with hydrogen and CCUS solutions to further accelerate reductions

It is anticipated that many industries and companies will tackle the reduction of CO_2 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 CO_2 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.

As a first step, in fiscal 2023, we introduced tools for visualizing CO_2 emissions from procurement in some businesses and conducted briefings and study sessions on carbon neutrality for business partners. Furthermore, in April 2024, we held a briefing on carbon neutrality for our main business partners to provide an overview of the Kawasaki Group's initiatives and guidelines toward the realization of a carbon-neutral society. Meanwhile, we are also promoting collaboration with our suppliers, such as making requests that they undertake initiatives to reduce their CO_2 emissions.

Scope 3 Category (i) (CO_2 reductions scenarios)



Scope 3 Category (xi) Providing customer solutions

Provide CO_2-free solutions to all customers

The Group will actively undertake three major initiatives. The first will be the provision of CO_2-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 CO_2-free fuels available to customers utilizing our various solutions including mobility and robots. The third will be promoting CO_2 capture as well as the effective use of CO_2 including the manufacture of synthetic fuels and chemical products to achieve a circular CO_2 society.

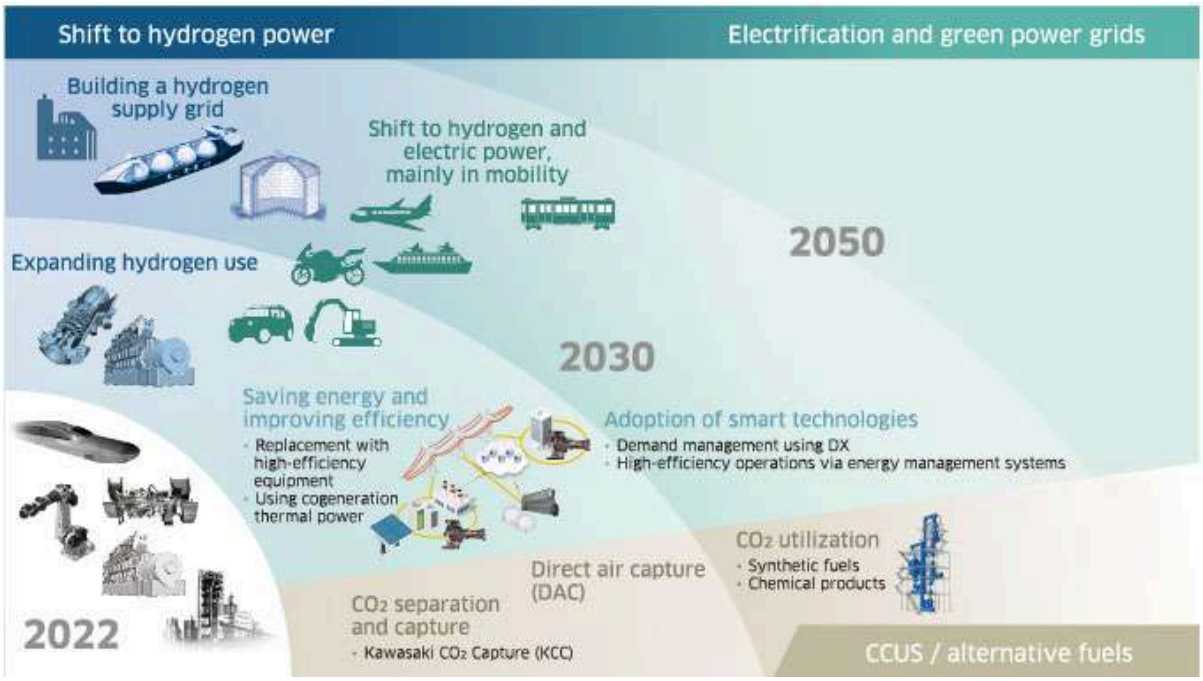
With these three pillars, the Group will make choices available to our customers of products and services (excluding defense and related; emergency products business) that contribute to the achievement of carbon neutrality by 2040, and promote global reductions in CO_2.

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

Previously, CO_2 emissions levels for products such as hydraulic machinery, manufactured as parts to be incorporated in finished products, were calculated by tallying the CO_2 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.

Decarbonization Solution Initiatives by Business

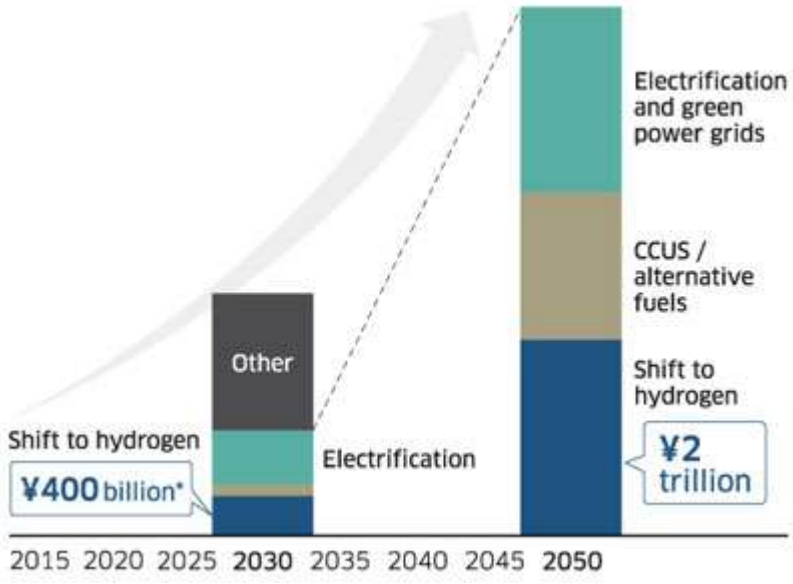
In all businesses, we provide decarbonization solutions through a shift to hydrogen, electrification and green power grids, and CCUS/alternative fuels. We seek to carry out optimal decarbonization transitions in each business, provide CO_2-free solutions, and reduce CO_2 throughout society while expanding the scale of our business.



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

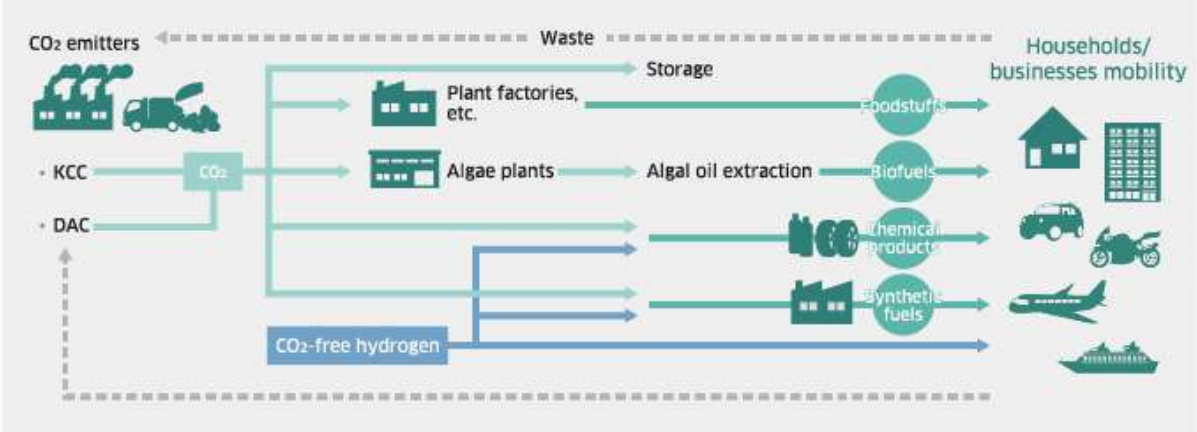


* Following Group Vision 2030・Business Report Meeting held on December 6, 2022, the net sales target was revised from 300 billion yen to 400 billion yen.

- Group Vision 2030・Progress Report Meeting

Measures for the Effective Use of CO_2 to Achieve a Circular CO_2 Society

We will not simply store the CO_2 that we recover at KCC and DAC, but will also work toward achieving a circular CO_2 society by means such as the effective use of CO_2 including the manufacture of synthetic fuels and chemical products through synthesis with CO_2-free hydrogen.



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 after fiscal 2023.

- TCFD Report

Environmental Management Activities Plan 2024 (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 in its supply chain (Scope 3), the Company aims to realize Zero-Carbon Ready by 2040 by advancing its provision of CO_2-free solutions to its business partners and customers. One aspect of Scope 3 reductions is the public disclosure of CO_2 emissions reduction contributions* by products.

* For information on emissions reduction contributions, refer to "Reducing CO_2 Emissions through Product-Based Contributions" below on this page.

Key Strategies of the Environmental Plan 2023	Achievements in Fiscal 2023
(a) Reduction of CO_2 emissions in entire supply chain	
• We will consider the introduction of CO_2 visualization systems to reflect supplier efforts to reduce CO_2 emissions by using supplier-specific CO_2 emissions data to calculate the CO_2 emissions levels of procured goods.	• We introduced and started operation of CO_2 visualization systems.
• We will promote fuel efficiency improvements and energy conversion from fossil fuels to reduce CO_2 emissions from products sold.	• We promoted energy conversions for products in each business.
• We will set Scope 1 and 2 targets for overseas business sites to promote carbon neutrality.	• We formulated DAC plans rather than setting Scope 1 and 2 targets for overseas business sites.
• We will promote the acquisition of SBT certification.	• We applied for SBT certification.
• We will establish consolidated data on CO_2 emissions (Scope 3).	• We began verification with a certification organization to gain an understanding of data on a consolidated basis.
(b) Expanded introduction of decarbonized energy	
• For hydrogen power generation, we will continue considerations on 100 MW-class power plants, on-site hydrogen generation, and Kawasaki CO_2 Capture (KCC).	• We conducted investigations for achieving zero-emissions plants.
• We will consider expanding introduction scope for solar power generation.	• We entered into a new PPA agreement and installed solar power generating equipment at the Harima Works in accordance with that agreement.
(c) Promotion of energy-saving activities	
• We will promote the systematic implementation of energy-saving facilities investments.	• We introduced energy-saving facilities systematically, reducing CO_2 emissions by approximately 4,000 t.
(d) Fuel conversion	
• We will formulate a roadmap for fuel conversion in the production process.	• We promoted the formulation of a roadmap.

The Environmental Management Activities Plan 2024 (Key Strategies)

Key Strategies of the Environmental Plan 2024
(a) Reduction of CO_2 emissions in entire supply chain • We will promote the introduction of CO_2 visualization systems to reflect supplier efforts to reduce CO_2 emissions by using supplier-specific CO_2 emissions data to calculate the CO_2 emissions levels of procured goods. • We will promote fuel efficiency improvements and energy conversion from fossil fuels to achieve 2040 Zero-Carbon Ready and reduce CO_2 emissions from products sold. • We will acquire SBT certification.
(b) Expanded introduction of decarbonized energy • For hydrogen power generation, we will continue considerations on 100 MW-class power plants, on-site hydrogen generation, and Kawasaki CO_2 Capture (KCC). • We will create a mechanism for efficiently expanding the maximum introduction of solar power generation.
(c) Fuel conversion • We will promote the systematic implementation of energy-saving facilities investments. • We will promote the introduction of EVs and FCVs for on-site vehicles. • We will promote the decarbonization of production equipment.

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 CO_2 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 12,610 kW including Group companies.

In fiscal 2023, these systems generated 13,632 MWh, of which 10,488 MWh was used in-house. Electric power used in-house is equivalent to 1.51% of the electricity consumed throughout the entire Group.

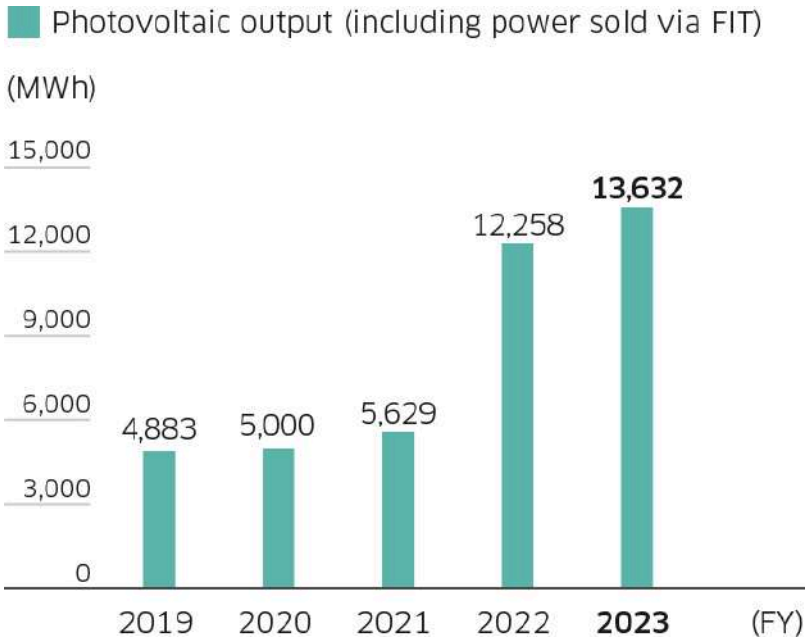
The Kawasaki Group's Solar Power Generation Capacity

Name	Power Usage	Generation Capacity (kW)
Iwaoka Photovoltaic Power Generation Station1*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	783
Kawasaki Motors Enterprise (Thailand) Co., Ltd.	Used in-house via PPA	5,000
Kawasaki Precision Machinery (UK) Ltd.	Used in-house	999
Total		**12,610**

*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: 1,444-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 CO_2 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 CO_2 emissions by advancing its investments in equipment with a focus on projects with a high CO_2 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.

In addition, in accordance with the Act on Rationalization of Energy Use and Shift to Non-fossil Energy, Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors aim to reduce unit energy consumption by an average of 1% per year.

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, since fiscal 2022, the Company has introduced internal carbon pricing.

Specifically, a carbon surcharge will be imposed in an amount calculated by multiplying the Scope 1 and 2 emissions of Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors in the previous fiscal year by a CO_2 unit price (2000 yen/t-CO_2). The aim is to make concentrated investments in carbon neutrality efforts based on the funds generated from surcharges of the internal carbon pricing program.

Reducing CO_2 Emissions through Product-Based Contributions

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

Nearly 90% of CO_2 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 CO_2 emissions during their use. To reduce products' post-sale CO_2 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 CO_2 emissions are listed below. In fiscal 2017, we revised our rules for calculating CO_2 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 CO_2 emissions reduction* through products we sold in fiscal 2023 was about 16.30 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 CO_2 emissions compared to earlier products (refer to the calculation rules below.)

Key Products That Contribute to Reducing CO_2 Emissions During Use (by Segment)

Aerospace Systems

Airplanes and Space
- Boeing 787 (component production)
- BK117 helicopters

Jet Engines
- Trent 1000 for the Boeing 787
- PW1100G-JM for the Airbus A320neo

Energy System & Plant Engineering

Energy System
- Gas engines for power generation, including the M1A, M5A, and M7A series industrial-use gas turbines
- Non-heated boilers (plant waste heat, waste incineration waste heat)

Plant Engineering
- LNG tanks
- Crushing machine plant (CK Mill[1])

Marine Propulsion
- Marine propulsion systems (E-series Rexpeller[2])

Precision Machinery & Robot

Precision Machinery
- Hydraulic systems for construction and industrial machinery (K8V 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
- duAro dual-arm SCARA robot, NT420 general-purpose clean robot
- BX200L spot welding robot, KJ264/314 large painting robots

Transportation

Ship & Offshore Structure
- LNG carriers, LPG carriers
- Ship operation support system (SOPass[3])

Rolling Stock
- Standard railcars (efACE[4])
- Mainline/switcher diesel electric locomotives

Motorcycle & Engine
- 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

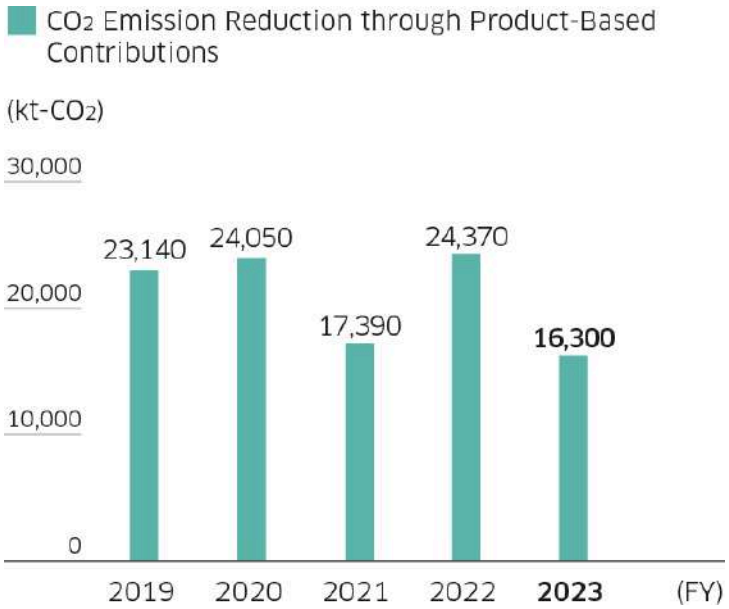
Calculation Rules

- 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 CO_2 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: CO_2 emissions through product-based contributions = (annual CO_2 emissions from conventional products - annual CO_2 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 CO_2 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 CO_2 emissions.

CO_2 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 CO_2 emissions factors provided in the list of calculation methods and emissions factors published by Japan's Ministry of the Environment.
2. The CO_2 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 CO_2 emissions reduction effect through product-based contributions.



Particularly notable products that contribute to reducing CO_2 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

External Affairs Activities Concerning Climate Change

Our Basic Stance and Structure

To contribute to realization of a society that limits the increase in the global average temperature to 1.5°C compared to pre-industrial times, the objective of the Paris Agreement, the Kawasaki Group is using its technological knowledge and expertise relating to decarbonization, actively participating in trade association activities, and contributing to the formulation of policy recommendations concerning climate change mitigation and adaptation. The directors in charge of the relevant departments ensure that trade association and public policy engagement is in line with the Group's strategies concerning responses to climate change and report as necessary to the Board of Directors, the highest decision-making body responsible for deliberating on and finalizing fundamental sustainability policies and basic plans for the entire Group.

In cases where we identify substantial misalignments between the activities of organizations of which the Group is a member and the objectives of the Paris Agreement, we engage in constructive dialogue with those organizations based on the Group's climate change strategy and business activities, and if those misalignments cannot be eliminated after the passage of a certain period of time, we consider appropriate responses including withdrawal.

Engagement in Public Policy and Regulations Concerning Climate Change

Hydrogen, a source of clean energy that does not emit any CO_2 during use, has become a focus of attention as one solution for achieving a carbon neutral society by 2050. In response, the Kawasaki Group has positioned the achievement of carbon neutrality centered on hydrogen electricity generation as one pillar of our climate change strategy and is now working to carry out that strategy in collaboration with policymakers and trade associations.

Group Vision 2030, our management strategy, positions new business including the hydrogen business as our primary growth scenario and seeks to achieve the 1.5°C target in line with the Paris Agreement. The hydrogen business in particular is positioned at the center of the Company's business growth and transition plan, and we are actively cooperating with policymakers, trade associations, and others to assess hydrogen GHG emissions and formulate international supply chain rules with the aim of achieving the objectives of Group Vision 2030 and carbon neutrality at an early stage.

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 Ver3 Jul 2023: Methodology for Determining the Greenhouse Gas Emissions Associated with the Production of Hydrogen

  IPHE Partners

Establishing International Rules Relating to Assessment of CO_2 Emissions in Hydrogen Supply Chains

The Kawasaki Group is using the technical knowledge and data concerning international liquefied hydrogen supply chains that it has accumulated as a top runner in an effort to establish international rules relating to methodology for calculating CO_2 emissions in collaboration with relevant organizations.

Specifically, in May 2023, we announced a collaboration with DNV, an international third-party certification body, to establish methods of calculating CO_2 emissions during maritime transportation of liquefied hydrogen. Our ultimate objective is to have our efforts reflected in standardized international rules. We also participated in the formulation of the Technical Specification relating to a methodology for calculating CO_2 emissions in processes from hydrogen production to transport issued by the ISO in November 2023.

In addition, Yoshinori Kanehana, the Company's Chairman of the Board, served as co-chair of the Hydrogen Council from January 2022 to June 2024. The Hydrogen Council is an organization that promotes the roles that hydrogen can play in the global-scale transition to alternative fuels and currently has approximately 140 members from various industries around the world. We participate in discussions on methodologies for evaluating GHG emissions with council members.

- [Related Link]

  Memorandum of Understanding with DNV, a Third-Party Certification Body, for Collaborative Work to Visualize CO_2 Emissions in the International Liquefied Hydrogen Supply Chain (Kawasaki Press Release on May 29, 2023)

  ISO/TS 19870:2023 - Hydrogen technologies

  Hydrogen Council

Active Contribution to Climate Change Organization

HySTRA

As a member of HySTRA (CO_2-free Hydrogen Energy Supply-chain Technology Research Association), the Company participates in efforts to build a CO_2-free hydrogen supply chain consisting of hydrogen production, transport/storage, and utilization, 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 cryogenic technologies it has developed such as for LNG carriers, LNG storage tanks, and liquefied hydrogen tanks for rocket fuel.

- [Related Link]

  CO_2-free Hydrogen Energy Supply-chain Technology Research Association

JH2A

The Company has participated in the Japan Hydrogen Association (JH2A), an organization that promotes global collaboration on the hydrogen field and the formation of hydrogen supply chains, as an executive board member since its foundation in December 2020. We support the purpose of the JH2A, which is to build a hydrogen society at an early stage through the realization of social implementation projects, and by working with other member companies and organizations, national and local governments, and academia, we are promoting the "global collaboration and cross-industry, open initiatives in the hydrogen field" supported by the JH2A, thereby contributing to the development of hydrogen supply chains and a hydrogen society.

- [Related Link]

  Japan Hydrogen 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 forwarding initiatives aimed at realizing a recycling-oriented society while promoting the effective use of its finite 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) and Achievements in Fiscal 2023

Key Strategies of the Environmental Plan 2023	Achievements in Fiscal 2023
(a) Water security response	
• We will organize water risks and opportunities at domestic and overseas manufacturing facilities and disclose countermeasures.	• We conducted macro-analyses using the LEAP approach, based on assessments of the impact of our operations on biodiversity (planned disclosure of analysis results based on the LEAP approach in 2024).
• We will ascertain consolidated data on water withdrawal and water discharged.	• We are currently preparing for consolidated-basis disclosure from fiscal 2024 data (for fiscal 2025 disclosure).
(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 formulated a business model after determining the scope of projects to be considered for such a model.
• We will maintain ratio of direct-to-landfill waste to total waste generation at 1% or less (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors).	• We achieved the target of a landfill disposal rate of 1% or less.
• We will proceed with the systematic disposal of PCB waste.	• We implemented systematic disposal.
• We will ascertain consolidated data on waste emissions.	• We are currently preparing for consolidated-basis disclosure from fiscal 2024 data (for fiscal 2025 disclosure).
• 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.	• We began to compile data on the weight of plastics purchased and plastic waste disposed of.

The Environmental Management Activities Plan 2024 (Key Strategies)

Key Strategies of the Environmental Plan 2024
(a) Resource and water cycles • We will organize water risks and opportunities at overseas manufacturing facilities and expand the content of TNFD considerations. • We will formulate a business model catering to a circular economy. • We will maintain ratio of direct-to-landfill waste to total waste generation at 1% or less (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors). • We will proceed with the systematic disposal of low-concentration PCB waste. • We will proceed with data compilation for major plastic products in response to the Act on Promotion of Resource Circulation for Plastics.
(b) Enhancing data compilation and capacity to disseminate information • We will obtain third-party assurance of water and waste emissions data. • We will disclose water and waste emissions data on a consolidated basis from fiscal 2024 data (for fiscal 2025 disclosure).

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. In addition to resources used in the manufacture of products, we are reducing the resources used in the packaging of products by expanding the application of returnable shipping trestles and transitioning to packaging materials with lower environmental impacts.

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.

- Kawasaki Group Sustainable Procurement Guidelines

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 waste emissions for the Kawasaki Group over the past four years as well as the amount of waste and hazardous waste for Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors are indicated on the ESG data page. The landfill disposal rate (= direct-to-landfill waste generation ÷ total waste generation) for Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors was 0.1%, thereby achieving the target of 1% or less.

- 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
- Weight reduction of product packaging materials
- 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
- Ease of product transport operations
- 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

Motorcycle Recycling System

Kawasaki Motors, Ltd. participates in the Motorcycle Recycling System, a voluntary initiative which has been jointly operated by Japanese motorcycle manufacturers and importers since 2004. The actual recycling rate for fiscal 2023 as part of this Motorcycle Recycling System was 97.8%. Since October 2011, we have also made recycling free of charge (excluding transport costs) for customers disposing of their motorcycles.

Additionally, we are engaged in initiatives for the environmentally conscious design of new motorcycle models, including reduce and recycle initiatives, from the development stage. We meanwhile conduct preemptive assessments of 3R initiatives in advance of the design, prototyping, and mass production stages. We have particularly endeavored to improve recyclability through measures including the adoption of easily recyclable materials. Our recyclability rate, calculated in accordance with the "Guidelines for the Definition and Calculation Method on the Recyclability Rate for New Vehicles (JAMA 1998)" issued by the Japan Automobile Manufacturers Association, Inc. (JAMA) is 90% or more for all models, with the majority of models having achieved a recyclability rate of 95% or more.

- Progress Status of Kawasaki's Voluntary Initiatives for Motorcycle Recycling (Japanese language only)

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 the Group has to date implemented scheduled disposals internally, an incident occurred in which high-concentration PCB waste was newly discovered at a plant, with this waste again disposed of in fiscal 2023. At present, a small quantity of high-concentration PCB waste is awaiting contracted disposal under an outsourcing agreement with a waste disposal company, with this waste being appropriately stored while we advance systematic efforts for the disposal of the remaining low-concentration PCB waste.

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 their plants. In addition, we are monitoring wastewater discharge by setting voluntary control standards for wastewater discharged from plants, with these standards more stringent than discharge standards under laws and ordinances, with Kawasaki thereby working to improve wastewater quality.

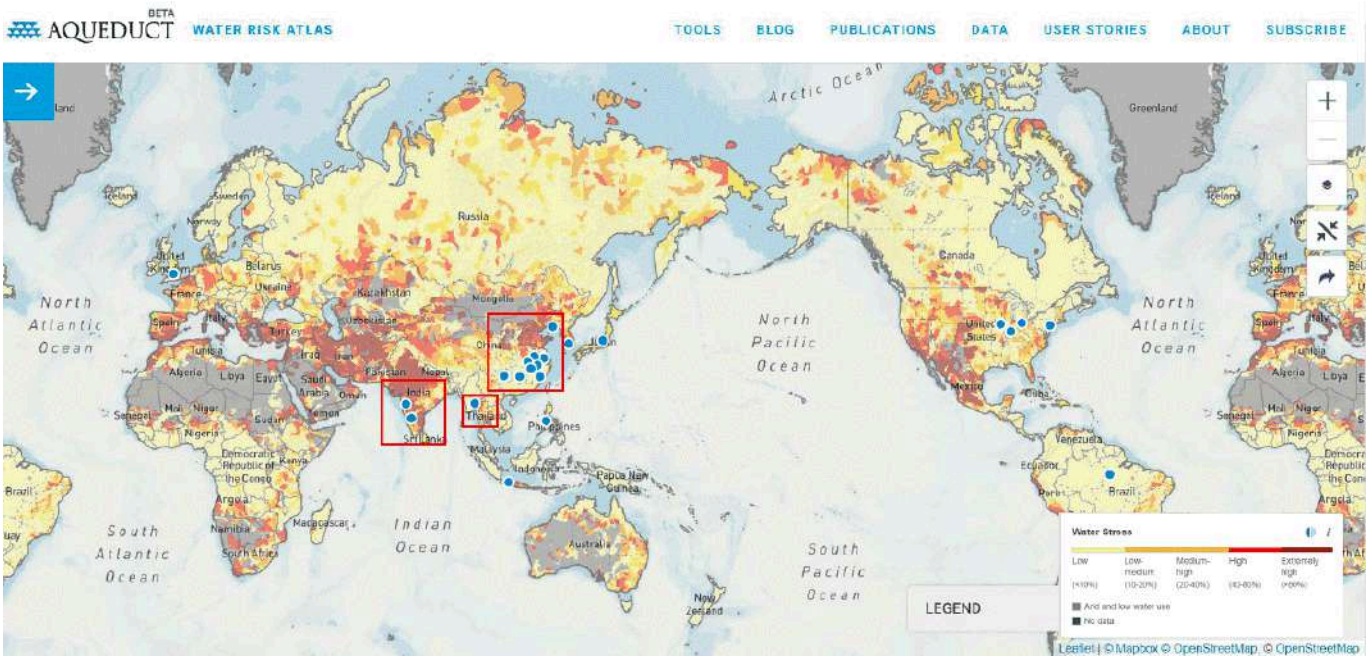
Water withdrawal, water discharged, and water consumed at Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors over the last four years are shown on the ESG data page. We are undertaking initiatives to reduce the amount of water we consume through means including the use of recycled water. We are meanwhile exploring ways for water to be used in an efficient and effective manner while reconfirming its various usages, such as during production activities and in boilers. 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. Going forward, we will implement more detailed analyses and actively institute measures to address any issues.



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 reduces the environmental impacts of its products and business activities 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) and Achievements in Fiscal 2023

Key Strategies of the Environmental Plan 2023	Achievements in Fiscal 2023
(a) Proper management of harmful chemical substances and consideration of alternatives	
• We will properly manage major VOCs (toluene, xylene, and ethylbenzene), dichloromethane, and hexavalent chromium. • We will establish consolidated data for major harmful chemical substances.	• Use of major VOCs and hexavalent chromium increased year-on-year. Use of dichloromethane decreased from the previous year. • We are currently preparing for consolidated-basis disclosure from fiscal 2024 data (for fiscal 2025 disclosure).
(b) Response to biodiversity (TNFD)	
• We will conduct macro-analyses to assess the impact of our operations on biodiversity and disclose the results of these analyses and the countermeasures undertaken.	• We conducted macro-analyses using the LEAP approach, based on assessments of the impact of our operations on biodiversity (planned disclosure of analysis results based on the LEAP approach in 2024).

The Environmental Management Activities Plan 2024 (Key Strategies)

Key Strategies of the Environmental Plan 2024
(a) Protecting biodiversity (responses to TNFD) • We will investigate registration of Nationally Certified Sustainably Managed Natural Sites. • We will advance investigation of proper management of harmful chemical substances and consideration of alternatives.
(b) Enhancing data compilation and capacity to disseminate information • We will obtain third-party assurance of harmful chemical substance data. • We will disclose harmful chemical substance data on a consolidated basis from fiscal 2024 data (for fiscal 2025 disclosure).

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.

In fiscal 2022, the use of dichloromethane, hexavalent chromium, and major VOCs all decreased from the previous fiscal year. In fiscal 2023, usage of major VOCs and hexavalent chromium increased, while usage of dichloromethane decreased year-on-year.

- 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 the upstream supply chain using similar sectors.

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. Regarding these items, we will conduct a detailed analysis based on the unique conditions of the regions where we conduct business and link the results to measures for protecting biodiversity.

	No.	Impact drivers	Own operations							Upstream activities					
			1	2	3	4	5	6	7	8	9-1	9-2	10	11-1	11-2
			Aircraft	Energy Solution	Plant Engineering	Ship & Offshore Structure	Railcar	Precition Machinery & Robot	Motorcycle for Leisure, Four Wheeler	Plastic	Iron		Stainless Steel	Alminum	
			Aerospace & Defense (Manufacture of machinery, parts and equipment)	Heavy Electrical Equipment (Manufacture of machinery, parts and equipment)	Construction & Engineering (Infrastructure builds)	Construction Machinery & Heavy Trucks (Manufacture of machinery, parts and equipment)	Construction Machinery & Heavy Trucks (Manufacture of machinery, parts and equipment)	Industrial Machinery (Manufacture of machinery, parts and equipment)	Motorcycle Manufacturers (Manufacture of machinery, parts and equipment)	Commodity Chemicals (Catalytic cracking, fractional distillation and crystallization)	Iron (Iron extraction)	Iron (Iron metal production)	Steel (Steel production)	Aluminium (Mining)	Aluminium (Alumina refining)
Ecosystem Use	1	Terrestrial ecosystem use	ND	ND	VH	ND	ND	ND	ND	H	VH	ND	ND	VH	ND
	2	Freshwater ecosystem use	ND	ND	H	ND	ND	ND	ND	ND	ND	ND	ND	H	ND
	3	Marine ecosystem use	ND	ND	VH	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Resource Use	4	Water use	H	H	H	H	H	H	H	H	VH	VH	H	VH	VH
	5	Other resource use	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
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	ND	H	ND
	8	Water pollutants	H	H	M	H	H	H	H	H	ND	M	ND	H	H
	9	Soil pollutants	H	H	H	H	H	H	H	H	ND	ND	ND	H	H
	10	Solid waste	H	H	M	H	H	H	H	H	ND	H	H	H	H
Others	11	Disturbances	M	M	H	M	M	M	M	ND	H	H	ND	H	ND

Legend

VH	H	M	L	VL	ND
Very High	High	Medium	Low	Very Low	Non-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 conscious products, as a means of reducing the environmental impact 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. In product development, we contribute in various ways to promoting a reduction of the environmental impact, including the improvement of energy efficiency through the fuel and power efficiency of products and so on; a reduction in environmental-load emissions, such as greenhouse gases and harmful chemical substances, in production processes; and resource saving in products themselves.

In light of an increase in recent years in the registration of epoch-making decarbonization solutions, such as hydrogen equipment, in February 2024 we established three new categories (the Decarbonization Category, Transition Category, and Electric and Energy Saving Category) to clearly evaluate the diversifying products and conduct appropriate certification and registration. From the three perspectives of innovative initiatives to realize a decarbonized society, continuous activities to reduce the environmental impact as a transition to a decarbonized society, and further energy-saving activities in electric products, solutions, and so on that contribute to decarbonization, we will aim to realize a carbon-neutral society (CO_2 FREE), a recycling-oriented society (Waste FREE), and a society coexisting with nature (Harm FREE).

We heighten the desire of employees to create valuable products by paying an incentive (monetary compensation) to employees involved in the development of newly registered products in accordance with the product's certification class.

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: CO_2 FREE (reduction of CO_2 emissions), Waste FREE (reduction of industrial waste), and Harm FREE (reduction in the release of harmful chemical substances).

We have established three new categories (the Decarbonization Category, Transition Category, and Electric and Energy Saving Category) and, as explained below, register products as S Class or A class depending on the extent to which they meet evaluation standards.

S Class: Product evaluated as corresponding to the highest level in the industry in terms of environmental consciousness

A Class: Product evaluated as exceeding the standard industrial level or the level of our previous model in terms of environmental consciousness

Number of registered products

In this system we constantly maintain up-to-date registration 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

For details on the registered products, please refer to Kawasaki ecological frontiers registered products.

- Kawasaki Ecological Frontiers Registered Products

Impact of the System

The CO_2 emissions reduction effects*1 of the Group's environmentally conscious products, including those registered under the Kawasaki Ecological Frontiers system, were 16,300 kt-CO_2*2 in fiscal 2023. The certified and registered products are contributing in many ways to reducing annual CO_2 emissions and other environmental impact. 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 CO_2 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-CO_2. Thus, 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 CO_2 emissions of approximately 10.86 million cars.

Additionally, the sales ratio for environmentally conscious products, including Kawasaki Ecological Frontiers products, in fiscal 2023 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-brand Green Products to Kawasaki Ecological Frontiers. In addition to the preexisting idea of Kawasaki-brand 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 by 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 (CO_2 FREE), a recycling-oriented society (Waste FREE), and a society coexisting with nature (Harm FREE).

- For details, please refer to CO_2 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.



Topics

The Kawasaki Ecology Prize 2023

Among products registered under the Kawasaki Ecological Frontiers system, the Kawasaki Group especially awards the Kawasaki Ecology Prize to products that receive positive external environment-related assessment and that have contributed substantially to the Group's business operations in the evaluation period.

The following product was chosen this time:
Product name: GREEN Gas Engine KG-18-T



The GREEN Gas Engine KG-18-T was selected for the Kawasaki Ecology Prize 2023 because, in addition to its technological excellence, achieving a high level of electrical efficiency and enabling rapid startup, it was recognized as having acquired an extremely large share of the domestic market for 8MW-class gas engines; orders from overseas have been increasing too.
This product has received the following external awards:

External Awards

- FY 2020 Chairman's Award in the Technology Development Category from the Advanced Cogeneration and Energy Utilization Center
- FY 2022 Commissioner of the Agency for Natural Resources and Energy Award from the Japan Machinery Federation
- FY 2022 Technology Award from the Combustion Society of Japan

- Kawasaki Green Gas Engine KG-18-T

Society

136 Product Safety and Quality
140 Customer Relationship Management
145 Business and Human Rights
157 Working with Suppliers
164 Human Resource Management
176 Human Resource Development
186 Diversity, Equity, and Inclusion
197 Occupational Safety, Hygiene, and Health
208 Social Contribution Activities

Product Safety and Quality

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 Safety and Quality 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

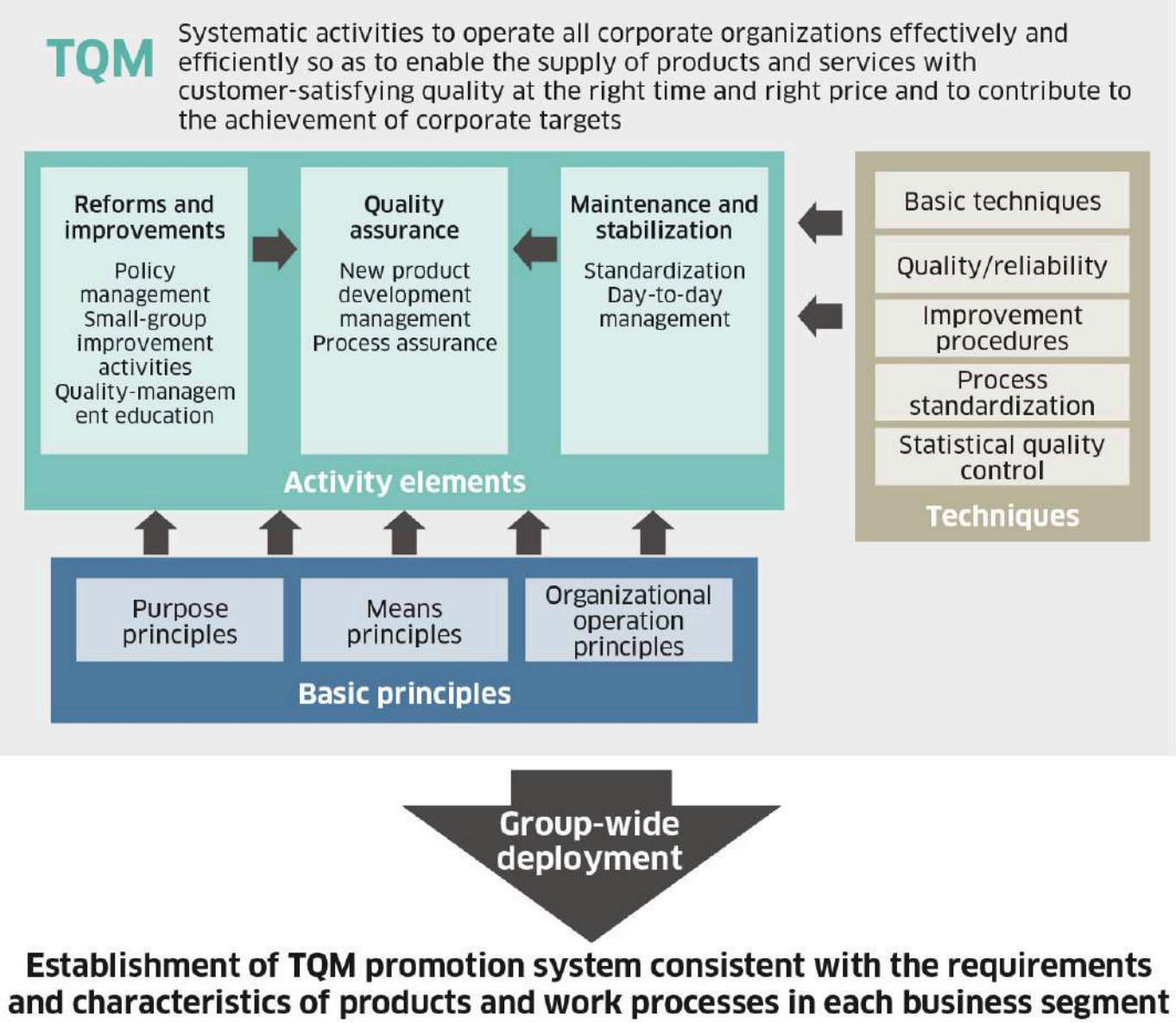
- The Kawasaki Group Code of Conduct
- Kawasaki Group Policy on Quality Management

Structure

We have established the TQM* Department within the Corporate Technology Division and are promoting Group-wide quality-assurance activities centering on policy management, daily management, quality assurance by process, and quality management education and training based on the TQM approach. We have also established divisions responsible for quality control in each business segment so as to promote quality-improvement activities within these business segments.

* Abbreviation of Total Quality Management

Support for the building of best-suited TQM promotion system 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 TQM promotion system, including quality assurance.

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

Product Safety and Quality Management

We have built a quality-assurance system that, for each business segment 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

ISO 9001 Certification Status

The Kawasaki Group acquires ISO 9001 certification at the level of business segments or Group companies, with approximately 70% of domestic and overseas production sites having obtained this certification.

- 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 and Robot Business Division)
- Kawasaki Railcar Manufacturing Co., Ltd.: Certified
- Kawasaki Motors, Ltd.: Certified

- Refer to ISO Certification Status for details of the statuses of certification at production sites of the Kawasaki Group.

Promotion of TQM Activities

- Promotion of quality-assurance activities and TQM activities in business segments
  We position TQM as an approach toward supplementing and strengthening quality-assurance activities in business segments. 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 approach.
- 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 in all business segments and at 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.

Education and Awareness Raising on Product Safety and Quality

We implement TQM education for all employees and at all levels in an effort to raise awareness of quality. In each business segment 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 product safety.

Measures in the Event of Product Quality Defects and Incidents

We monitor the status of quality defects and incidents involving Kawasaki products, ensuring that required countermeasures are being implemented and reflecting findings to enhance our quality management systems.

In the event of quality defects or incidents with a grave impact on our customers or on society, or major quality defects or incidents which significantly undermine trust in the Group, these are reported as expeditiously as possible to both the President and the supervisory departments at Head Office. Such defects and incidents are additionally reported to the Corporate Communications Group and other relevant departments, with notifications issued and information disclosed to the competent authorities.

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 mobility, such as ships, rolling stock, and aircraft, to energy-related products, such as gas turbines and gas engines, as well as industrial equipment, such as robots and industrial plants, and also leisure products, such as motorcycles. We are well aware that it is extremely important to reflect our customers' demands in our products and services as quickly as possible.

Each business segment 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

The Kawasaki Group handles a highly diverse product lineup and engages in both B-to-B and B-to-C business, and consequently, we conduct CRM tailored to the specific characteristics of each business. Specifically, each business segment implements online surveys, questionnaires, and interviews relating to customer satisfaction, has established contact pages on the Company website, and collects opinions from stakeholders including customers.

In addition, since fiscal 2013, the Marketing & External Affairs Division conducts annual follow-ups to the measures implemented by individual business segments for enhancing customer satisfaction in an effort to share information from a company-wide perspective and raises awareness of CRM.

Through these activities, the Group as a whole strives to raise customer satisfaction and provide prompt feedback to requests.

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 business segment 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.

Measures by Kawasaki Motors, Ltd.

The main customers of Kawasaki Motors, Ltd. are ordinary consumers, and accordingly, in addition to direct interview-style questionnaires, the company also obtains responses from large numbers of customers around the world through online questionnaires in an effort to measure customer satisfaction with the products that they have purchased. In the customer satisfaction surveys administered to customers who purchased products in Japan, the U.S., and Europe in fiscal 2023, the combined total of "excellent" and "good" responses was 96.0%. In addition, Kawasaki Motors Corporation Japan, which sells motorcycles, jet skis, and other products, received "extremely satisfied" responses from 85.4% of respondents to its customer satisfaction surveys conducted in 2023. By sharing information on survey results and customer opinions with relevant departments throughout the Company, we are able to use this information to improve product specifications and develop products.

Measures by 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 the service engineering quality.

These questionnaires, which began in fiscal 2020, show that customers highly evaluate satisfaction the company's services, with more than 90% of respondents consistently replying that the quality was "very good" or "good." In the fiscal 2023 questionnaires, the combined total of "very good" and "good" responses reached 95.1%. The questionnaires also have a free comment section, and receiving feedback in the form of customer opinions leads to improvements in services, and the company endeavors to increase response rates by taking advantage of opportunities that make it easy for customers to respond. Going forward, we will continue to make improvements and work to receive opinions from even more customers.



* Customer satisfaction is calculated as the total number of "very good" and "good" responses received on customer satisfaction surveys divided by the total number of survey responses.
* The survey response rate is calculated as the number of customers who responded to a survey divided by the total number of repair service customers.

Communication with Customers

Since customer characteristics and business practices vary widely depending on business and product, each business segment responds to customer feedback and demands in ways best suited to their businesses.

Kawasaki Motors Corporation Japan, which is a domestic sales company for the products of Kawasaki Motors, Ltd., operates Kawasaki Riders' Club KAZE, a social group for the benefit of motorcycle and jet ski users and also conducts regular programs to support the motorcycle and jet ski related lifestyles of customers, such as organizing new product announcements and social events and holding safe riding classes in various regions as part of its contribution to traffic accident reduction efforts. Kawasaki Motors Corporation Japan also has a customer contact point to centrally respond to comments, requests, and inquiries about products from customers in Japan, manage inquiry-related information in a uniform manner, and analyze the information to inform product development. Similar systems are operated overseas as well. In the event of a recall of vehicles or other products, the relevant information is quickly posted on the company's website.

Customer Support

Customer support for products delivered to customers is provided by a variety of methods through the use of online tools in each business segment.

Measures by Kawasaki Robot Service, Ltd.

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 on non-business days. At the help desk, specialized service engineers directly listen to inquiries from customers, provide information and technical guidance, and support stable operation of customer equipment.

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

By providing K-COMMIT® Kawasaki Robot ANSHIN Lifecycle Support, a total service package, Kawasaki Robot Service, Ltd. is building strong relationships with customers that use Kawasaki robots. Through TREND Manager®, it continuously monitors the condition of robotic equipment via the Internet and conducts predictive 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 malfunctions. In the event of a robot error, it provides various services, including speedy support through automatic email transmission. 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. Kawasaki Robot Service, Ltd. continuously improves K-COMMIT® with the objective of achieving zero downtime.



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

Measures by Energy Solution & Marine Engineering Company

Techno-Net, a Gas Turbine Remote Monitoring System

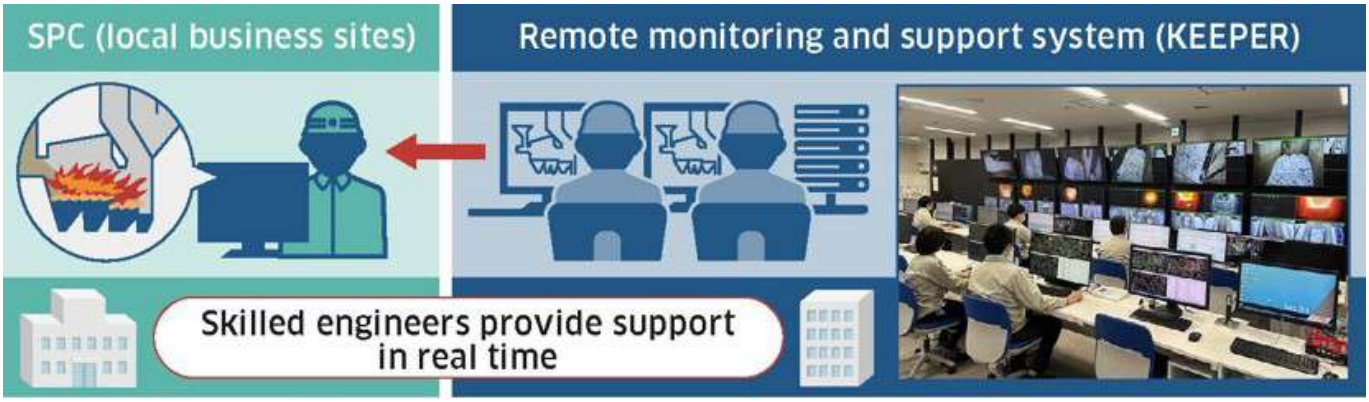
Techno-Net is a system that performs 24-hour remote monitoring of gas turbine co-generation systems and gas engine generator equipment delivered to customers through Kawasaki Machine Systems, Ltd.

If a problem occurs, a rapid response is made to identify the cause and quickly restore the equipment, contributing to improved customer equipment availability.

- For information on Techno-Net, please refer to Techno-Net website.

KEEPER, a Remote Monitoring and Support System for Waste to Energy Plant

We created a system that enables monitoring of the operational status of waste to energy plants through communications between the central control rooms of each facility and a dedicated room established at the Kobe Works. As of April 2024, this system has been installed at 12 facilities. By grasping the operational status of each facility in real time 24 hours a day, we are able to quickly infer and identify the cause of a problem, and operation from the environmental remote monitoring room is also possible. As a result, effective and appropriate operational management can be performed, contributing to improved satisfaction by local government customers that manage waste to energy plants.



KEEPER conceptual diagram

Online Strategy

Each business segment 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 MOTORCYCLE, an official smartphone application that links to supported motorcycle models.

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 2023.

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 Children's Rights and Business Principles, 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."

In addition, the Kawasaki Group Policy on Human Rights expressly prohibits discrimination, which is a key human rights issue. Specific measures targeting Kawasaki Group employees in Japan for the prevention of discrimination include annual training courses covering diversity and inclusion and awareness-raising activities.

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.

As a specific initiative, since fiscal 2014, the presidents of each Group company have signed a Confirmation and Declaration of the Abolition of Forced Labor and Child Labor. We prepared these confirmations based on the business guidelines for the labor principles of the United Nations Global Compact to confirm that child labor and forced labor are not in use anywhere in the Kawasaki Group and further, to declare that they never will be used in the future.

Similarly, each Group company including overseas subsidiaries has also implemented the Kawasaki Group Sustainable Procurement Guidelines, which cover respect for human rights, and calls on suppliers to work with the Group as a team to uphold these guidelines.

- The Kawasaki Group Code of Conduct
- The Kawasaki Group Policy on Human Rights
- Participation in External 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 includes an overview of international norms relating to human rights and labor, an explanation of the responsibilities required of companies in relation to business and human rights in light of global trends, and an explanation of the Group's human rights policies and initiatives. In fiscal 2023, the training was conducted for domestic Group employees, and 10,336 employees participated.

- Number of Employees Who Underwent Training on Business and Human Rights Training (ESG Data)

Harassment Prevention

Kawasaki established the Harassment Prevention Regulations, which prohibit conduct that undermines individual dignity including sexual harassment and power harassment, and provides grade-specific training to provide proper guidance and increase awareness to create comfortable, harassment-free working environments. In fiscal 2023, in addition to grade-specific training, Kawasaki conducted compliance training for domestic Group managers with a focus on LGBT issues and Dowa issue, and a total of 4,318 persons participated.

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 hold meetings with employees seeking advice or help through either system and respond fairly to incidents while remaining committed to respecting their privacy.

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

If conduct constituting harassment is determined to have occurred, the offending employee is subject to disciplinary measures pursuant to the rules of employment, taking into consideration the degree of severity and other factors.

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 External 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.

- Labor Union Data (ESG Data)

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.

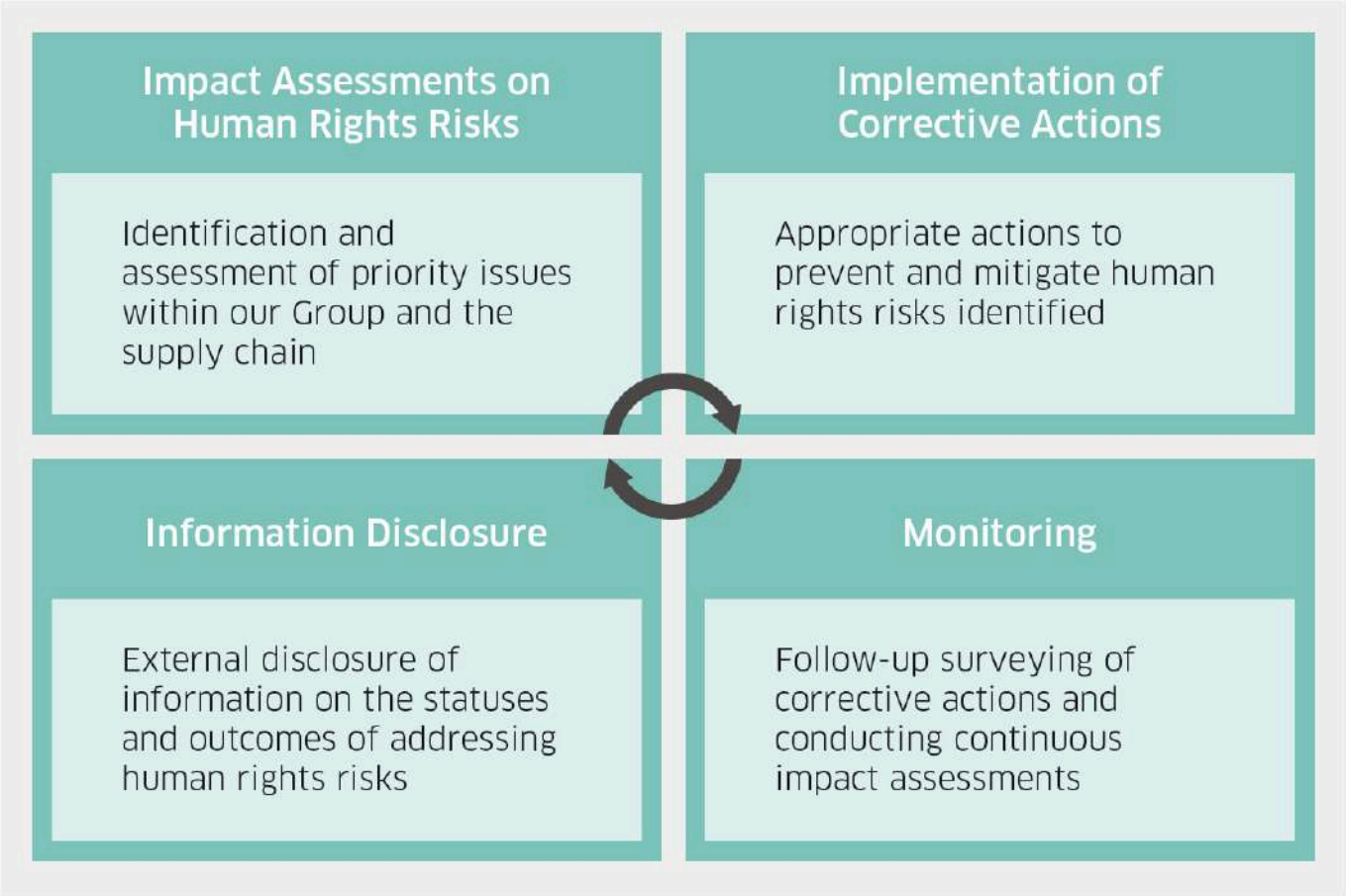
Furthermore, the Kawasaki Group Code of Conduct states that "We do not provide products and technologies for unethical purposes of use" and requires that Group members be aware of the ethical responsibilities associated with the provision of Group products and technologies.

Human Rights Due Diligence

The Kawasaki Group established a human rights due diligence process based on the Kawasaki Group Policy on Human Rights with the objective of identifying, preventing, and mitigating adverse impact on human rights resulting from our corporate activities. When necessary, we take corrective action with full responsibility.

Specifically, we assess the impact of identified human rights risks based on the Group's business activities and endeavor to take appropriate action to prevent and mitigate human rights risks based on the results. We also conduct ongoing monitoring including follow-up surveys relating to the status of implementation of corrective actions and ongoing impact assessments on human rights risks.

Human Rights Due Diligence Process



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)

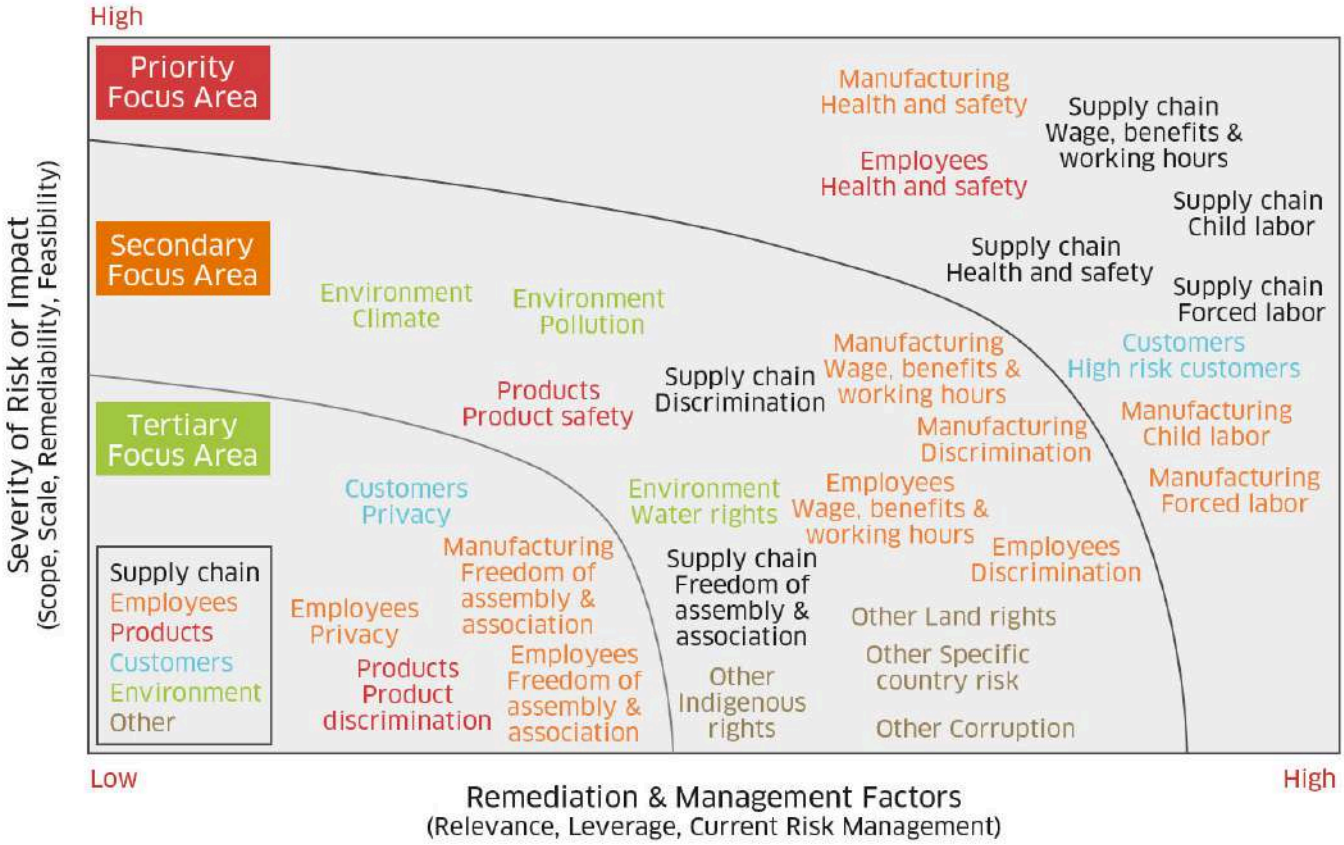
Stakeholders covered:

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. Based on these results, we formulate risk mitigation measures for priority issues within the Group and its supply chains and strive to make improvements.

- 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



Assessment of Group Companies

We conduct surveys of Group companies using a risk-based approach, utilizing a self-assessment questionnaire (SAQ) prepared by Kawasaki to address the five sections stipulated in the RBA Code of Conduct (labor, health and safety, environment, ethics, and management systems). In fiscal 2022, we conducted surveys using SAQs and held online meetings with six overseas Group companies located in countries where human rights risks are considered to be high. In fiscal 2023, we conducted surveys using SAQs of four overseas Group companies that perform production in other countries. Going forward, we plan to expand the scope and conduct monitoring of Group companies.

Corrective Measures Based on Survey Results

The results of the surveys of overseas Group companies conducted in fiscal 2022 and fiscal 2023 did not identify any issues or violations of human rights that constituted violations of laws or regulations relating to labor, health and safety, the environment, or ethics and that required emergency responses. In the areas of the environment, ethics, and management systems, however, we requested a total of five companies to individually make improvements concerning the implementation status of training, management systems, and other issues. We plan to conduct follow-up surveys on the status of measures in the future.

For information on the status of measures in supply chains, refer to The Kawasaki Group's Supply-Chain Management.

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 Officer 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. In accordance with policies on handling of personal information, we respond to each inquiry received by providing information to the relevant departments and taking appropriate action to ensure that the whistleblower and the company with which the whistleblower is affiliated are not treated disadvantageously. Anonymous reports and inquiries are also accepted.

Japan Center for Engagement and Remedy on Business and Human Rights (JaCER)

Since fiscal 2024, the Kawasaki Group has joined as a regular member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which provides an external engagement and remedy platform. Besides our existing internal and external consultation point systems, our group will receive complaints and grievances related to human rights from a wide range of stakeholders including overseas suppliers through JaCER's platform and endeavors to improve access to remedies and redress grievances by leveraging the expertise of third parties.

- JaCER Grievance Form

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"

Topics

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 business segment.

As a cross-company body, we hold the Procurement Department Head Meeting, attended also by the director in charge of procurement, once 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 business segment 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. Furthermore, we assess the compliance of our suppliers with both policies through the sustainable procurement survey, and continuously confirm the consistency between both policies and the Group's purchasing activities for suppliers, thereby endeavoring to avoid conflicts with the demands of our customers and society regarding sustainability.

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 contribution 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, domestic and overseas subsidiaries engaged in material procurement disclose their Sustainable procurement policies and guidelines 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 5,400 companies. We analyze the procurement costs for each item procured at each business segment. 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	2019	2020	2021	2022	2023
Raw materials	%	16.2	11.1	13.9	15.0	15.2
Component parts	%	22.6	19.3	21.2	20.7	26.8
Machinery and tools	%	16.5	20.7	20.6	19.8	20.7
Subcontracted processing	%	44.3	48.5	43.6	44.1	37.0
Other	%	0.5	0.4	0.6	0.4	0.3
Total	%	100	100	100	100	100

Stipulating Significant Suppliers

Significant suppliers are selected in accordance with each business segment's products based on various standards. These benchmarks include the scale of procurement above a certain transaction amount, the importance of the parts and equipment in key products, and the existence or otherwise of alternative suppliers. The selection is also informed by the results of a survey on the status of sustainability initiatives in line with the Kawasaki Group Sustainable Procurement Guidelines, which stipulate requirements related to ESG and other issues.

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	5,331 companies	100%
Significant suppliers, included in Tier 1 suppliers	531 companies	82%

* As of March 2024

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. The fiscal 2023 survey was implemented following a revision of the content of the survey based on the fiscal 2022 revision of the guidelines.

This survey is comprised of a total of 65 questions, comprehensively covering each item of the RBA Code of Conduct in a format designed to inquire into suppliers' initiatives in each of nine major categories. These categories include corporate governance regarding sustainability, compliance, consideration for human rights, labor, and occupational safety and health, consideration for the global environment, and harmonious co-existence with society.

In fiscal 2023, we identified compliance and human rights as priority management categories and performed assessments on the promotion status regarding these categories based on the results of the survey. We then formulated corrective action plans mutually agreed between the two companies for some suppliers that had failed to achieve Kawasaki's required levels, subsequently supporting the implementation of these plans and conducting on-site assessments aimed at confirming the status of sustainability-related initiatives where needed.

Going forward, we will continue to conduct surveys and provide support for corrective action plans to further enhance sustainability initiatives throughout the supply chain.

- Number of Companies Responding to Sustainable Procurement Survey (ESG Data)

Evaluation Results from Sustainable Procurement Survey (FY2023)

In fiscal 2023 we implemented a survey of major suppliers in Japan and received replies from 533 companies, which included 531 significant suppliers.

	Number of companies
Suppliers that responded to the survey	533
Significant suppliers included in the survey	531
Suppliers that have formulated corrective action plan	6
Suppliers we are supporting in the implementation of corrective action plan	6
Suppliers we have conducted on-site assessments	1

Capacity Building for Suppliers

The Kawasaki Group procures materials across a wide range of fields organized into four 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.

We also provide opportunities for direct briefings on Kawasaki's approaches to sustainability; inform suppliers of the important issues in supply chain management, such as human rights and the environment; and request that suppliers enhance 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.

Initiatives toward Realization of a Carbon-neutral Society

In keeping with the "CO_2 Free" laid out in the Kawasaki Global Environmental Vision 2050, we are aiming to eliminate all CO_2 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 CO_2, 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 CO_2 emissions, getting answers on the management of CO_2 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 CO_2 emissions and initiatives aimed at reducing them.
- In April 2024, we held a briefing on carbon neutrality for our main suppliers, with 102 suppliers (175 persons total) attending. The President appeared in person to give overviews of the Kawasaki Group's initiatives and guidelines toward the realization of a carbon-neutral society. Meanwhile we are also promoting collaboration with our suppliers, such as those involving requests that they undertake initiatives to reduce their CO_2 emissions.



Education and Training on Sustainable Procurement

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.

Thorough Compliance in Material Procurement

Each year, the Group holds workshops for 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 2023 we implemented e-learning training to make as many employees as possible aware of the Subcontract Act; about 19,000 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 2022, based on customer requests, we carried out a survey of tin, tantalum, tungsten, and gold, etc. in its aero engines and general-purpose engines business. The survey confirmed that 220 smelters were certified under the Responsible Minerals Assurance Process (RMAP).

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 Group Vision 2030 as well, the Kawasaki Group 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

For our human resource development policy, we believe that it is necessary to develop human resources capable of undertaking the challenge of engaging with new business domains and delivering results that go beyond the boundaries of internal and external organizations and of product and service categories. We also believe that appropriate management is required to motivate organizations and thereby maximize results. 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 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

"Challenge & Commitment"

"Challenge & Commitment" is an initiative that promotes challenges in new fields so as to achieve our further growth as a Group. By not only conducting routine work but also setting more challenging targets and boldly making challenges, we will enhance our results as an organization. At the same time, our aim is to foster and grow our employees through detailed conversations with supervisors at the time of setting goals and follow-up. In addition, to further clarify reflection in performance assessment, through absolute evaluation we reflect target achievement directly in bonuses and have increased the portion paid in accordance with the degree of target achievement.

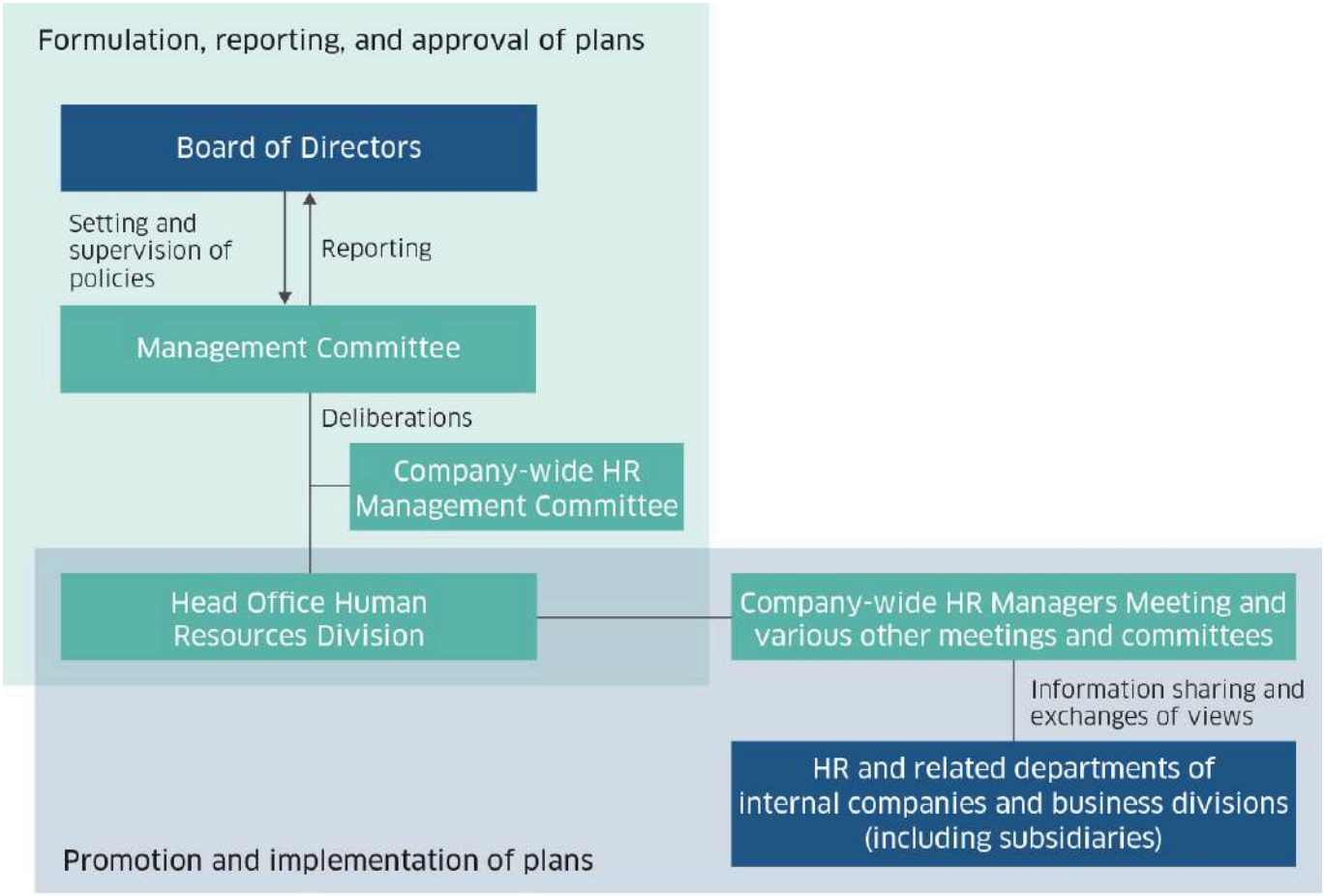


Personnel-related Structures

Company-wide policies on human resource development and utilization with significant potential impact on corporate management, in particular: 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, and other matters, are discussed and reviewed by the Company-wide HR Management Committee. With the president as its presiding officer, the Company-wide HR Management Committee is comprised primarily of internal company presidents and the Presidents of Kawasaki Railcar Manufacturing and Kawasaki Motors, and meets four times per year. This framework is designed to reflect the content of deliberations by the Company-wide HR Management Committee, with various measures then discussed at Management Committee and subsequently reported to the Board of Directors.

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 Management System



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	• 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
Company-wide HR Managers Meeting	• Sharing of information on and consideration of policies for personnel & labor administration measures • Explanations and exchanges of opinions on personnel policies and other matters of particularly high priority within the work duties under the jurisdiction of the various departments of the Human Resources Division	• Head Office Human Resources Planning Department (host) • Senior managers of human resources of business segments	Once a month
Human Resources Department Liaison Meeting*	Administrative-level discussion, consultation, and mutual communication on matters under the jurisdiction of the Human Resources Planning Department, Human Capital Development Department, and Human Resources & Labor Administration Department	• Head Office Human Resources Planning Department • The Head Office Human Capital Development Department • The Head Office Human Resources & Labor Administration Department • Managers of personnel & labor administration sections of business segments	Once a month
Meeting of managers in charge of safety & health management	Administrative-level discussion, consultation, and mutual communication on matters under the jurisdiction of the Safety & Health Management Department	• The Head Office Safety & Health Management Department (host) • Managers in charge of safety & health of business segments	Four times a year

* The Human Resources Department Liaison Meeting is hosted by the supervising department at Head Office appropriate to the meeting agenda.

Responsible Officers

Takeshi Kaneko, Managing Executive Officer, General Manager, 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 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 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] (Energy Solution & Marine Engineering Company)

Implementation of "meetings in a circle"

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.

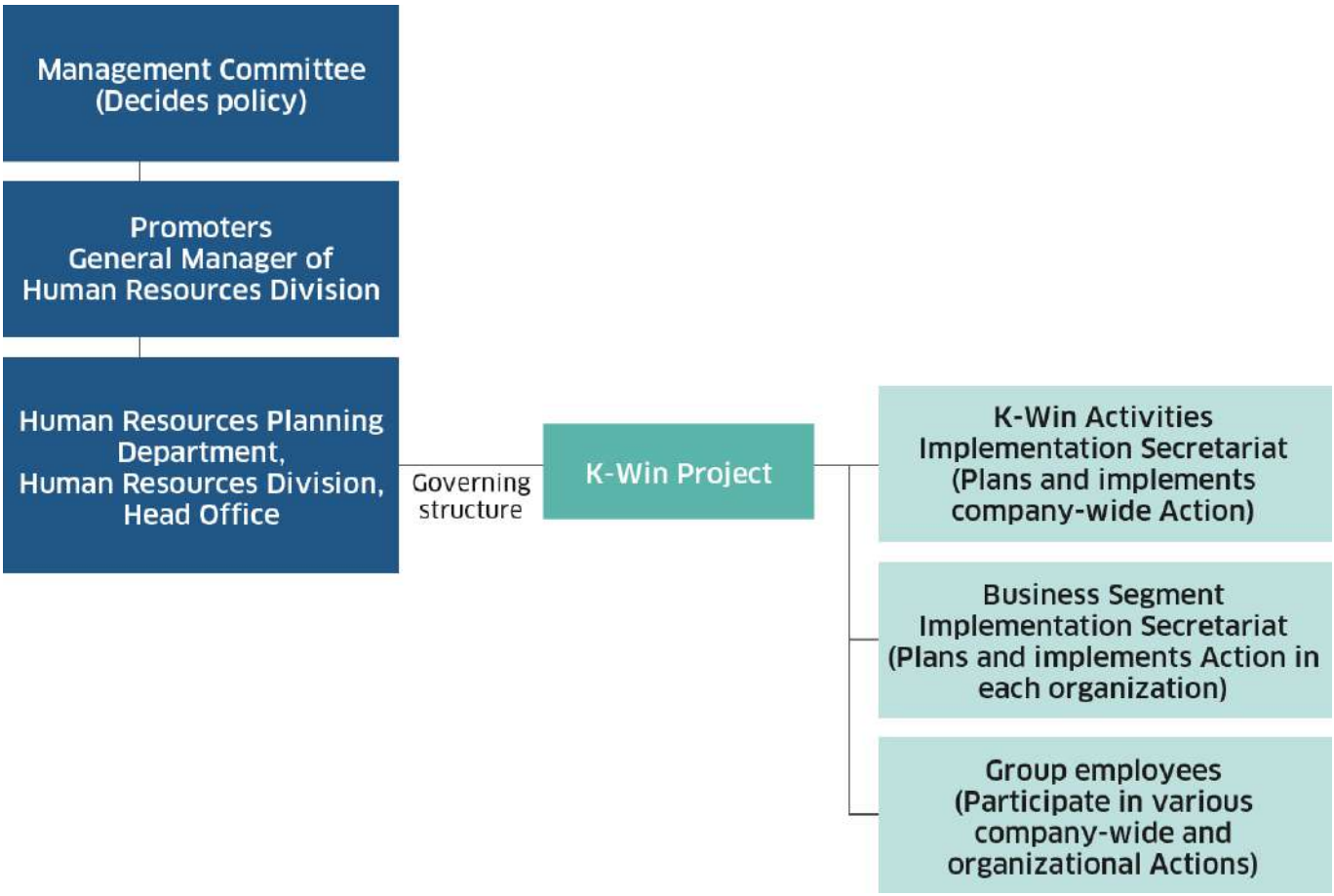
In fiscal 2022, more than 2,300 employees participated, making it a meaningful platform for management as well to hear employees' voices. Beyond simply gathering opinions, management promptly implements business actions that have been proposed via this initiative.

Implementation of "works meetings"

In 2023, as follow-up to the "meetings in a circle," we held the "works meetings" initiative for managers. In addition to overviews of business policy and expectations of the middle management from executive management, these meetings provide the opportunity for two-way communications, taking in feedback and proposals on business policy and consultation on management concerns.



K-Win Implementation Structure



Responsible Officer

Takeshi Kaneko, Managing Executive Officer, General Manager, Human Resources Division

Responsible Executive Organ and/or Committee

K-Win Activities Implementation Secretariat

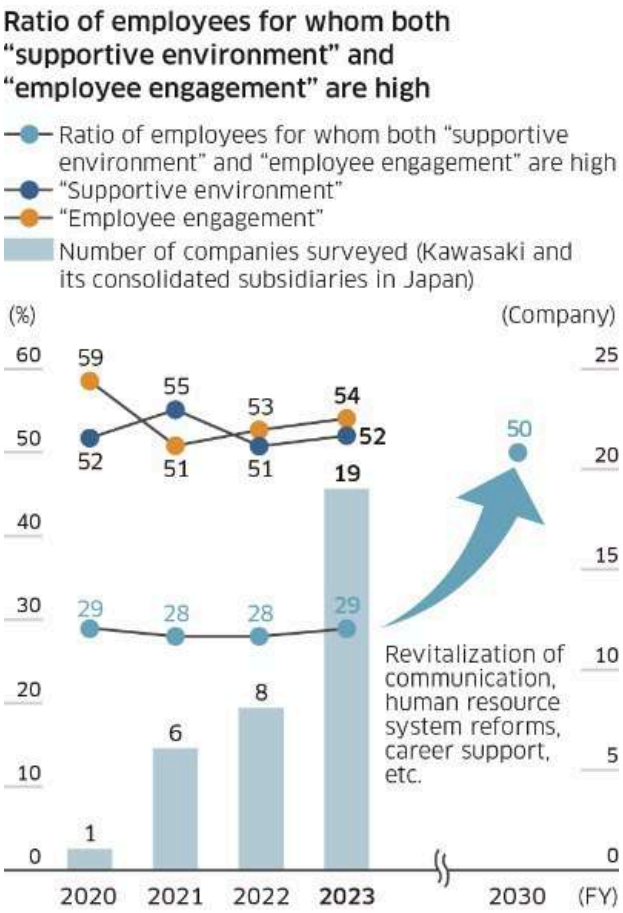
Overview of the WinDEX Engagement Survey

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 (WinDEX).

This survey is widely used by global companies and are comprised of the two results indicators with a high correlation with business performance of "supportive environment[*1]" and "employee engagement[*2]." To realize Group Vision 2030, we targeted the survey at global companies with excellent business performance and set the goal of achieving at least 50% of employees whose two result indicators both exceed the global average on a consolidated basis by fiscal 2030 (the result in fiscal 2023 was 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.

*1 Ratio of employees who responded positively to multiple questions in the employee engagement survey regarding whether the Company provides opportunities to perform interesting work and a supportive environment (a productive work environment)

*2 Ratio of employees who responded positively to multiple questions in the same survey on whether employees are willing to go the extra mile and are proud to work for the company (job satisfaction)



- 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 information on the employment of diverse human resources, please refer to Diversity, Equity, 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.

"The right personnel in the right places" and "pay for mission"

Instead of seeing the existing organization and human resources as the point of departure, based on the concept of the "right personnel in the right places," first of all we will establish the organizations and posts necessary for achieving our vision ("right places"). Then we will clarify the conditions required of people doing this work, decide the suitable human resources, and make assignments accordingly ("right personnel"). In considering assignments, we are introducing a mechanism with a high degree of accuracy in matching posts and human resources throughout the Group, conducting assessments of management ability based on 360-Degree Surveys and competency and taking account of expert knowledge and other factors. On top of that, we introduced a "pay for mission" scheme that determines wages by stipulating job ranking in accordance with the results required in the work and taking account of the contents of individual challenges. Through these initiatives, we will realize the establishment of "right places" and assignment of the "right personnel" and promote personnel strategy in tune with management policy.

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

(FY)

	Unit	2019	2020	2021	2022	2023
Evaluation based on target management*1	%	100	100	100	100	100
Multifaceted performance evaluations*2	%	21	21	21	22	23
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. We also have a Career Challenge Program that enables employees who want to transfer to apply for positions in departments that are recruiting and are announced once each year. We introduced a Career Development Leave Program that allow employees who want to re-learn skills while making use of outside educational institutions including overseas universities, encouraging and supporting independent career development by employees.

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

(FY)

	Unit	2019	2020	2021	2022	2023
Job postings	Number	331	245	161	358	405
Applicants	Persons	11	8	26	37	76
Successful applicants	Persons	5	3	13	18	43
Internal hire rate	%	1.5	1.2	8.2	5.0	10.6

* Due to changes in the content of disclosures following the abolition of the "Free Agent System" and the establishment of the "Career Challenge Program" from FY2023, we have retrospectively revised results for FY2022 and before.

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	2019	2020	2021	2022	2023
Shares held by the Employee Stock Ownership Association	Shares	3,790,021	4,501,521	4,934,251	5,223,751	5,280,251
Position on the register of shareholders (by size of shareholding)		6th	4th	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 management policy 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 business segments each plan and execute education and training related to the particular abilities and skills required in their respective areas of business.

- For information 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)

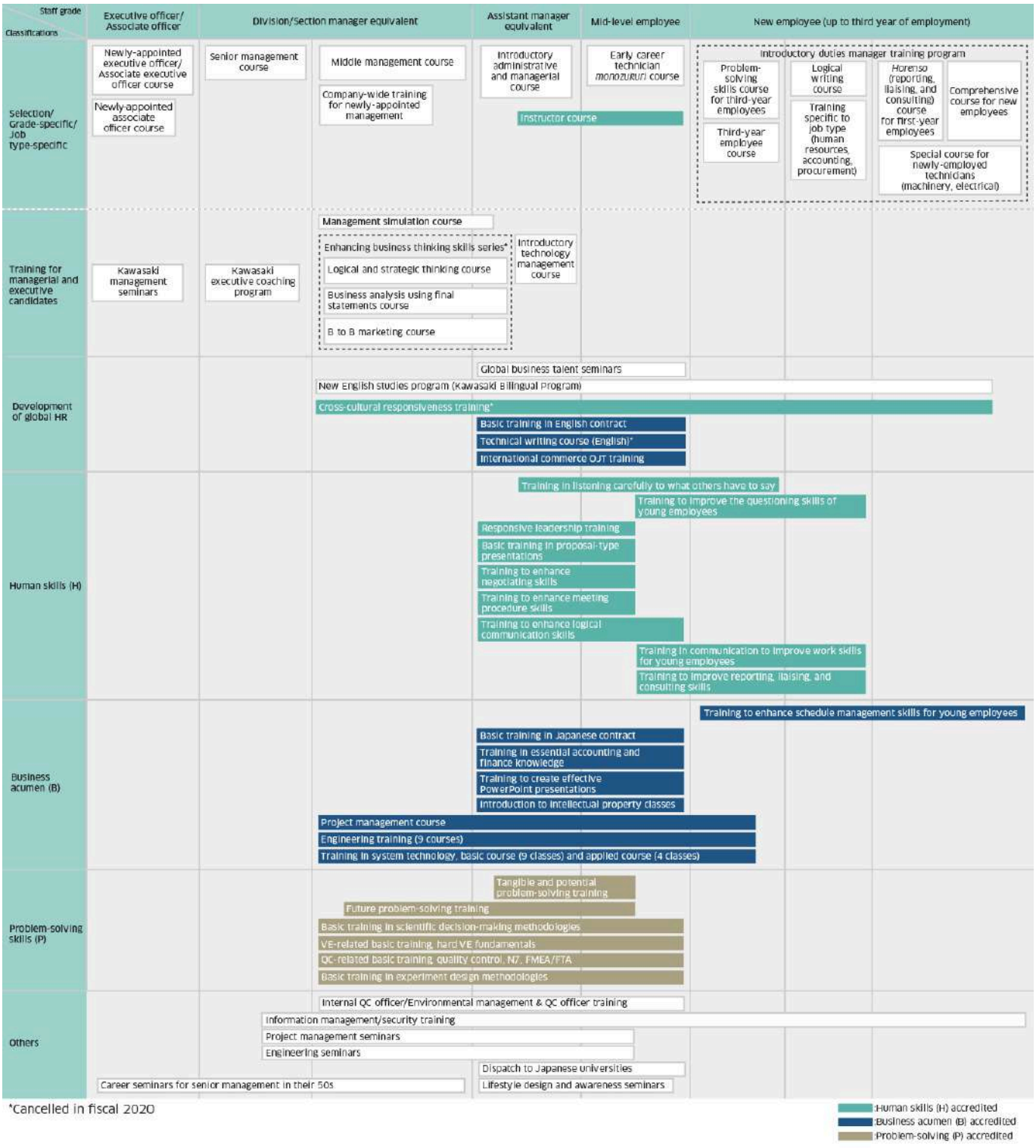
(FY)

		Unit	2019	2020	2021	2022	2023
New employee training	Participants	Persons	338	344	232	230	278
	Total hours	Hours	14,872	15,136	10,208	10,105	10,008
Training for new section managers	Participants	Persons	125	103	140	139	138
	Total hours	Hours	7,843	4,944	7,140	7,020	7,176
Training for new senior managers	Participants	Persons	48	36	39	38	45
	Total hours	Hours	2,700	1,512	1,521	1,510	1,800
Kawasaki executive coaching program*1	Participants	Persons	9	9	30	29	30
	Total hours	Hours	1,152	1,152	4,080	4,120	4,080
Kawasaki management seminars	Participants	Persons	- *2	121	103	- *2	50
	Total hours	Hours	- *2	242	206	- *2	100

*1 The participant target for the Kawasaki executive coaching program, which aims to expedite the training of executive candidates, was lowered from senior 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 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 2023, two new grand masters were recognized, bringing the current total of active grand masters to five including those named last fiscal year.

In addition, we actively participate in outside skills competitions, including the Skill Grand Prix and Hyogo Monozukuri (production) Skill Competition, achieving excellent results. In fiscal 2023, our employee placed second in the lathe category of the Hyogo Monozukuri (production) Skill Competition. In the Skill Grand Prix, we also took home one silver and bronze medal each, as well as the "Fighting Spirit" Prize.

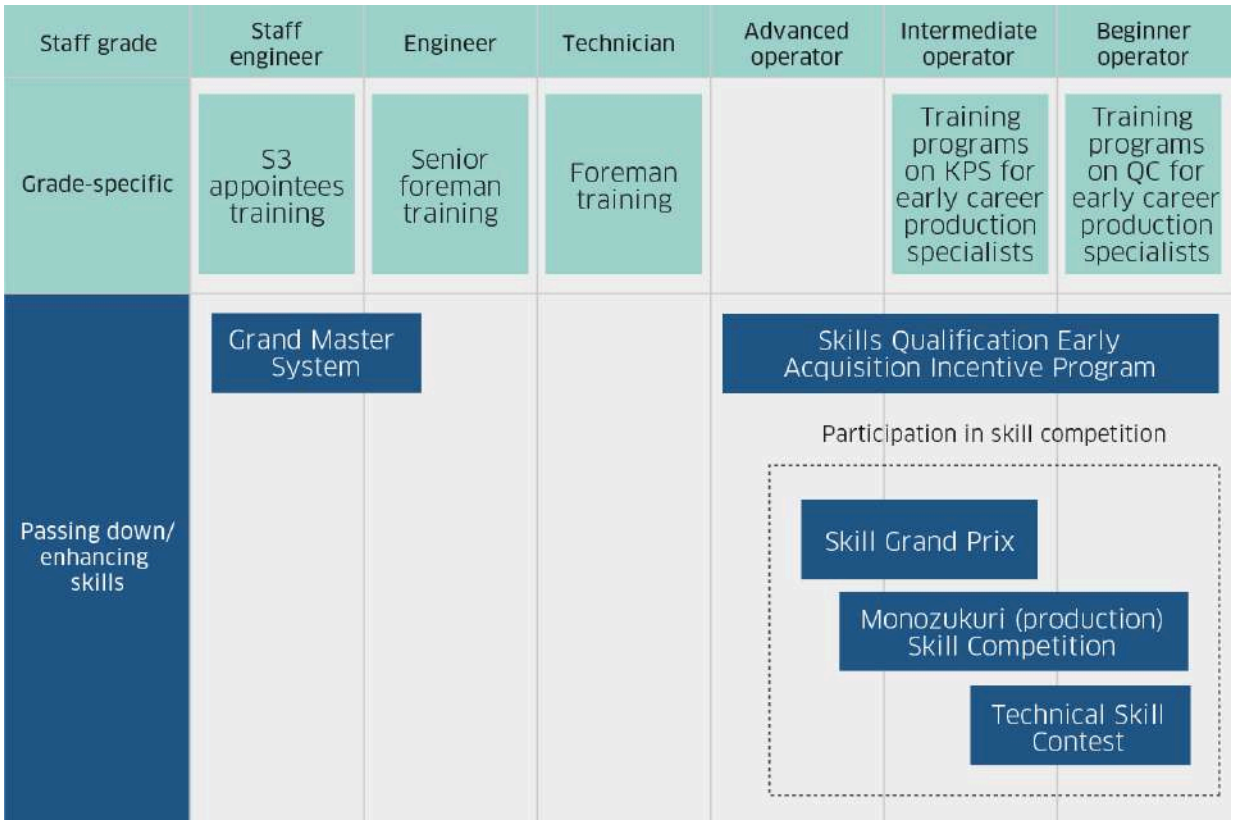
Fiscal 2023 Medal Results

Competition	Event	Result
2023 Hyogo Monozukuri (production) Skill Competition	Lathe	Second place
32nd Skill Grand Prix	Equipment assembly	Silver Medal
	Lathe	Bronze Medal
		"Fighting Spirit" Prize

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. The program has been postponed since fiscal 2020 in order to prevent the spread of the COVID-19, but we are considering reinstating it in fiscal 2024. By way of these kinds of initiatives, we continue to work to boost and maintain technical skills throughout the entire 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.

- Skills Qualification Early Acquisition Incentive Program
  As part of measures to boost on-site capabilities, we have instituted a merit-based pay system to encourage the early acquisition of technical qualifications, and to reward those who obtain these skills promptly. These payments are made based on survey results conducted twice annually, normally in July and December. In fiscal 2023, 72 and 56 production specialists were rewarded under this system in the first and second halves respectively.

Development of Global Human Resources

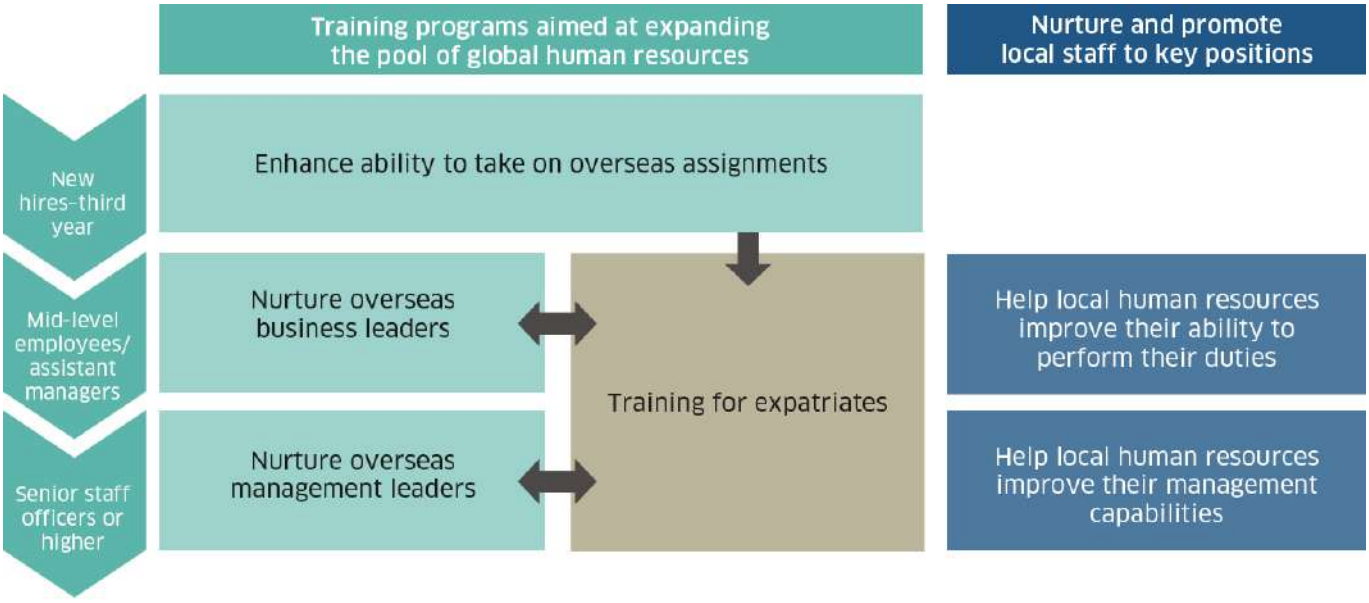
Since 2008, we have been implementing measures for global human resource development with the objective of further developing human resources who can support global business execution. Specifically, we implement the global business talent seminars. Furthermore, we work to enhance global human resource 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.

Global Business Talent Seminars

In light of our business environment, specifically the fact that 60% of the Group is engaged in global business, we implement our global business talent seminars to instill a certain level of mental preparedness to work from a global perspective and gain skills related to overseas business. The young and mid-level employees from global business departments who comprise the participants of these seminars learn to acquire the mindset of a global perspective as well as decision-making criteria. They also obtain effective knowledge of business needed for global operations, including export management and financial knowledge, forming a diverse team to move our business forward. It is our hope that this program will be one key to achieving an open-minded, free-thinking, and creative team that goes beyond the boundaries of internal and external organizations and of product/service categories, leveraging our rich diversity—which is one of the main tenets of our Group Vision 2030 for the development of our business. Thirteen out of a total of eighteen in fiscal 2023 participants are engaged in overseas business as of March 2024.

Our Structure for Nurturing Global Human Resources



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

(FY)

		Unit	2019	2020	2021	2022	2023
Global business talent seminars	Participants	Persons	16	-	15	15	18
	Total hours	Hours	872	-	765	750	972
Global basic skills seminars	Participants	Persons	38	-	23	23	0
	Total hours	Hours	304	-	172.5	180	0
English-language skills series*1	Participants	Persons	17	19	12	15	13
	Total hours	Hours	368	161	242	250	227
English-language writing series*2	Participants	Persons	37	-	23	20	34
	Total hours	Hours	956	-	345	320	449

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

Bolstering Middle Management

The key to achieving Group Vision 2030 is for middle management—based on an understanding of overall policy of management strategy—to encourage modification of the actions in each division. As they move away from the "playing manager" and gain understanding of the mission of each division, they also train subordinates and at the same time strive to achieve the goals of the company vision as far as possible. By boldly addressing these issues, they are moving toward boosting their management capacity. Through these training programs for senior and middle management, we are working to develop the management-level employees.

Middle Management Course

The role of middle management is to achieve the goals of their division and to train their subordinates. The Middle Management Course has been in place since 2019 to raise awareness of the current circumstances and issues in carrying out the role and to acquire the leadership action and management skills required to reach these goals. Specifically, by looking back at their own leadership actions, participants deepen their self-awareness, understand the current circumstances of the organization, and learn about communication skills to facilitate self-initiated action by subordinates. This program is also implemented to accurately define our issues and set up an action plan to resolve them with a view to achieving the vision of the organization.

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 Management 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	2019	2020	2021	2022	2023
Sales (a)	Millions of yen	1,641,335	1,488,486	1,500,879	1,725,609	1,849,287
Sales expenses (b)	Millions of yen	1,579,272	1,493,792	1,455,074	1,644,098	1,813,094
Employee-related expenses (c)*	Millions of yen	161,460	156,707	147,460	143,971	140,457
ROI from human resources (a-(b-c)) /c		1.38	0.97	1.31	1.57	1.26

* Salaries, bonuses, and welfare expenses

- Education and Training Expenses and Hours (ESG Data)

Diversity, Equity, 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. We believe that diversity and inclusion (D&I) is crucial for the Kawasaki Group to sustainably improve its enterprise value in such an environment. D&I is a concept that aims to bring together people from diverse backgrounds regardless of nationality, gender, age, religion, or disability; to allow each employee to fully realize their diverse capabilities while maintaining an awareness of mutual acceptance and recognition of others; and to create an organization that maximizes these efforts. From fiscal 2024, we are helping to ensure that everyone has equal access to opportunities to challenge themselves with the addition of E (equity), representing fairness. Based on this recognition, the Kawasaki Group is proactively implementing various initiatives to promote diversity, equity, and inclusion.

Vision for Our Organization

People with a variety of attributes, including those with disabilities, non-Japanese, and senior staff work at the Kawasaki Group. We are undertaking activities to "promote the active participation of women," "support employees balancing work with childcare and nursing care," "support the active participation of non-Japanese employees," "promote understanding of LGBT issues," and "realize workstyles with an awareness of work-life balance, results, and efficiency," in order to bring together the capabilities of employees with these various attributes and realize our vision of "Trustworthy Solutions for the Future."

In addition, the Kawasaki Group Code of Conduct declares that we respect diversity and strive to build a workplace in which all employees can live up to their full potential.



- The Kawasaki Group Code of Conduct

Structure

Within the Head Office Human Resources Division, we have in place the DE&I Management Section, which is tasked with various activities aimed at promoting diversity, equity, and inclusion.

- **For information on our internal committees and relevant governance structures, please refer to Human Resource Management.**

Promoting Diversity and Inclusion

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 40% and that of career-track technical positions to at least 15% among newly hired graduates.

With the aim of facilitating the retention and fostering an awareness of career enhancement for female employees, we host the "D&I Forum" for female managers to exchange views on the active participation of women at the Company through a message from the President and a panel discussion among female officers. We also gain insights on facilitating growth from role models outside the Company, and host the "Female Leadership Development Program" and the "Networking Session for Female Engineers" in cooperation with Kobe-based companies, toward building human networks outside the company. Furthermore, the Company is actively undertaking activities for the recruitment of female engineers. This included conducting workshops as part of the "Training Program for Female Engineers," in collaboration with universities in fiscal 2023.

- 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.

Promoting the Employment and Active Participation of Non-Japanese Nationals

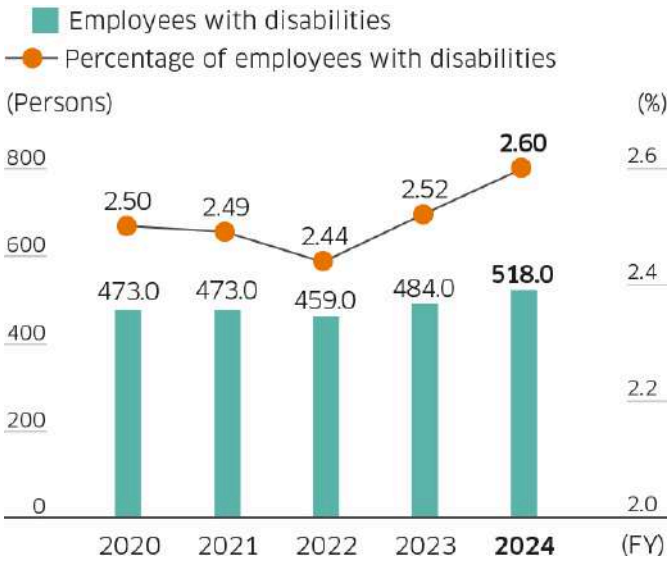
Kawasaki launched a regular hiring program for non-Japanese new graduates in fiscal 2012 and continues to recruit from countries around the globe, including Korea, China, Sweden, and India. To improve communication between non-Japanese employees and their supervisors and co-workers, as well as to enable 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 2.60% for fiscal 2024. 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.

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.

Support for the Active Utilization and Participation of Senior Human Resources

Kawasaki extended its mandatory retirement age based on the mandating of the amended Act on Stabilization of Employment of Elderly Persons, 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. As of the end of fiscal 2023, approximately 1,100 employees had endorsed ALLY. 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

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.

Initiatives on Unconscious Bias

Since fiscal 2020, we have held seminars to consider diversity and inclusion chiefly in an online format for those interested in taking part. To date, we have held these seminars on 10 occasions, for approximately 4,000 participants, including employees from Group companies, with topics covered including unconscious bias, LGBT, developmental disability work support, and support for balancing work and fertility treatment. In fiscal 2023, to mark the holding of the 10th seminar, the Senior Corporate Executive Officer delivered messages on topics including the challenges facing the Company and the ideals of what should be, based on the theme of "Involvement of Men in Childcare and Subordinate Management." Videos of the day's events as well as the outcomes of a questionnaire on the seminars are distributed on the Company intranet, with many employees who were unable to attend watching these. The number of participants in the seminars has also been increasing year on year, and employee interest in and understanding of diversity is growing. We will continue to hold seminars in fiscal 2024 and beyond, while enhancing the dissemination of information within the Company to ensure that more employees are provided with opportunities to think about diversity.

Work-Life Balance

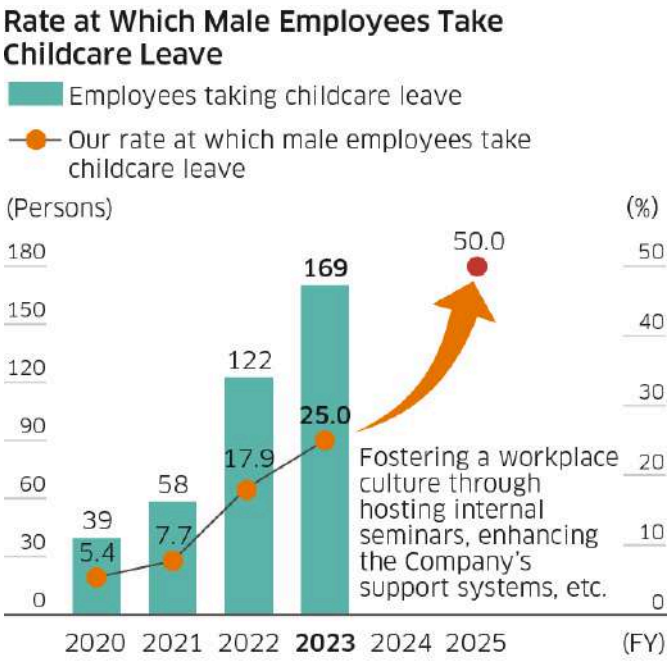
Work-life balance is the foundation for promoting diversity and inclusion, allowing diverse employees to exercise their strengths. To sustainably increase enterprise value, it is crucial to create highly productive workplaces where diverse employees can creatively use their abilities while maintaining 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 rate at which male employees take childcare leave to at least 50% by 2025. We are also proactively working to raise awareness through seminars to promote and support the involvement of men in childcare, as well as seminars for employees returning from childcare leave and their supervisors to ensure that our employees, with their diverse attributes, have the option to choose from a diverse variety of work styles.



- 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. (Employees caring for children with disabilities or children requiring medical care are entitled to apply for reduced working hours until March 31 of the fiscal year in which their child reaches the age of 18.)
	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 year 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 until the grounds for care cease to apply.
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 has promoted organizational and corporate culture transformation, system transformation, and operational transformation through K-Win activities, which were initiated as a means of reforming workstyle. 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 2018 we introduced a remote working program (teleworking program) for all 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.

Currently, the scope of K-Win activities to reform workstyle is being expanded to include "activities to change the corporate culture and employee awareness," toward the realization of Group Vision 2030. Meanwhile, we are also working to mitigate, to the bare minimum, increases in the number of employees even during growth stages of our business by visualizing and improving the efficiency of work processes through the deployment of robots and AI as well as through digital transformation. At the same time, we are committed to realizing workstyle which enable employees to experience a real sense of satisfaction and growth by focusing on high value-added 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.

External Network

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. We also actively exchange information with DE&I promoters from various companies as a means to share challenges and best practices.

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 by reporting to the labor union the Kawasaki Group Policy on a Management Approach Prioritizing Occupational Safety, Hygiene and Health founded in fiscal 2021 with the approval of the Board of Directors, 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 with collaboration between labor and management.

Scope of Policy Application

The Kawasaki Group and contractors 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.

(Year)

Content			Unit	Results	Targets		
				2021	2022	2023	2024
Top priorities	**Zero occurrence of serious occupational accidents**		**Number of incidents**	1	0	0	0
	Zero occurrence of new cases of occupational illnesses	**Pneumoconiosis**	**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

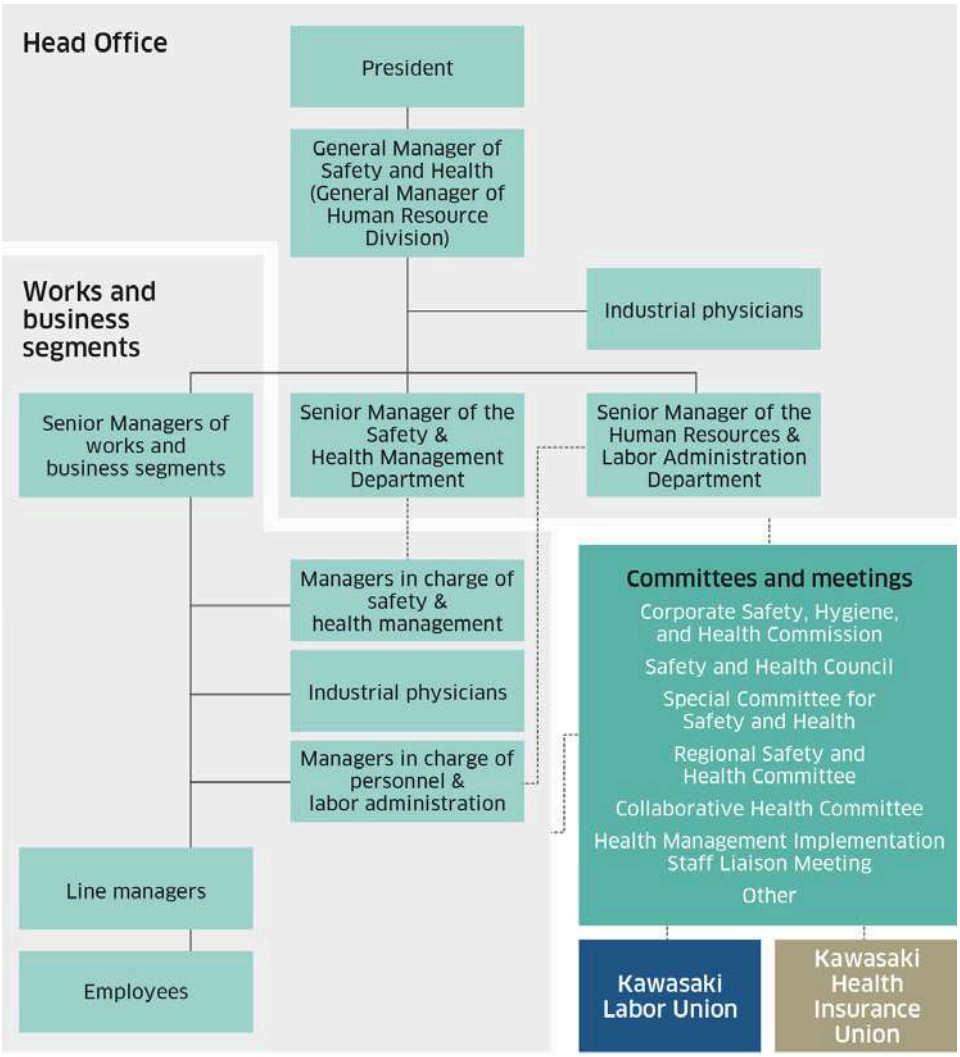
*1 This is the average value for the last 5 years (2017–2021).
*2 Absence rate (day basis) due to sick leave = Number of days of sick leave/total number of prescribed working days x1,000
*3 The health score refers to a score on a six-point scale that is based on the results of a medical examination of 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 contractors, improve their health and create comfortable working environments. Specifically, regarding our medium-term plan constituting a three-year activity period and the annually determined Safety, Hygiene, and Health Management Guidelines defined by the General Manager of Safety and Health, safety and health activities based on the medium-term plan and management guidelines are carried out at different business sites under the supervision and management of Managers of Safety and Health and with the consultation and approval of the labor union. The results of these activities are reported every year to the Management Committee which comprises of Outside Directors. 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: Takeshi Kaneko, 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 information 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 <u>Labor Discussions</u>.**

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 business segments. 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, administrated by the Head Office.

List of Sites with OSHMS Third-party Certification (The Kawasaki Group (domestic))

(FY)

Acquired sites	2020	2021	2022	2023
Energy Solution & Marine Company Kobe Works (Shipping Department)	ISO45001 (JISQ45001)	ISO45001 (JISQ45001)	ISO45001 (JISQ45001)	ISO45001 (JISQ45001)
Energy Solution & Marine Company Sakaide Works	ISO45001	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 2023, there were no business sites that achieved year-long accident-free operations.

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))

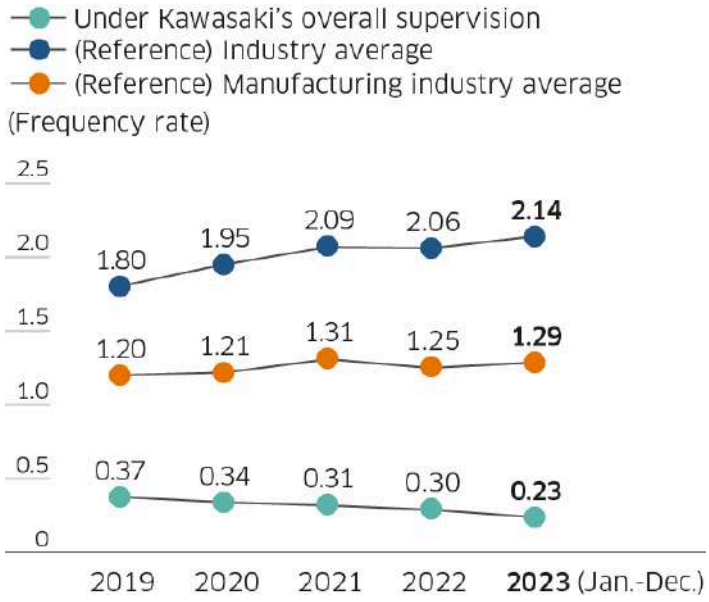
(FY)

	Unit	2019	2020	2021	2022	2023
Safety Dojo participants	Persons	1,581	671	511	1,847	2,024

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 2023 the top three causes were "got wedged or caught in," "got cut or scraped," and "fell over," which together accounted for 59%, 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 50%. 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 2022, it stood at 23.4%, 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. This committee compiles a health report for each business site and related company based on employee health-related data administered by the health insurance union and company so that the 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 2022, we tackled the issue of gynecological cancer screening through the creation of leaflets among other measures 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, we reviewed the system including the contents and targets of various aspects of health education such as diet and exercise and provided education at all business sites in order to enable the provision of requisite education for each age group at each business site. In fiscal 2024, we are planning a walk rally event in cooperation with business sites with the aim of improving exercise habits.

Further, some business sites have established wellness areas equipped with exercise ball and other equipment, strength training equipment, and treadmills among other things, with the aim of supporting the promotion of health through physical activities.

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.

Health Education Participants (consolidated domestic; exceptions apply)

(FY)

	Unit	2019*	2020	2021	2022	2023
Mental health education	Persons	2,206	2,047	2,673	2,667	2,370
Level-specific education (for new hires, etc.)	Persons	765	1,978	1,941	1,797	2,048
Other health education (antismoking seminars, etc.)	Persons	1,728	1,569	1,517	1,834	616

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

Actions for Preventing Lifestyle Diseases (consolidated domestic; exceptions apply)

(FY)

	Unit	2019	2020	2021	2022	2023
Percentage taking designated checkups	%	96.7	95.7	95.1	96.0	96.0
Percentage taking designated health guidance	%	66.7	66.7	60.0	44.4	55.7

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
	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	• Handicraft 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 KPI: • The number of participants in Handicraft and experiment courses • The number of participants in online educational events
	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	• Reforestation (in Tokyo and Hyogo) KPI: • Achievements of forest conservation activities (area, the number of planted trees)
	17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	• Operation of Kawasaki Good Times World • Official sponsor for Vissel KOBE (a J. League Division 1 soccer club), INAC Kobe Leonessa (a WE League soccer club), and FC Gifu (a J. League Division 3 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 KPI: • 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.

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

Topic

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.

国立西洋美術館
The National Museum of Western Art

Kawasaki
Official Partner



©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 two prefectures of Hyogo and Tokyo. We continue to work with NPO Hyogo Mori no Club in Hyogo Prefecture, and with NPO Shizen Kyosei 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 CO_2 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	2019	2020	2021	2022	2023
Social contribution expenses for communities		Millions of yen	198	184	204	191	207
Kawasaki Good Times World visitors		Thousands of people	198	77	93	230	219
Handicraft and experiment courses	Participants	Persons	463	0	0	62	36
	Events held	Number of times	21	0	0	2	2
Online educational event participants		Persons	-	663	406	1084	860

(FY2023)

Forest conservation activities		Taka, Hyogo	Ono, Hyogo	Machida, Tokyo
Participants	Persons	56	83	14
Activities per year	Number of activities	1	2	1
Area	ha	6.8	10.0	10.14
CO_2 absorption amount	t-CO_2	0.19	-	-
Tree planting	Trees	-	2	-

- Social Contribution Activities by Type (ESG Data)
- Social Contribution Activities Expenditure (ESG Data)

Facilitating Employee Participation in Social Contribution Activities

As of April 2024, Kawasaki Heavy Industries has instituted a system where employees can take special days off to participate in volunteer projects to help facilitate recovery from natural disasters. By providing five days a year for this purpose, we facilitate employee participation in social contribution activities. We additionally offer the Kawasaki Volunteer Network, an internal organization, to further support employee participation in a wider range of volunteer activities, including those relating to natural disasters. In order to enable employees to join in volunteer activities to benefit the region and society in general, this organization strives for collaboration with the regional councils of social welfare.

Topic

Assisting Victims of the 2024 Noto Peninsula Earthquake

In response to the 2024 Noto Peninsula Earthquake, which occurred on January 2024, the Kawasaki Group has donated ¥30 million to support the victims of the Noto Peninsula Earthquake and the affected region, in addition to providing transport of commodities to evacuation centers using Z-Leg™, a one-stop helicopter booking service. Our employees have also been involved in volunteer projects in Suzu City through the Kawasaki Volunteer Network.





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

Support for Vissel Kobe, INAC Kobe Leonessa, and FC Gifu

Kawasaki has been supporting the J1 soccer league "VISSEL KOBE" as an official sponsor since the team was established in 1995, and the WE League women's professional soccer club "INAC Kobe Leonessa" as a wear sponsor since 2019. We have also supported FC Gifu soccer team in the J3 League as an official sponsor since 2014.

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 each club.



©Vissel Kobe



©INAC Kobe Leonessa



©FC Gifu

ANSWERS*Special Feature Articles
→Vissel Kobe's victory brought energy and hope to the people of Kobe - What went on behind the scenes?

*ANSWERS is a media that brings Kawasaki's technologies and activities closer to people.

Interaction Opportunities with the Local Community at Akashi Works

Since fiscal 2011, we have held regional exchange meetings and invited students of elementary and junior high schools near the Akashi Works and their parents. Today, these have become a very popular event with close to 200 people participating in each meeting. In fiscal 2023, an event was held on March 20.

Activities have included an introduction to Kawasaki Heavy Industries, explanations about the products made at the Akashi Works, a bus tour of the facility, and a tour of Kawasaki Good Times World. These activities allow visitors to get a better understanding of our operations.





SDGs Lecture at Gifu Works

In September 2023 the Gifu Works held an SDGs Lecture at the nearby Ryokuyo Junior High School in Kakamigahara City to provide explanations of SDGs initiatives at the Kawasaki Group and the Gifu Works. Participating students made such comments as "I was able to learn about the Kawasaki Group's wide-ranging business activities and vision" and "It was meaningful to learn about the Kawasaki Group's contribution to achieving the SDGs through its business and the activities of the local Gifu Works."

Going forward, Kawasaki will continue to contribute to the endurance and development of local communities through activities that positively communicate the Group's initiatives.





Participation in Team Tyura Sango at Okinawa Office

Since fiscal 2015, many of our Group employees have participated as volunteers in the activities of Team Tyura Sango, which are aimed at the regeneration of coral reef through the planting of coral seedlings in Onna-son, Okinawa Prefecture. In fiscal 2023, a total of five activities were held.

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

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 (USA), 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 U.S.

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.

Conclusion of Disaster Prevention Agreement with Local Governments

We have signed disaster prevention agreements with local governments 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 governments

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 a temporary 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.





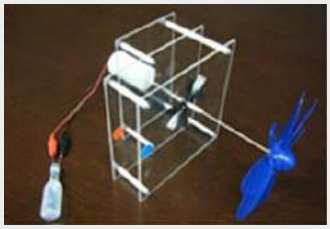
Handicraft and Experiment Courses

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 • Lift Force • Airfoil • Tail Rotor	Scientific Keywords • Pascal's Theorem (a small amount of power to move a large object)	Scientific Keywords • Convert "Power" around Us to Electricity	Scientific Keywords • Weight • Center of Gravity, Balance

Make Your Own Train!	Make Your Own Ship!	Make Your Own Jet Engine!
		
Scientific Keywords • Frictional Force • Circumference, Lean of wheel	Scientific Keywords • Buoyancy • Weight, Volume,etc.	Scientific Keywords • 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 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

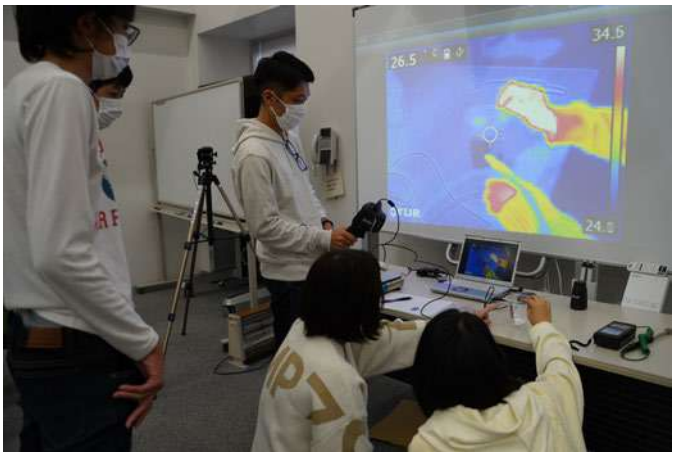
Early career engineers from diverse departments including research & development, aerospace, ship & offshore, rolling stock, and hydrogen, which engage with the world's most advanced technologies, play a central role in providing opportunities to experience authentic technologies to the next generation. 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

- **Introducing scenes from the 4th Ocean's 17 Event!**
  (Japanese language only)





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 below for more information.

カワサキワールド
Kawasaki Good Times World

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.

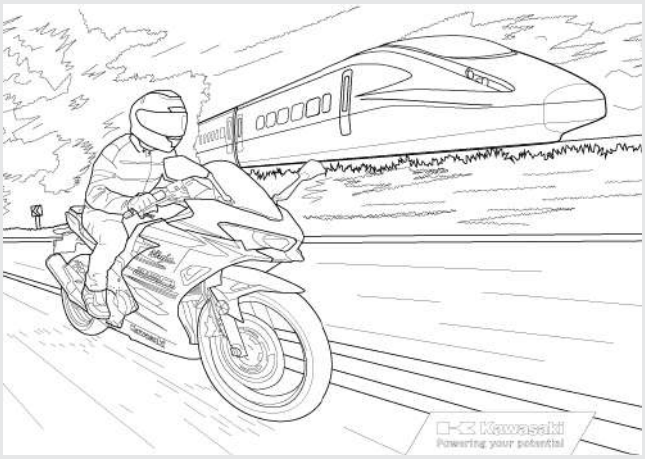
Download (on the "Kawasaki Good Times World" site)
https://www.khi.co.jp/kawasakiworld/english/coloring/

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 Kawasaki's state-of-the-art robotics technologies and knowledge. Setting a main concept of human-robot coexistence and collaboration, the facility continues to display the latest robots. Kawasaki Robostage also hosts the "Become a Kawasaki Robot Engineer!" event for children to learn more about industrial robots and to think about "a society where people and robots coexist."

Access the banner blow for more information.



Topic

Receipt of the Children's Smiles Award

The "Become a Kawasaki Robot Engineer!" event hosted by Kawasaki was awarded the Children's Smiles Award as part of the Children's Smiles Odyssey, an initiative of the Children's Smile Movement organized by the Tokyo Metropolitan Government. The Children's Smiles Award is bestowed, with recipients chosen via a ballot system, on companies and other organizations that have implemented outstanding initiatives and events for children, with Kawasaki selected in the "We Want to Experience It for Ourselves" category.

The Children's Smile Movement (Japanese language only)



Children's Smiles Award presentation ceremony on September 18, 2023
(left: Governor of Tokyo Yuriko Koike)

Environmental Conservation Activities

Forest Conservation Activities

The Kawasaki Group undertakes forest conservation activities in cooperation with NPO Hyogo Mori no Club in Taka Town and Ono City, Hyogo Prefecture, and NPO Shizen Kyosei Academy in Machida City, Tokyo. Employees and their families actively engage in these activities for the protection of forests, which serve as the habitats for a wide range of living organisms.

Hyogo Prefecture
Since December 2008, we have implemented activities as participants in a Hyogo prefectural corporate forest restoration project. These activities began in the town of Taka and, with the expansion to include Ono City from fiscal 2020, employees and their families can now 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, with employees and their families continuing to take part in forest conservation activities (clearing undergrowth) in Machida City under this campaign.

Fiscal 2023 Achievements

Activity location	Taka, Hyogo	Ono, Hyogo	Machida, Tokyo
Activity contents	Tree trimming, clearing undergrowth, mapmaking	Tree trimming, clearing undergrowth, compost making	Grass mowing, tree trimming, shrubbery pruning, nature observation
Participants	Employees and their families, and others (56 people)	Employees and their families, and others (83 people)	Employees and their families, and others (14 people)
Area covered	6.8ha	10.0ha	10.14ha
Number of events	1	2	1
Notes	Volume of CO_2 absorbed: 0.19 t/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 2023 Achievements

Activity contents	Aim	Date
Mapmaking (Taka, Hyogo Prefecture)	Participants created a map, with the aim of learning about the particular tree species to be found in particular locations in the activity area. Specifically, they measured the heights and trunk thicknesses of representative trees (24 trees of eight species), including *konara* oak and Japanese maple, from the approximately 350 saplings planted during the 2015 activity. This activity proved an excellent opportunity for participants to get a real sense of the sapling's growth.	April 2023
Compost making (Ono, Hyogo Prefecture)	Participants collected fallen leaves and used these to make compost, with the aim of enriching the soil in the activity area.	November 2023
Nature observation (Machida, Tokyo)	We held the event with the aims of facilitating interactions with nature and learning more about the importance of forests. Participants were able to authentically experience autumn in the abundant natural surroundings of the activity site by strolling through the site, collecting nuts and mushrooms, and appreciating the flowers and plants.	October 2023





Activities in Taka, Hyogo Prefecture (in cooperation with NPO Hyogo Mori no Club)




Activities in Ono, Hyogo Prefecture (in cooperation with NPO Hyogo Mori no Club)




Activities in Machida, Tokyo (in cooperation with the Society for Nanakuniyama Nature Conservation)

Topic

Green Partner 2023 Certified

We were accredited as a Green Partner 2023 for our reforestation activities in Hyogo Prefecture under the Forests x Decarbonization Challenge 2023, organized by the Ministry of Agriculture, Forestry and Fisheries.

- Forests × Decarbonization Challenge portal site(Japanese language only)

Initiatives at Business Sites

Initiatives at Akashi Works

Violet viewing event

A great number of violets can be found on our heliport, which is painted with the colors provided by the flowers in spring. The heliport also functions as a sanctuary for insects and birds to rest, and such a thriving colony of naturally seeded violets within the premises of a plant is considered quite rare by botanists. Akashi Works thus decided to open the heliport, which is otherwise off-limits, inviting employees to participate in a violet viewing event each year, and learn more about the importance of greenery development. The event held in April 2023 allowed employees to enjoy scenes of the blooming of spring flowers, in particular the violets, with sunflower and morning glory seeds also distributed to deepen their interest in green spaces.

This activity was first conducted in 2014. Going forward, Akashi Works will pursue environmentally friendly plant operations while pushing ahead with the development of greenery within its premises.



Scene from the violet viewing event



Naturally seeded violets

Winners of the Special Prize, Akashi Flower Bed Competition

Since 2020, Akashi Works has participated in an annual flower bed competition organized by Akashi City.

In fiscal 2024, under the theme "Symbol of Our City," we designed a planting depicting a medical service helicopter taking off and landing at the Akashi Works heliport, which won a special prize.

At the award ceremony held in May 2024, we received feedback from many people indicating that they had taken the time to view the flowerbed, giving us a real sense of the increase in awareness around our greening activities. Akashi Works will continue to actively develop greening activities which are in harmony with the local community.



The flowerbed with a design of a medical service helicopter which won a special prize

ESG-related information

230 | ESG Data
259 | ISO Certification Status Certification
263 | External Evaluation
269 | Participation in External 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. In addition, social indicators (Number of labor accidents, Number of occupational fatalities, and Lost Time Injury Frequency Rate; LTIFR) have been subject to third-party assurance since fiscal 2022.
  Independent Assurance Report
- The data with a check mark (☑) received third-party verification by SGS Japan Inc. up to and including fiscal 2022. Since fiscal 2023, this data has received third-party assurance from KPMG AZSA Sustainability Co., Ltd.

Boundary of aggregation for each data type: Legend

* If the boundary of data aggregation differs from the boundary indicated in the legend, the number of subsidiaries covered is indicated in the notes.

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	2020	2021	2022	2023	2024
Directors	Internal Directors	Male	Persons	7	7	6	6	5
		Female		0	0	0	0	1
		Total		7	7	6	6	6
	Independent Outside Directors	Male		4	4	4	4	3
		Female		2	2	2	3	4
		Total		6	6	6	7	7
	Total number			13	13	12	13	13
Directors serving as Audit & Supervisory Committee Members*1				5	5	5	5	5
Directors concurrently engaged in business execution				4	3	3	3	3
Ratio of Directors concurrently engaged in business execution			%	30.8	23.1	25.0	23.1	23.1
Ratio of Independent Outside Directors				46.1	46.1	50.0	53.8	53.8
Ratio of Female Directors				15.3	15.3	16.6	23.1	38.5
Average tenure of Directors*2			Years	1.5	1.92	2.75	3.46	3.85
Average age of Directors			Age	62.9	64.0	63.9	64.5	64.2

*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

Record of Board of Directors Meetings (Including Extraordinary Meetings)

KHI

(FY)

	Unit	2020	2021	2022	2023
Board meetings held	Number of times	14	13	16	16
Average attendance rate of all Directors	%	100	100	100	99.5
Average attendance rate of Outside Directors	%	100	100	100	99.1
Average attendance rate of all Audit & Supervisory Board Members	%	100	100	100	100
Average attendance rate of all Outside Audit & Supervisory Board Members	%	100	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. The attendance rates of all 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 combined with the attendance rates of Audit & Supervisory Board Members at Board of Directors meetings held following this transition.

Record of Audit & Supervisory Board and Audit & Supervisory Committee Meetings

KHI

(FY)

	Unit	2020	2021	2022	2023
Number of Auditor meetings	Number of times	5	-	-	-
Attendance rate of Auditors	%	100	-	-	-
Attendance rate of Outside Auditors	%	100	-	-	-
	Unit	**2020**	**2021**	**2022**	**2023**
Number of Audit & Supervisory Board Meetings	Number of times	13	17	14	15
Attendance rate of Audit & Supervisory Board Meetings	%	100	100	100	98.7
Attendance rate of Outside Audit & Supervisory Committee Members	%	100	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	2020	2021	2022	2023
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	12	12	12	10
		Unit	**2020**	**2021**	**2022**	**2023**
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	12	12	7	7

Independent Auditor Compensation

Consolidated

(FY)

	Unit	2020	2021	2022	2023
Compensation based on audit certification services	Millions of yen	253	421	388	407
Kawasaki Heavy Industries Ltd.	Millions of yen	205	334	298	305
Consolidated subsidiaries	Millions of yen	48	87	90	101
	Unit	**2020**	**2021**	**2022**	**2023**
Compensation based on non-audit services	Millions of yen	261	234	224	266
Kawasaki Heavy Industries Ltd.	Millions of yen	258	231	221	263
Consolidated subsidiaries	Millions of yen	2	2	2	2

Director Compensation (Fiscal 2023) 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)	**4**	Millions of yen	389	201	115	72
Audit & Supervisory Committee Members (excluding Outside Directors)	**2**	Millions of yen	73	73	-	-
Outside Directors	**7**	Millions of yen	99	99	-	-

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

Comparison of Total Compensation of the Representative Director, President and Chief Executive Officer with Average Employee Salary (Fiscal 2023) KHI

(FY)

Name	Position	Unit	Total compensation	Basic compensation	Performance-based compensation	Stock compensation
Yasuhiko Hashimoto	**Director**	**Millions of yen**	125	62	38	24
Average annual employee salary		**Millions of yen**	8.1			
Ratio of President compensation and average annual employee salary		**Times**	15.5			

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	2020	2021	2022	2023
Number of serious compliance violations	Number of cases	0	1	0	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	2020	2021	2022	2023
Total number of Whistle-Blowing Reports*	Number of cases	39	55	54	76
Abuse of authority	Number of cases	15	23	19	22
Labor issues	Number of cases	14	19	13	18
Financial fraud	Number of cases	1	0	1	6
Sexual harassment	Number of cases	1	1	0	6
Threats and harassment	Number of cases	0	0	0	0
Bribery and corruption	Number of cases	0	0	0	0
Others	Number of cases	8	12	21	24

* 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	2020	2021	2022	2023
Number of consultations made to Global Internal Reporting System	Number of cases	0	0	0	0

KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022	2023
Number of consultations regarding harassment	Number of cases	15	9	57	66

Number of Employees Who Underwent Compliance Education

Consolidated

(FY)

	Unit	2020	2021	2022	2023
Number of employees who underwent compliance education*1	Persons	0	17,393	17,860	29,422
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	2020	2021	2022	2023
Total political contributions	Millions of yen	3	3	3	3
Total expenditures to industry organizations*1 *2	Millions of yen	68.0	68.0	98.6	112.4
Total expenditures for donations, support funding, etc.*3	Millions of yen	160	111	278	263

*1 The purpose of the membership fee for industry organizations is to collect business information related to KHI. The main expenditures in fiscal 2023 were for the Japan Business Federation and the Kansai Economic Federation.
*2 Kawasaki Heavy Industries, Ltd. (non-consolidated)

Information Security

Information Security Education and Training Domestic Group

(FY)

	Unit	2020	2021	2022	2023
Information security training participants	Persons	17,779	19,033	9,803	17,053
Number of persons subject to training drills using simulated targeted attack phishing emails	Persons	-	-	2,308	6,876

Research and Development

R&D Expense Consolidated

(FY)

	Unit	2020	2021	2022	2023
Total	Billions of yen	44.9	47.1	50.7	53.3
Percentage of sales	%	3.0	3.1	2.9	2.9
Number of employees engaged in R&D	Persons	1,956	2,000	2,098	2,159

Environment

Environmental Management

Employees with Legal Qualifications

KHI, KRM, KMC

(FY)

		Unit	2020	2021	2022	2023
Pollution control managers	**Air**	Persons	97	97	98	102
	Water	Persons	85	88	87	88
	Noise, vibration	Persons	37	35	36	34
	Others	Persons	78	79	81	81
	Total	Persons	297	299	302	305
Energy managers		Persons	95	97	110	115

Environment-related Expenses

KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022	2023
Capital investments	Millions of yen	9	47	1,661	839
Operating expenses	Millions of yen	8,631	8,708	12,458	11,061

Environmental Compliance

KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022	2023
Violation of environmental laws and regulation	Number of cases	0	0	0	0
Violation concerning water quality and quantity	Number of cases	0	0	0	0
Incident and contamination that lead to environmental problems	Number of cases	0	1	2	1
Complaints about environmental problems	Number of cases	2	4	2	3
Amount of fine	Millions of yen	0	0	0	0

CO_2 FREE

CO_2 Emissions (Scope 1, Scope 2)

Consolidated

(FY)

		Unit	2020*1	2021*2	2022*3	2023*4
Scope 1		t	139,502 ☑	134,855 ☑	136,736 ☑	134,912★
Scope 2	**Market-based**	t	255,039 ☑	267,171 ☑	246,083 ☑	281,401★
	Location-based	t	276,064	284,922	349,299	283,290
Total amount of Scope 1 and Scope 2	**Market-based**	t	394,541	402,026	382,819	416,313
	Location-based	t	415,566	419,777	486,035	418,202

*1 Total for KHI, 26 domestic consolidated subsidiaries, and 24 overseas consolidated subsidiaries
*2 Total for KHI, 37 domestic consolidated subsidiaries, and 23 overseas consolidated subsidiaries
*3 Total for 28 sites of KHI, 30 related domestic sites, and 28 related overseas sites
*4 Total for KHI, 44 domestic consolidated subsidiaries, and 56 overseas consolidated subsidiaries

Energy Consumption Consolidated

(FY)

	Unit	2020[*1]	2021[*2]	2022[*3]	2023[*4]
Total non-renewable energy consumption	MWh	1,455,895	1,341,737	1,317,527	1,363,002★
Total renewable energy consumption	MWh	1,637	2,405	13,538	10,488

*1 Total for KHI, 26 domestic consolidated subsidiaries, and 24 overseas consolidated subsidiaries
*2 Total for KHI, 37 domestic consolidated subsidiaries, and 23 overseas consolidated subsidiaries
*3 Total for 28 sites of KHI, 30 related domestic sites, and 28 related overseas sites
*4 Total for KHI, 44 domestic consolidated subsidiaries, and 56 overseas consolidated subsidiaries

CO_2 Emissions (Scope 3) KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022	2023
1. Purchased goods and services	t	1,464,830 ☑	2,393,525 ☑	2,791,420 ☑	3,829,334★
2. Capital goods	t	128,255	180,202	265,678	308,023
3. Fuel- and energy-related activities not included under Scope 1 or Scope 2	t	34,798	31,298	30,045	60,633
4. Upstream transportation and distribution	t	8,536	7,824	7,072	940,722[*5]
5. Waste generated in operations	t	10,760	7,577	8,540	10,149
6. Business travel	t	5,152	6,661	10,605	13,817
7. Employee commuting	t	6,885	6,782	6,914	7,089
8. Upstream leased assets	t	0	0	0	0
9. Downstream transportation and distribution	t	393	806	4,239	721
10. Processing of sold products	t	Excluded[*1]	Excluded[*1]	42,644	2,084
11. Use of sold products[*3] [*4]	t	121,810,449 ☑	21,870,760 ☑	28,937,027 ☑	32,650,318★
12. End-of-life treatment of sold products	t	Excluded[*1]	Excluded[*1]	1,924	2,558
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	145,638	158,308	154,077	3,965
Total amount of Scope 3[*3]	t	123,615,696	24,663,743	32,260,185	37,829,413

*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 CO_2 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 2020 as calculated according to the new method 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.
*5 Regarding Category 4 in Scope 3, since the calculation target was expanded from fiscal 2023 to include overseas transportation besides domestic transportation, emissions increased.

Waste FREE

Amount of Raw Materials Input KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022	2023
Steel material	kt	110	110	110	110
Plastic	kt	-	-	-	0.674

Waste (Total Generated) Consolidated

(FY)

	Unit	2020*1	2021*2	2022*3	2023
Overall	t	62,648	58,844	58,492	70,726*4
Domestic Group	t	-	-	-	47,465★

*1 Total for KHI, 26 domestic consolidated subsidiaries, and 24 overseas consolidated subsidiaries
*2 Total for KHI, 37 domestic consolidated subsidiaries, and 23 overseas consolidated subsidiaries
*3 Total for 28 sites of KHI, 30 related domestic sites, and 28 related overseas sites
*4 Total for KHI, 44 domestic consolidated subsidiaries, and 56 overseas consolidated subsidiaries

Waste KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022*1	2023
Total generated	t	44,578	42,772	41,442	40,165★
Waste recycled	t	43,487	41,796	40,504	39,195★
Waste disposed (landfill disposal)	t	166	67	47	39★
Waste reduction amount	t	925	909	891	931★

*1 Results for fiscal 2022 were retroactively revised in conjunction with the acquisition of third-party verification of results for fiscal 2023.

Hazardous Waste KHI, KRM, KMC

(FY)

	Unit	2020*1	2021*1	2022*1	2023*1
Total generated	t	1,524	1,369	1,405	1,402★
Waste recycled*2	t	1,523	1,368	1,404	1,402★
Waste disposed (landfill disposal)	t	0	0	0	0★
Waste reduction amount	t	1	1	1	0★

*1 The calculation method for the amount of hazardous waste emissions was changed in fiscal 2023 to make it more accurate. Previously, calculations were based on particularly hazardous waste that contained hazardous substances in excess of standard values, but starting in fiscal 2023, the scope was expanded to include hazardous waste specified in the regulations of each country in order to obtain more accurate calculations. In addition, the results for fiscal 2020 to fiscal 2022 were replaced with values that were recalculated using the calculation methods adopted for fiscal 2023 and later.
*2 Thermal recycling or material recycling

Water Resources KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022	2023
Water withdrawal	Million m^3	5.633	5.629	5.510	5.496★
Breakdown of water withdrawal (clean water)	Million m^3	0.491	0.539	0.564	0.552★
Breakdown of water withdrawal (industrial water)	Million m^3	0.992	1.034	1.039	1.091★
Breakdown of water withdrawal (groundwater)	Million m^3	4.150	4.056	3.908	3.853★
Water discharged	Million m^3	4.445	3.282	3.304	4.183★
Breakdown of water discharged (sewerage)	Million m^3	-	-	0.872	0.963
Breakdown of water discharged (rivers, lakes, ponds , etc.)	Million m^3	-	-	2.433	3.220
Water consumed	Million m^3	1.188	2.347	2.206	1.313

*1 The calculation method for the amount of Water discharged was changed in fiscal 2021 to make it more accurate. In the past, since the working day of the plant fluctuates from year to year, we disclosed the calculated amount of Water discharged for 365 days, but since 2021, we have disclosed the measured amount. According to the new calculation method, water discharged in fiscal 2020 was 4.146 million m^3.

Harm FREE

Major VOCs Emissions (Toluene, Xylene, and Ethylbenzene) KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022*1	2023
Major VOCs emissions	t	634	642	576	629★

*1 The aggregation categories were changed in fiscal 2023 based on the Pollutant Release and Transfer Register (PRTR) System. In conjunction with this change, the results for fiscal 2022 were revised.

Air Pollutants Emissions KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022	2023
Sulfur oxides (SOx)	t	6.0	1.0	0.7	0.9
Nitrogen oxides (NOx)	t	120.0	103.0	84.0	74.7

Environmental Data by Business Site (Fiscal2023) KHI, KRM, KMC

		Unit	Gifu Works	Nagoya Works 1&2	Kobe Works	Hyogo Works	Nishi-Kobe Works
INPUT	Total energy (heat conversion)	TJ	910	136	242	86	371
	Purchased electricity	MWh	77,083	32,694	25,091	15,004	80,063
	Fuel	TJ	633	16	152	31	80
	Renewable energy	MWh	0	737	23	13	648
	Water withdrawal	1,000m^3	3,784	53	221	51	172
OUTPUT (Air)	CO_2 emissions from energy sources	t	66,674	16,066	18,818	6,115	38,585
	SOx	t	Under 1	Under 1	Under 1	0	0
	NOx	t	25	1	40	Under 1	1
	Soot and dust	t	Under 1	Under 1	Under 1	Under 1	Under 1
OUTPUT (Water)	Water discharged	1,000m^3	2,902	13	165	39	117
	COD	t	3	Under 1	Under 1	Under 1	0
	Nitrogen	t	16	Under 1	Under 1	Under 1	0
	Phosphorus	t	Under 1	Under 1	0	Under 1	0
OUTPUT (Waste)	Total generated	t	3,372	438	5,079	3,263	5,000
	Recycled	t	3,372	438	5,077	3,263	4,998
	Others (incinerated/landfilled)	t	Under 1	Under 1	2	0	2

		Unit	Seishin Works	Akashi Works	Kakogawa Works	Harima Works	Sakaide Works
INPUT	Total energy (heat conversion)	TJ	157	1,008	24	64	121
	Purchased electricity	MWh	24,640	98,673	1,632	9,840	27,888
	Fuel	TJ	61	652	18	27	21
	Renewable energy	MWh	1,782	287	0	451	0
	Water withdrawal	1,000m^3	107	747	3	48	305
OUTPUT (Air)	CO_2 emissions from energy sources	t	13,618	76,962	1,583	4,290	13,854
	SOx	t	0	0	0	0	Under 1
	NOx	t	Under 1	7	0	Under 1	Under 1
	Soot and dust	t	0	1	0	Under 1	Under 1
OUTPUT (Water)	Water discharged	1,000m^3	107	530	3	12	289
	COD	t	0	0	0	Under 1	Under 1
	Nitrogen	t	2	0	Under 1	Under 1	Under 1
	Phosphorus	t	Under 1	0	Under 1	Under 1	Under 1
OUTPUT (Waste)	Total generated	t	1,121	8,669	600	3,286	10,687
	Recycled	t	1,121	8,669	599	3,257	9,752
	Others (incinerated/landfilled)	t	0	Under 1	1	29	935

Environmental Data Calculation Criteria

Data indicator		Unit	Calculation criteria
CO_2 Emissions (Scope 1, Scope 2)	**Scope 1**	**t**	We calculated using emissions factors in the List of Calculation Methods and Emission Coefficients (December 12, 2023) based on the Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System of the Act on Promotion of Global Warming Countermeasures (if unique supplier emissions factors are unknown, alternative values are used). For city gas, we calculated using the emissions factors in the Emissions Coefficients by Gas Company (For Calculating Greenhouse Gas Emissions from Specific Emitters) FY2023 Supply Results (June 28, 2024) (if unique supplier emissions factors are unknown, alternative values are used).
	Scope2	**t**	**Market-based** Domestic electricity emissions factors are calculated using the Emissions Coefficients by Electric Power Company (For Calculating Greenhouse Gas Emissions from Specific Emitters) FY2023 Results (July 19, 2024) (if unique supplier emissions factors are unknown, alternative values are used). For overseas, calculations are based on the emissions factors specified in Emission Factors 2023 issued by the International Energy Agency (IEA), and if unique supplier emissions factors are known, those values are used. For steam and cold water, we calculated using the emissions factors in the Emissions Factors by Heat Supply Company (For Calculating Greenhouse Gas Emissions from Specific Emitters) FY2022 Supply Results (July 12, 2024) (if unique supplier emissions factors are unknown, alternative values are used). **Location-based** Domestic electricity emissions factors are calculated using the nationwide average factor in the Emissions Factors by Electric Power Company (For Calculating Greenhouse Gas Emissions from Specific Emitters) FY 2023 Results (July 19, 2024). For overseas, calculations are based on the emissions factors specified in Emission Factors 2023 issued by the International Energy Agency (IEA), and if unique supplier emissions factors are known, those values are used. For steam and cold water, we calculated using the emissions factors of alternative values in the Emissions Factors by Heat Supply Company (For Calculating Greenhouse Gas Emissions from Specific Emitters) FY 2022 Supply Results (July 12, 2024).
Energy Consumption	**Total non-renewable energy consumption**	**MWh**	We calculated based on the unit calorific value in the List of Calculation Methods and Emission Coefficients (December 12, 2023) based on the Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System of the Act on Promotion of Global Warming Countermeasures, with fuels specified in the Act on Rational Use of Energy and Shift to Non-fossil Energy covered. For city gas, calculated using the unit calorific values announced by each company. The unit calorific value for electricity is calculated using 3.6 MJ/kWh.
	Total renewable energy consumption	**MWh**	We calculated as total electric power derived from renewable energy.

Data indicator		Unit	Calculation criteria
Waste	**Waste (total generated)**	**t**	We calculated as the total weight of industrial waste, hazardous waste, and valuable materials released from business sites.
	Waste generated	**t**	We calculated as the total weight of industrial waste (excluding hazardous waste) and valuable materials. Volume generated.
	Waste recycled	**t**	We calculated as the total weight of industrial waste (excluding hazardous waste) that has been thermally recycled or subject to material recycling through intermediate treatment and valuable materials.
	Waste disposed (landfill disposal)	**t**	We calculated as the weight of industrial waste (excluding hazardous waste) that was directly and finally disposed of in landfills.
	Waste reduction amount	**t**	The total weight of industrial waste (excluding hazardous waste) subject to reduction
	Hazardous waste generated	**t**	The amount of hazardous waste specified in the regulations of each country generated
Water Resources	**Water withdrawal (total amount)**	**Million m^3**	We calculated as the total amount of purchased clean water and industrial water and groundwater withdrawn at sites.
	Breakdown of water withdrawal (clean water)	**Million m^3**	Amount of municipal water purchased
	Breakdown of water withdrawal (industrial water)	**Million m^3**	Amount of industrial water purchased
	Breakdown of water withdrawal (groundwater)	**Million m^3**	Amount of groundwater withdrawn
	Water discharged (total amount)	**Million m^3**	We calculated as the total amount of water discharged into public water areas, sewer systems, and so on. For sites that do not measure to amount of water discharged, the amount of water withdrawal is considered to be amount of water discharged.
	Breakdown of water discharged (sewerage)	**Million m^3**	Amount of water discharged into sewer systems
	Breakdown of water discharged (rivers, lakes, ponds , etc.)	**Million m^3**	Amount of water discharged into rivers, lakes, and oceans
	Water consumed	**Million m^3**	We calculated by subtracting the amount of water discharged from the amount of water withdrawal.
Major VOCs	**Major VOCs emissions**	**t**	Among organic compounds (VOCs) that volatilize at room temperature, we calculated as the total amount of toluene, xylene, and ethylbenzene.

CO_2 Emissions (Scope 3)

Data indicator	Unit	Calculation criteria
Category 1 Purchased goods and services	**t-CO_2**	Σ {(Monetary amount of goods and services purchased or acquired × Emissions intensity)} Values used for emission intensity (monetary amount) calculations are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.4 March 2024.
Category 2 Capital goods	**t-CO_2**	Σ {(Value of capital goods) × (Emissions intensity)} Values used for emission intensity calculations are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.4 March 2024.
Category 3 Fuel- and energy-related activities not included under Scope 1 or Scope 2	**t-CO_2**	Σ {(Amount of purchased electricity) × (Emissions intensity)} + Σ {(Amount of heat purchased) × (Emissions intensity)} + Σ {(Amount of each fuel used) × (Emissions intensity)} Values used for emission intensity are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.4 March 2024 and IDEA v2.3 (for calculating supply chain greenhouse gas emissions).
Category 4 Upstream transportation and distribution	**t-CO_2**	Σ (Transportation distance ÷ Fuel × Emissions intensity)} + Σ {(Transportation ton-kilometers × Fuel consumption intensity based on the "Manual for Calculating and Reporting Greenhouse Gas Emissions (Ver. 5.0): ton-kilometer method" × Emissions intensity) + Σ (Transportation monetary amount × Emissions intensity) Values used for emission intensity are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.4 March 2024 and IDEA v2.3 (for calculating supply chain greenhouse gas emissions).
Category 5 Waste generated in operations	**t-CO_2**	Σ (Amount of waste by type × CO_2 emissions intensity of waste by type) Values used for emission intensity are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.4 March 2024 and IDEA v2.3 (for calculating supply chain greenhouse gas emissions).
Category 6 Business travel	**t-CO_2**	(By means of travel) Σ (Travel expenses provided × Emissions intensity) Values used for emission intensity are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.4 March 2024.
Category 7 Employee commuting	**t-CO_2**	(By means of travel) Σ (Expenses paid for transportation × Emissions intensity) Values used for emission intensity are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.4 March 2024.
Category 8 Upstream leased assets	**t-CO_2**	Emissions from upstream leased assets are included (in Scope 1 and Scope 2 emissions) (Since the monetary amounts of the relevant upstream leased assets are small)
Category 9 Downstream transportation and distribution	**t-CO_2**	Σ (Transportation distance ÷ Fuel × Emissions intensity) Calculations are for transportation from domestic marketing bases to sales retail shops or directly to consumers for sale in BtoC business.
Category 10 Processing of sold products	**t-CO_2**	Collection of downstream data is difficult, and it is believed that the impact on the total Scope 3 volume is minimal, and therefore, Kawasaki heavy industries group does not perform calculations of category 10. (This is because in downstream segments, most processing comprises assembly or installation of parts.)

Data indicator	Unit	Calculation criteria
Category 11 Use of sold products	**t-CO_2**	Σ (CO_2 emissions in conjunction with the use of fuel at the time of use of products) + Σ (CO_2 emissions in conjunction with the use of electricity at the time of use of products) Values used for emission intensity are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.4 March 2024. The total value obtained from multiplying the amount of activity (the amount of electric, steam, cold water and other utilities consumed during the use of final products sold annually) by the emissions intensity, year of service life, and operation rate Subject products: ships, rolling stock, aircraft, electric power generation equipment, ship propulsion equipment, boilers, absorption chiller/heaters, motorcycles, construction equipment parts, robots, crushing machines, sifters, plant equipment
Category 12 End-of-life treatment of sold products	**t-CO_2**	Σ {(Approximate weight of metal products) × (Emissions intensity)} Values used for emission intensity are based on the values outlined in the Database on Emission Intensities for Calculating Organizational Greenhouse Gas Emissions, etc. through a Supply Chain Version 3.4 March 2024.
Category 13 Downstream leased assets	**t-CO_2**	Exempted (there are no relevant downstream leased asset).
Category 14 Franchises	**t-CO_2**	Exempted (there are no relevant operations).
Category 15 Investments	**t-CO_2**	Exempted (emissions from investments are extremely small).

Social

Employee Data

Number of Employees[*1] Consolidated

(FY)

			Unit	2020	2021	2022	2023
Total employees	Overall		Persons	36,691	36,587	38,254	39,689
		Male	Persons	-	-	-	32,648
		Female	Persons	-	-	-	5,570
		No aggregates collated[*2]	Persons	-	-	-	1,471
	Domestic group		Persons	26,901	26,596	27,583	28,099
			%	73.3	72.7	72.1	70.8
		Male	Persons	-	-	-	24,884
		Female	Persons	-	-	-	3,215
	Overseas group		Persons	9,790	9,991	10,671	11,590
			%	26.7	27.3	27.9	29.2
		Male	Persons	-	-	-	7,764
		Female	Persons	-	-	-	2,355
		No aggregates collated[*2]	Persons	-	-	-	1,471
By region	Japan		Persons	26,901	26,596	27,583	28,099
			%	73.3	72.7	72.1	70.8
	Europe		Persons	702	757	761	692
			%	1.9	2.1	2.0	1.7
	Americas		Persons	4,015	4,194	4,886	5,774
			%	10.9	11.5	12.8	14.5
	Asia		Persons	5,033	5,001	4,985	5,087
			%	13.7	13.7	13.0	12.8
	Australia		Persons	40	39	39	37
			%	0.1	0.1	0.1	0.1

*1 Number of employees as of fiscal year-end.
*2 No aggregates are collated for 2 overseas consolidated subsidiaries.

Employee Breakdown[*1] KHI, KRM, KMC

(FY)

			Unit	2020	2021	2022	2023
Status of employees	Number of employees		Persons	17,396	17,162	17,413	17,968
		Male	Persons	15,876	15,688	15,883	16,362
			%	91.3	91.4	91.2	91.1
		Female	Persons	1,520	1,474	1,530	1,606
			%	8.7	8.6	8.8	8.9
	Managerial staff		Persons	3,732	3,664	3,865	4,107
		Male	Persons	3,680	3,600	3,791	4,013
		Female	Persons	52	64	74	94
	General employees		Persons	13,664	13,498	13,548	13,861
		Male	Persons	12,196	12,088	12,092	12,349
		Female	Persons	1,468	1,410	1,456	1,512
	Average age		Years old	39.7	40.1	40.6	40.8
		Male	Years old	39.6	40.0	40.5	40.7
		Female	Years old	41.1	41.7	42.1	42.5
			Unit	**2020**	**2021**	**2022**	**2023**
By age[*2]	29 and younger		Persons	3,529	3,737	3,608	3,983
			%	20.3	21.8	20.7	22.2
		Male	Persons	3,268	3,467	3,328	3,664
		Female	Persons	261	270	280	319
	30 to 39		Persons	5,504	5,427	5,432	5,554
			%	31.6	31.6	31.2	30.9
		Male	Persons	5,084	5,025	5,032	5,130
		Female	Persons	420	402	400	424
	40 to 49		Persons	4,456	4,395	4,480	4,534
			%	25.6	25.6	25.7	25.2
		Male	Persons	3,989	3,941	4,024	4,056
		Female	Persons	467	454	456	478
	50 to 59		Persons	3,367	3,229	3,397	3,356
			%	19.4	18.8	19.5	18.7
		Male	Persons	3,048	2,919	3,053	3,017
		Female	Persons	319	310	344	339
	60 and above		Persons	540	374	496	541
			%	3.1	2.2	2.8	3.0
		Male	Persons	487	336	446	495
		Female	Persons	53	38	50	46

			Unit	2020	2021	2022	2023
By position	Director, Audit & Supervisory Board Member*3		Persons	13	13	17	20
		Male	Persons	11	11	15	17
			%	84.6	84.6	88.2	85.0
		Female	Persons	2	2	2	3
			%	15.4	15.4	11.8	15.0
	Executive officer and above		Persons	26	30	28	32
		Male	Persons	25	29	27	31
			%	96.2	96.7	96.4	96.9
		Female	Persons	1	1	1	1
			%	3.8	3.3	3.6	3.1
	Senior manager equivalent *4		Persons	1,071	746	729	741
		Male	Persons	1,064	739	723	736
			%	99.3	99.1	99.2	99.3
		Female	Persons	7	7	6	5
			%	0.7	0.9	0.8	0.7
	Manager equivalent		Persons	2,527	2,918	3,136	3,362
		Male	Persons	2,482	2,861	3,068	3,274
			%	98.2	98.0	97.8	97.4
		Female	Persons	45	57	68	88
			%	1.8	2.0	2.2	2.6
	Assistant manager equivalent		Persons	2,203	2,403	2,450	2,572
		Male	Persons	2,068	2,254	2,296	2,402
			%	93.9	93.8	93.7	93.4
		Female	Persons	135	149	154	170
			%	6.1	6.2	6.3	6.6

*1 Number of employees as of the fiscal year-end (all temporary employees are included in general 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.

Gender Pay Gap*1 Domestic Group

(FY)

	Unit	2020	2021	2022	2023
All employees (basic pay plus bonuses, etc.)*2	%	-	-	-	62.0

*1 Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
*2 Part-time and fixed-term workers are included in employees.

Average Annual Remuneration KHI, KRM, KMC

(FY)

		Unit	2020	2021	2022	2023
All employees		Yen	6,994,041	6,799,106	7,292,124	8,064,083
	Male	Yen	7,127,317	6,998,061	7,511,997	8,312,912
	Female	Yen	5,205,581	4,702,687	5,013,017	5,523,799
Average for managerial staff (basic pay only)		Yen	7,675,049	7,866,297	7,925,950	8,107,578
	Male	Yen	7,682,983	7,882,082	7,943,055	8,123,345
	Female	Yen	7,024,195	6,942,346	7,033,475	7,397,411
Average for managerial staff (basic pay plus bonuses,etc)		Yen	11,054,463	10,552,048	11,214,762	12,736,295
	Male	Yen	11,069,911	10,574,624	11,238,581	12,765,053
	Female	Yen	9,900,815	9,227,286	9,970,433	11,438,022
Average for general employees (basic pay only)		Yen	4,414,310	4,544,144	4,601,578	4,798,094
	Male	Yen	4,474,728	4,666,906	4,731,098	4,931,428
	Female	Yen	3,764,849	3,506,879	3,534,556	3,715,459

Human Resource Management

Number of New Hires[*1] Consolidated

(FY)

			Unit	2021	2022	2023	2024
Number of new hires	**Overall**		Persons	-	-	4,364[*3]	-
		Male	Persons	-	-	2,873	-
		Female	Persons	-	-	994	-
		No aggregates collated[*2]	Persons	-	-	497	-
	Domestic Group		Persons	-	-	1,152[*3]	706[*4]
		Male	Persons	-	-	962	601
		Female	Persons	-	-	190	105
	Overseas Group		Persons	-	-	3,212	-
		Male	Persons	-	-	1,911	-
		Female	Persons	-	-	804	-
		No aggregates collated[*2]	Persons	-	-	497	-

*1 Total number for new graduates hired and mid-career hires
*2 No aggregates are collated for 3 overseas consolidated subsidiaries.
*3 The scope of the data collection does not include new graduates hired for fiscal 2023 in the domestic Group excluding Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors.
*4 The scope of the data collection is new graduates hired in fiscal 2024 at the domestic Group.

Number of Employees Hired KHI, KRM, KMC

(FY)

		Unit	2020	2021	2022	2023	2024
New graduates hired*		Persons	555	357	370	405	506
	Male	Persons	498	323	333	376	449
	Female	Persons	57	34	37	29	57
Administrative and technical positions		Persons	344	231	246	278	342
	Male	Persons	296	200	214	254	291
	Female	Persons	48	31	32	24	51
Production specialists		Persons	211	126	124	127	164
	Male	Persons	202	123	119	122	158
	Female	Persons	9	3	5	5	6
Mid-career hires and ratio of mid-career hires to all new hires		Persons	167	95	362	698	-
		%	23.1	21.0	49.5	63.3	-
	Male	Persons	136	72	284	589	-
	Female	Persons	31	23	78	109	-
Administrative and technical positions		Persons	90	89	324	536	-
	Male	Persons	81	68	251	441	-
	Female	Persons	9	21	73	95	-
Production specialists		Persons	59	6	38	162	-
	Male	Persons	54	4	33	148	-
	Female	Persons	5	2	5	14	-
Partner		Persons	18	-	-	-	-
	Male	Persons	1	-	-	-	-
	Female	Persons	17	-	-	-	-
Average years of service		Years	13.7	14.2	14.5	14.6	-
	Male	Years	14.0	14.5	14.9	15.0	-
	Female	Years	10.3	10.8	10.9	10.9	-

* Number of new graduates hired as of April 1 of each fiscal year.

Total Number of Resignations and Turnover Rate Consolidated

(FY)

		Unit	2020	2021	2022	2023
Overall		Persons	-	-	-	3,483
		%	-	-	-	8.8
	Male	Persons	-	-	-	2,182
	Female	Persons	-	-	-	666
	No aggregates collated*	Persons	-	-	-	635
Domestic Group		Persons	-	-	-	979
		%	-	-	-	3.5
	Male	Persons	-	-	-	836
		%	-	-	-	3.4
	Female	Persons	-	-	-	143
		%	-	-	-	4.4
KHI, KRM, KMC		Persons	-	481	445	401
		%	-	2.8	2.6	2.2
	Male	Persons	-	421	393	346
		%	-	2.7	2.5	2.1
	Female	Persons	-	60	52	55
		%	-	4.1	3.4	3.4
Overseas Group		Persons	-	-	-	2,504
		%	-	-	-	21.6
	Male	Persons	-	-	-	1,346
	Female	Persons	-	-	-	523
	No aggregates collated*	Persons	-	-	-	635

* No aggregates are collated for 3 overseas consolidated subsidiaries.

Number of Employees Voluntarily Resigning and Turnover Rate[*1] [*2]

Domestic Group

(FY)

		Unit	2020	2021	2022	2023
Domestic Group		Persons	-	-	-	576
		%	-	-	-	2.0
	Male	Persons	-	-	-	484
		%	-	-	-	1.9
	Female	Persons	-	-	-	92
		%	-	-	-	2.9
KHI, KRM, KMC		Persons	205	313	321	294
		%	1.2	1.8	1.8	1.6
	Male	Persons	179	275	282	253
		%	1.1	1.8	1.8	1.5
	Female	Persons	26	38	39	41
		%	1.7	2.6	2.5	2.6
29 and younger		Persons	109	162	147	134
		%	3.1	4.3	4.1	3.4
	Male	Persons	99	146	127	113
		%	3.0	4.2	3.8	3.1
	Female	Persons	10	16	20	21
		%	3.8	5.9	7.1	6.6
30 to 39		Persons	63	105	129	122
		%	1.1	1.9	2.4	2.2
	Male	Persons	52	89	117	107
		%	1.0	1.8	2.3	2.1
	Female	Persons	11	16	12	15
		%	2.6	4.0	3.0	3.5
40 to 49		Persons	28	29	34	31
		%	0.6	0.7	0.8	0.7
	Male	Persons	25	24	28	29
		%	0.6	0.6	0.7	0.7
	Female	Persons	3	5	6	2
		%	0.6	1.1	1.3	0.4
50 and above		Persons	5	17	11	7
		%	0.1	0.5	0.3	0.2
	Male	Persons	3	16	10	4
		%	0.1	0.5	0.3	0.1
	Female	Persons	2	1	1	3
		%	0.5	0.3	0.3	0.9

*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[*1] Domestic Group

(FY)

	Unit	2020	2021	2022	2023
Number of companies surveyed[*2]	Companies	1	6	8	19
Response rate	%	80	85	89	88
Supportive environment[*3]	%	52	55	51	52
Employee engagement[*4]	%	59	51	53	54
Ratio of employees for whom both "supportive environment" and "employee engagement" are high[*5]	%	29	28	28	29
KHI, KRM, KMC	%	29	28	29	30

*1 Results for fiscal 2020 and fiscal 2021 have been retroactively revised in accordance with modifications in the target data from fiscal 2023.
*2 Kawasaki and domestic consolidated subsidiaries
*3 Ratio of employees who responded positively to multiple questions in the employee engagement survey regarding whether the Company provides opportunities to perform interesting work and a supportive environment (a productive work environment)
*4 Ratio of employees who responded positively to multiple questions in the same survey on whether employees are willing to go the extra mile and are proud to work for the company (job satisfaction)
*5 Ratio of employees who gave answers which exceeded the global average for "supportive environment" and "employee engagement"

Diversity

Number of Foreign National Employees KHI, KRM, KMC

(FY)

	Unit	2020[*1]	2021[*1]	2022[*1]	2023[*2]
Number of foreign national employees	**Persons**	35	36	34	48
Number of foreign national employees in managerial positions	**Persons**	-	-	-	2

*1 As of April 1 of each fiscal year. Administrative and technical personnel only.
*2 Results for fiscal 2023 have been revised in accordance with the modification of the data aggregation to March 31 of the fiscal year and the target scope to all employees.

Number and Percentage of Employees with Disabilities[*1 *2] KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022	2023	2024
Employees with disabilities[*2]	Persons	473	473	459	484	518
Percentage of employees with disabilities	%	2.50	2.49	2.44	2.52	2.60

*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

Domestic Group

(FY)

	Unit	2020	2021	2022	2023
Number of women in managerial positions	Persons	-	-	-	170
Proportion of women in managerial positions	%	-	-	-	2.7

Number of Women in Managerial Positions by Position[*1] [*2]

KHI, KRM, KMC

(FY)

		Unit	2020	2021	2022	2023	2024
Number of women in managerial positions		Persons	57	66	79	101	122
Proportion of women in managerial positions		%	-	-	-	2.1	2.4
Proportion of women in managerial positions by position	**Executive officer and above[*3]**	Persons	-	-	-	1	1
		%	-	-	-	3.0	3.4
	Senior manager equivalent	Persons	-	-	-	8	7
		%	-	-	-	0.8	0.7
	Manager equivalent	Persons	-	-	-	92	114
		%	-	-	-	2.5	2.8
Proportion of women in managerial positions in revenue-generating functions		Persons	-	-	-	-	63
		%	-	-	-	-	1.5

*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

Number of Women in Technical Positions

KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022	2023
Number of women in technical positions	Persons	-	-	-	252
Proportion of women in technical positions	%	-	-	-	5.3

Work-life Balance

Usage of Work-Life Balance Programs

KHI, KRM, KMC

(FY)

		Unit	2020	2021*1	2022	2023
Employees using the childcare leave		Persons	84	112	169	216
	Male	Persons	38	58	122	169
	Female	Persons	46	54	47	47
Rate at which male employees take childcare leave		%	5.4	7.7	17.9	25.0
Employees using the care leave		Persons	5	6	5	6
	Male	Persons	3	3	2	3
	Female	Persons	2	3	3	3
Return rate after childcare leave		%	96	100	100	100
Retention rate after childcare leave		%	95	100	95.3	-*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 2023 because this one-year period has not yet elapsed.

Annual Paid Leave Usage

KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022	2023
Number of used paid leaves*	Days /person	15.9	16.6	18.0	18.5
Paid leave usage rate	%	72.3	75.4	81.8	84.1
Total annual work hours	Hours /person	1,953	1,997	2,001	1,986
Total annual overtime hours	Hours /person	206.4	261.4	272.0	263.9

* 22 days given per year.

Human Resource Development

Education and Training Expenses and Hours

KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022	2023
Education and training expenses per employee	Yen/person	27,000	27,000	27,000	31,500
Education and training hours per employee	Hours/person	32	32	32	33
Total education and training hours	Hours	-	547,000	553,000	580,300

Status of Labor Accidents and Work-related Illnesses

Domestic Group

(Jan.-Dec.)*1

		Unit	2020	2021	2022	2023
Number of labor accidents*2	**Total**	Number of incidents	77	87	94	106★
	Under Kawasaki's overall supervision*5	Number of incidents	48	58	49	56★
	Domestic consolidated subsidiaries*6	Number of incidents	29	29	45	50★
Number of occupational fatalities*3	**Total**	Persons	0	1	0	0★
	Under Kawasaki's overall supervision*5	Persons	0	1	0	0★
	Employees	Persons	0	1	0	0★
	Contractors*7	Persons	0	0	0	0★
	Domestic consolidated subsidiaries*6	Persons	0	0	0	0★
Lost Time Injury Frequency Rate (LTIFR)*4	**Under Kawasaki's overall supervision*5**	-	0.34	0.31	0.30	0.23★
	Employees	-	0.21	0.12	0.21	0.14★
	Contractors*7	-	0.74	0.93	0.61	0.53★
	(Reference) Industry average*8	-	1.95	2.09	2.06	2.14
	(Reference) Manufacturing industry average*8	-	1.21	1.31	1.25	1.29

*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 contractors includes an estimate based on Number of workers × 8 hours (4 hours in the case of half-days) × Number of working days.
*5 The boundary of data collection is Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors.
*6 The boundary of data collection does not include Kawasaki Railcar Manufacturing and Kawasaki Motors.
*7 Contractors under overall supervision of Kawasaki (temporary staff, and contract staff in shipbuilding and construction)
*8 Data source: Survey on Industrial Accidents 2023, Ministry of Health, Labour and Welfare

Status of Sanitation Management KHI, KRM, KMC

(Jan.-Dec.)

		Unit	2020	2021	2022	2023
Sick leave rate (case basis)*1		-	4.8	4.6	14.6	11.2
Mental health-related sick leave frequency (case basis)*2		-	0.43	0.50	0.60	0.63
	Mental health issues (Situational/Acute)	Cases	84	99	120	129
	Other psychological disorders	Cases	7	7	5	7
Absence rate (day basis)*3	**Leave due to mental health issues*4**	-	4.6	5.0	6.4	5.9
	Overall sick leave	-	7.5	7.8	12.1	10.4

*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	2020	2021*2	2022*2	2023*2
Health score*1	-	-	3.90	3.93	3.91
Percentage taking regular physical checkups	%	99.8	98.4	99.0	98.6

*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	2020	2021*1	2022	2023
Number of members	Persons	13,459	12,880	13,184	13,421
Composition ratio*2	%	78.7	75.0	77.3	76.4
Number of labor discussions	Number	44	38	28	29

*1 Results for fiscal 2021 have been revised in accordance with retroactive modifications in the scope of data collection.
*2 The number of members and composition ratio are current as of the end of the respective fiscal years. Composition ratio represents the ratio of union members versus all permanent employees, including managerial staff.

Number of Employees Who Underwent Training on Harassment Domestic Group

(FY)

	Unit	2020	2021	2022	2023
Participants	Persons	17,494	-	20,385	-
Attendance rate*	%	88.1	-	91.3	-

* Attendance rate of target participants

Number of Employees Who Underwent Training on Business and Human Rights Training Domestic Group

(FY)

	Unit	2020	2021	2022	2023
Participants	Persons	191	13,245	-	10,336
Attendance rate*	%	-	-	-	84.7

* Attendance rate of target participants

Social Contribution Activities

Social Contribution Activities by Type*1 KHI

(FY)

	Unit	2020	2021	2022	2023
Donations and philanthropy	%	37.69	31.96	29.70	34.60
Investments (ongoing partnerships with NGOs, etc.)	%	43.72	50.34	54.09	50.45
Advertising and marketing (support funding, campaigns, etc.)	%	18.59	17.70	16.21	14.95
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	2020	2021	2022	2023
Total[*2]		Millions of yen	679	661	802	941
Breakdown by category	**Vitalization of industry and economy**	Millions of yen	199	217	332	373
	Communities	Millions of yen	184	204	191	207
	Education	Millions of yen	215	148	155	192
	Culture and sports	Millions of yen	57	55	87	99
	Welfare and humanitarian aid (including disaster relief)	Millions of yen	6	4	9	31
	Others (including environmental safety and disaster prevention)	Millions of yen	18	33	28	39
Expenditure type	**Provision of funds**	Millions of yen	160	111	278	263
	Provision of goods	Millions of yen	194	226	192	193
	Employee volunteer activities	Millions of yen	326	324	332	485
	Indirect management costs	Millions of yen	0	0	0	0

*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.

Working with Suppliers

Number of Companies Responding to Sustainable Procurement Survey

KHI, KRM, KMC

(FY)

	Unit	2020	2021	2022	2023
Domestic	Companies	-	395	-	528
Overseas	Companies	37	-	-	5

ISO Certification Status

Certification Status of Quality Management 【Domestic (Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors)】

Percentage of production sites covered by ISO 9001 (total of domestic and overseas): 73.1% based on sites

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
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	Scope: 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 Railcar Manufacturing Co., Ltd.		Aug. 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 (ISO 9001) 【Domestic Production Sites (Group Companies)】

Business Segment	Company
Aerospace Systems Company (Defense & Aerospace Business Division) (Commercial Aircraft Business Division) (Helicopter & MRO Business Division)	NIPPI Corporation
Aerospace Systems Company (Aero Engine Business Division)	Kawaju Akashi Engineering Co., Ltd.
Energy Solution & Marine Engineering Company (Plant Engineering Business Division)	EarthTechnica Co., Ltd.
	Kawasaki Engineering Co., Ltd.
	Kawaju Facilitech Co., Ltd.
Energy Solution & Marine Engineering Company (Energy Solution Business Division) (Marine Machinery Business Division)	Kawasaki Thermal Engineering Co., Ltd.
	Kawasaki Prime Mover Engineering Co., Ltd.
Precision Machinery & Robot Company (Precision Machinery Business Division)	Kawasaki Hydromechanics Corporation
Kawasaki Railcar Manufacturing Co., Ltd.	Alna Yusoki-Yohin Co., Ltd.
	NICHIJO CORPORATION
Kawasaki Motors, Ltd.	Technica Corp.
	Union Precision Die Co., Ltd.
Head Office	Kawasaki Technology Co., Ltd.

Certification Status of Quality Management (ISO 9001) 【Overseas Production Sites (Group Companies)】

Business Segment	Company	Location
Energy Solution & Marine Engineering Company (Energy Solution Business Division) (Marine Machinery Business Division)	Kawasaki Gas Turbine Europe GmbH	Germany
	Wuhan Kawasaki Marine Machinery Co., Ltd.	China (PRC)
Precision Machinery & Robot Company (Precision Machinery Business Division)	Kawasaki Precision Machinery (Suzhou) Ltd.	China (PRC)
	Kawasaki Precision Machinery (U.S.A.) Inc.	U.S.A.
	Kawasaki Precision Machinery (UK) Ltd.	UK
	Wipro Kawasaki Precision Machinery Private Limited	India
	Flutek, Ltd.	South Korea
Precision Machinery & Robot Company (Robot Business Division)	Kawasaki Robotics (Kunshan) Co., Ltd.	China (PRC)
	Kawasaki (Chongqing) Robotics Engineering Co., Ltd.	China (PRC)
Kawasaki Railcar Manufacturing Co., Ltd.	Kawasaki Rail Car, Inc.	U.S.A.
Kawasaki Motors, Ltd.	Changzhou Kawasaki Engine Co., Ltd.	China (PRC)
	Kawasaki Motores do Brasil Ltda.	Brazil
	Kawasaki Motors Manufacturing Corp., U.S.A.	U.S.A.
	Kawasaki Motors Enterprise (Thailand) Co., Ltd.	Thailand

Environmental Management Systems

Percentage of production sites covered by ISO14001 (total of domestic and overseas): 69.4% based on sites, 92.2% based on revenues

【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. 2015	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 Facilitech 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)】

Business Segment	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 Componants 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

External Evaluation

Kawasaki Group 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 June 2024)

ESG Indices

Dow Jones Sustainability Asia Pacific Index

Jointly compiled by S&P Dow Jones Indices (USA) and Robeco SAM (Swiss), Dow Jones Sustainability Indices (DJSI) is a representative index which assesses and selects leading sustainability-driven companies in the three areas of governance and economy, environment, and society.

The DJSI Asia Pacific Index has been specifically designed for leading companies in the Asia Pacific region, and we have the honor of being selected consistently since 2013.

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

FTSE Blossom Japan Index

The FTSE Blossom Japan Index is an ESG investment index adopted by the Government Pension Investment Fund (GPIF). FTSE Russell (UK) refers to the ESG assessment methodology of FTSE4Good Japan Index to select Japanese companies that demonstrate outstanding ESG (environmental, social, and governance) initiatives.

FTSE Blossom
Japan

FTSE Blossom Japan Sector Relative Index

The FTSE Blossom Japan Sector Relative Index is an ESG investment index adopted by the Government Pension Investment Fund (GPIF). Based on the ESG assessment by FTSE Russel (UK), the index reflects its evaluation of Japanese companies' management approach to climate change risks and opportunities.



MSCI ESG Leaders Indexes

The MSCI ESG Leaders Indexes refer to investment indexes developed by MSCI (USA), which are designed to select outstanding companies from around the world that demonstrate excellence in ESG (environmental, social, and governance) initiatives.



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.

MSCI NIHONKABU ESG Select Leaders Index

The MSCI NIHONKABU ESG Select Leaders Index is an ESG investment index adopted by the Government Pension Investment Fund (GPIF). This index selects companies with high ESG ratings from among firms within the same sector, based on ESG research conducted by MSCI (USA).



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S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient Index, designed by the S&P Dow Jones Indices (USA), is an ESG investment index adopted by the Government Pension Investment Fund (GPIF). The investment weighting of components is determined from the TOPIX constituents based on information disclosure about greenhouse gases and carbon emissions per unit of revenue.

Morningstar Japan ex-REIT Gender Diversity Tilt Index

The Morningstar Japan ex-REIT Gender Diversity Tilt Index is an ESG investment index adopted by the Government Pension Investment Fund (GPIF). It determines investment weighting of components based on the evaluation of company initiatives on gender diversity by Equileap (Netherlands).

Recognitions of Kawasaki's Sustainability Initiatives

CDP

Kawasaki received A score in the CDP Climate Change 2023 assessment (consistently selected since fiscal 2022).

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.

Eruboshi Certification (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.



Kurumin Certification (The Act on Advancement of Measures to Support Raising Next-Generation Children)

Kawasaki obtained the Kurumin Mark in 2010 and 2015. 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 2023"

Kawasaki, Kawasaki Railcar Manufacturing Co., Ltd., and Kawasaki Motors, Ltd. has the honor of receiving the top rating of "gold" on the "PRIDE Index" for six consecutive years until 2023. This is 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 five viewpoints: Policy, Representation, Inspiration, Development and Engagement/Empowerment.

Health & Productivity Management Outstanding Organization

In the Health & Productivity Management Outstanding Organizations Recognition Program, which commends large corporations, SMEs, and other organizations practicing especially outstanding health management, Kawasaki, Kawasaki Railcar Manufacturing Co., Ltd., and Kawasaki Motors, Ltd. were certified as a Health & Productivity Management Outstanding Organization 2024 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.

"Monisu" Certification (Certification of Small and Medium-sized Employers Excelling in the Employment of Persons with Disabilities)

In March 2022, our special subsidiary Kawasaki Heartfelt Service Co., Ltd. acquired "Monisu Certification," a system under which small and medium-sized employers making outstanding efforts to promote and stabilize initiatives to ensure the employment of persons with disabilities are certified by the Minister of Health, Labour and Welfare.



Mimoza Company Certification System (Hyogo Kobe Women's Empowerment Company)

In 2023, we were awarded the "Hyogo Kobe Women's Empowerment Company (Mimoza Company)" accreditation in recognition of its robust initiatives not only to promote women's activities but also to create workplaces where everyone can play an active role. The certification system is jointly managed by Hyogo Prefecture and Kobe City.



Participation in External 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	Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2:	make sure that they are not complicit in human rights abuses.
Labour	Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4:	the elimination of all forms of forced and compulsory labour;
	Principle 5:	the effective abolition of child labour; and
	Principle 6:	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7:	Businesses should support a precautionary approach to environmental challenges;
	Principle 8:	undertake initiatives to promote greater environmental responsibility; and
	Principle 9:	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.

- United Nations Global Compact
- Global Compact Network Japan (Japanese only)
- Kawasaki's CoP on the UNGC 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.

GX League

Kawasaki has participated in the GX League, an initiative of the Ministry of Economy, Trade and Industry, since 2023.

The GX League was established as a forum for companies that are taking on the challenges of a green transformation (GX) and seek sustainable growth in the current and future society with the aim of achieving carbon neutrality and social transformation by 2050. Participating companies can collaborate with other companies, government, educational institutions, and other organizations that conduct similar measures.

Kawasaki's initiatives, including building hydrogen supply chains for achieving a decarbonized society and creating zero-emissions plants by 2030 with a focus on hydrogen power generation, are in alignment with the direction sought by the GX League. Thus, we expressed our support for the GX League Basic Concept in April 2022 and joined the league in 2023.

For details on Kawasaki's initiatives for achieving GX, please refer to the following link.

- Initiatives of participating companies for achieving GX: Kawasaki Heavy Industries, Ltd. (Japanese only) | GX League Official Website (gx-league.go.jp)

Support for the Keidanren Challenge Zero

Kawasaki expressed its support for the Keidanren Challenge Zero initiative in March 2021.

Challenge Zero (Challenge Net Zero Carbon Innovation) is a new initiative of the Japan Business Federation (Keidanren) undertaken in collaboration with the Japanese government to strongly promote in Japan and overseas and support innovative action by companies and other organizations to achieve a decarbonized society, which is positioned as the long-term objective of the Paris Agreement, an international framework for addressing climate change.

Kawasaki has listed two initiatives: realization of international liquefied hydrogen energy supply chain and development of hydrogen fueled power generation technologies.

For details on Kawasaki's Challenge Zero initiatives, please refer to the following link.

- Kawasaki Heavy Industries, Ltd. | Challenge Zero (challenge-zero.jp)

Kawasaki Signs Neptune Declaration on Seafarer Wellbeing and Crew Change

In January 2021, Kawasaki signed the Neptune Declaration on Seafarer Wellbeing and Crew Change, which recognizes that we have a shared responsibility to ensure that the crew change crisis brought about by the COVID-19 pandemic is resolved as soon as possible.

More than 300 companies involved in maritime value chains have signed the Declaration.

Please check the following link for further details.

- The Neptune Declaration on Seafarer Wellbeing and Crew Change

Kawasaki Supports My Declaration of Human Rights of Ministry of Justice

In July 2021, Kawasaki expressed its support for the My Declaration of Human Rights promoted by the Ministry of Justice.

The Declaration is an initiative for working toward a society where the human rights of all people are respected through companies, organizations, and individuals declaring that they will act in ways that respect human rights.

In accordance with the Kawasaki Group Policy on Human Rights, the Kawasaki Group is establishing internal systems and actively taking measures to address important human rights issues. Such measures include protecting diversity, equal opportunity, and occupational safety and health, approving freedom of association and the right to collective bargaining, and prohibiting forced labor, child labor, discrimination, and harassment.

For details on My Declaration of Human Rights, please refer to the following link.

- My Declaration of Human Rights





