

Occupational
Safety and HealthManagement
Approach**Material Issues and Our Approach**

Kawasaki believes that ensuring the safety and maintaining and improving the health of our employees are key foundational components of corporate activities that advance our enterprise value.

Kawasaki has defined its Philosophy, Declaration, and Basic Policy on Safety, Sanitation and Health, based on which it has formulated its three-year Medium-term Safety and Health Management plans as well as its Safety and Health Management Platform (a one-year plan) for occupational safety and health activities, including the prevention of work-related accidents and illnesses, as well as health maintenance and improvement, and the development of comfortable workplaces.



Kawasaki Safety and Health Philosophy, Safety and Health Declaration and Basic Policy (Japanese language only)
https://www.khi.co.jp/sustainability/social/employee/pdf/safety_idea.pdf

Focus Activities and Medium-term Targets

The Medium-term Safety and Health Management Plan 2019 (2019-2021) defines the following targets and focus activities:

- **Goals for the Medium-term Safety and Health Management Plan 2019**

- **Top-priority Targets**

1. Zero serious occupational accidents
2. Zero new cases of occupational illness

- **Safety Management Targets (2019 / 2020 / 2021)**

1. Reduce the frequency of lost-worktime accidents by at least 9% (0.40 / 0.39 / 0.38)
2. Reduce the total number of occupational accidents by at least 9% (46 /45 /43)

- **Sanitation Management Targets (2019 / 2020 / 2021)**

1. Reduce days lost to illness or injury resulting in four or more days of lost time by at least 5% (28,476 days / 27,993 days / 27,511 days)
2. Reduce the proportion of workplaces with overall health risk scores of 120 or above as determined by group analyses of stress checks by at least 3 percentage points (4.8% / 3.8% / 2.8%)

- **Health Management Targets (2019 / 2020 / 2021)**

1. Reduce the proportion of employees 40 years old or above with metabolic syndrome or pre-metabolic syndrome by at least 5 percentage points (25.1% / 23.4% / 21.8%)
2. Reduce the proportion of employees under 40 years old with high body fat by at least 5 percentage points (43.2% / 41.5% / 39.9%)
3. Prohibit smoking in all indoor spaces, in principle (comply with related laws and regulations from April 2020)

Notes: 1. The scope for all of the above is Kawasaki Heavy Industries, Ltd. (non-consolidated)

2. All the above targets are for 2021 (the final year of the plan); target changes are as compared with 2018 results.

- **Focus Activities**

- **Safety Management**

1. Utilizing an occupational safety and health management system (OSHMS) based on the guideline developed by the Ministry of Health, Labour and Welfare
2. Thorough enforcement and strengthening of measures to prevent serious occupational accidents and similar accidents
3. Disaster prevention for young and inexperienced workers

- **Sanitation Management**

1. Preventive measures against occupational diseases
2. Mental health measures

- **Health Management**

1. Health maintenance and improvement measures
2. Lifestyle disease countermeasures
3. Second-hand smoke preventive measures

Progress, Results and Challenges

Safety Management

1. We have built safety and health management systems compliant with OSHMS standards and carry out safety and health initiatives.
2. We regularly review past occupational accidents, work to eliminate risks of danger or harm, and implement education and training to prevent serious occupational accidents and similar accidents.
3. We are working to prevent accidents at construction sites through such measures as establishing an overarching safety management system and implementing education and patrols.

Sanitation Management

1. We are implementing working environment management, work management, health management, and chemical substance countermeasures to prevent work-related illnesses.
2. We are implementing mental health measures, including line-of-command care and self-care, coordinating between the divisions to which employees belong, safety and health divisions, and mental health medical specialists and are establishing a follow-up system.

Health Management

1. We are implementing lifestyle disease countermeasures through such means as health education and guidance for affected employees.
2. We are working to completely separate smoking and non-smoking areas in indoor spaces and encouraging smokers to quit.
3. We are advancing collaborative health measures, such as implementing health measures with health insurance unions based on check-up data.

● 2020 Results

- Total number of occupational accidents: 48 (+3)
- Frequency of lost-worktime accidents: 0.34 (-0.05)
- Days lost to illness or injury resulting in four or more days of lost time: 31,102 (+3,109)
- Percentage of high-stress workplaces: 6.1% (+2.3 percentage points)
- Percentage of employees with metabolic syndrome (including pre-metabolic syndrome): 30.4% (+7.0 percentage points)
- Percentage of employees under 40 years old with high body fat: 49.2% (+7.7 percentage points)

Notes: 1. The scope for all of the above is Kawasaki Heavy Industries, Ltd. (non-consolidated)

2. Figures in parenthesis indicate differences from targets.

KPI

Company-wide frequency rate of lost-time injuries

● Goal for 2021

9% lower than 2018

● Progress

	(Jan.-Dec.)	2016	2017	2018	2019	2020
Company-wide frequency rate of lost-time injuries		0.30	0.29	0.42	0.35	0.34

KPI

Company-wide total days of sick leave taken in instances of four days or longer

● Goal for 2021

5% lower than 2018

● Progress

	(Jan.-Dec.)	2016	2017	2018	2019	2020
Company-wide total days of sick leave taken in instances of four days or longer		27,962	27,027	28,959	28,575	31,102

Policy on Occupational Safety and Health

● Basic Policy on Safety and Health

1. Provide a safe and secure working environment

- Identify and reduce risk elements that can lead to labor accidents or health issues before they occur.
- Establish a safety and health management structure and constantly improve its quality of management by implementing the PDCA cycle.
- Promote the realization of comfortable workplaces where communication can freely flow and that are conducive to improving working methods and working environments.

2. Implement health management measures with an emphasis on prevention

- Thoroughly implement working environment management, work management, and health management to prevent work-related illnesses.
- Promote mental healthcare and measures for mitigating stress in the workplace to reduce the number of employees with mental health issues.
- Reduce the amount of overtime and holiday work, and provide physical checkups and healthcare guidance as a way to prevent health issues caused by overworking.

● Basic Policy on Health

1. Activities for maintaining and building health

- Provide a broad range of health initiatives to improve both mental and physical health.
- Support health building activities that individual employees personally engage in.
- Ensure a 100% physical checkup participation rate, and use results from these checkups for disease prevention.
- Keep lifestyle diseases from becoming serious.

2. Realizing a rich life

- Realize a rich life where work, family, and society are in a good balance by shortening work hours, promoting the use of paid leave, and making use of various holiday and rest programs.

● Scope of Policy Application

Officers, employees, and staff seconded from partners under the management of Kawasaki

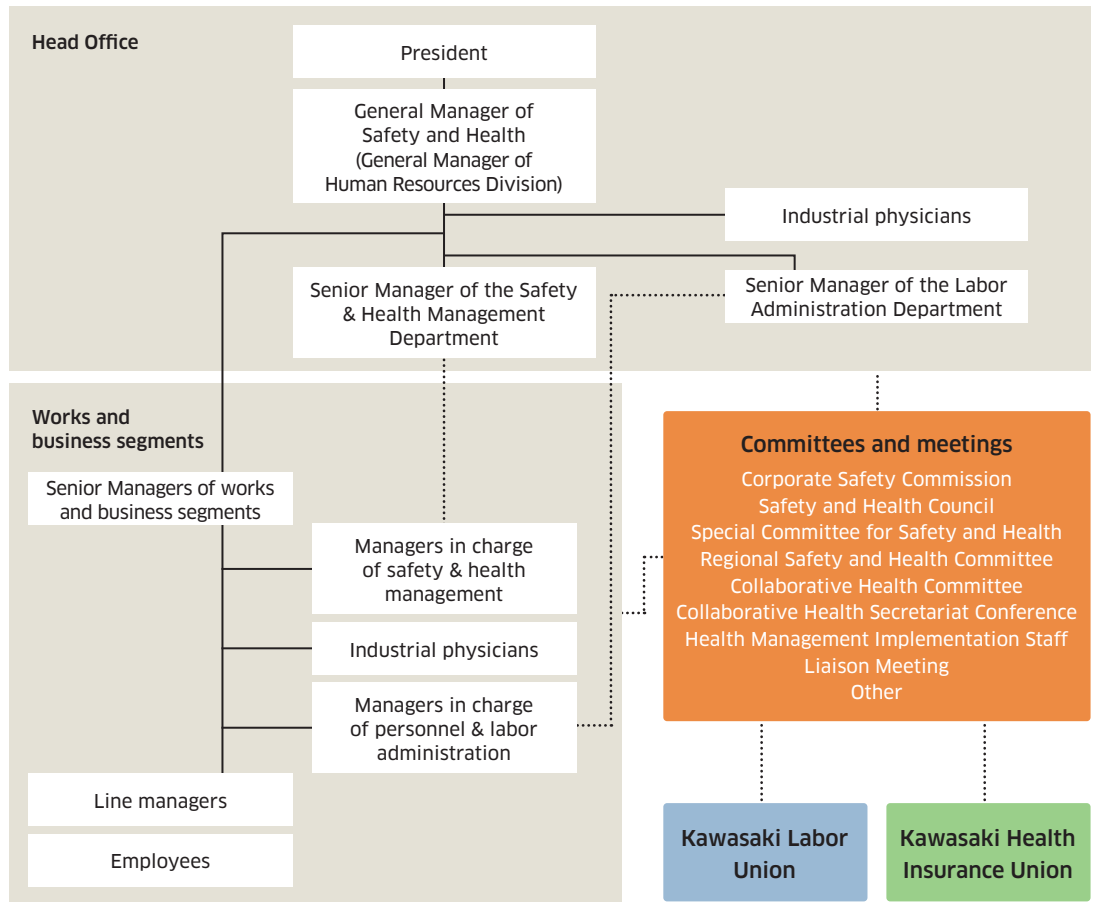


Safety and Health Declaration and Basic Policy (Japanese language only)
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Structure

Kawasaki has defined a set of Safety and Health Management Rules under which it has established safety and health structures both Company-wide and at individual works. We actively implement measures in a planned manner to ensure the safety and health of our employees and staff seconded from partners, improve their health and create comfortable working environments. Specifically, our safety and health activities are carried out at different works under the supervision and management of Managers of Safety and Health based on Company-wide measures defined by the General Manager of Safety and Health. When an 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 Company regulations and rules.

Occupational Safety and Health Management Structure



● **Responsible Officers**

Company-wide: Manabu Ozaki, Deputy General Manager of Human Resources Division (General Manager of Safety and Health)
 Each works: Managers of Safety and Health

● **Responsible Executive Organ and/or Committee**

- Corporate consultative body: Corporate Safety Commission
 Attended by the General Manager of Safety and Health and site Managers of Safety and Health, the commission meets every December to reflect on the year and discuss targets and other safety and health matters for the following year.
- Consultative body with the labor union: Special Committee for Safety and Health, and Safety and Health Council
 The Special Committee for Safety and Health is attended by the Senior Manager of the Head Office's Safety & Health Management Department, staff responsible for safety and health, and members of the management and safety executive committees of the labor union headquarters and branches. The Safety and Health Council is attended by the General Manager of Safety and Health and the Managers of Safety and Health (for the Head Office and works) from the Company and the Central Executive Committee members (for the Headquarters and branches) from the labor union.
- Consultative body at works: Regional Safety and Health Committee
 Based on labor agreements, this committee is attended by the operating sites' safety and health managers and staff as well as management and safety executive committee members from the labor union branches.

For details on the functions of the Special Committee for Safety and Health, the Safety and Health Council, and the Regional Safety and Health Committee, please refer to Labor Discussions (page 101).

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 in 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. Workplace risk assessments are regularly reviewed based on the business characteristics of the respective internal companies. We also review risks when operations or procedures are first introduced, when they are altered, and upon restart after a pause. The safety and health management systems at all of our business sites are at a level that could be of OSHMS third-party certified (sites with third-party certification: Hyogo Works, Kobe Works shipyard, Sakaide Works shipyard). 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.

● 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 (*kiiken 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

Company 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 2020, the Nagoya Works and the Division of Energy & Marine Machinery System of the Akashi Works achieved a full year of 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

	(FY)	2016 ¹	2017 ¹	2018 ²	2019 ³	2020 ³
Safety Dojo participants	Persons	3,687	2,778	2,668	1,581	671

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

2. Scope: The Kawasaki Group (domestic); exceptions apply

3. Scope: The Kawasaki Group (domestic)

Status of Labor Accidents and Work-related Illnesses

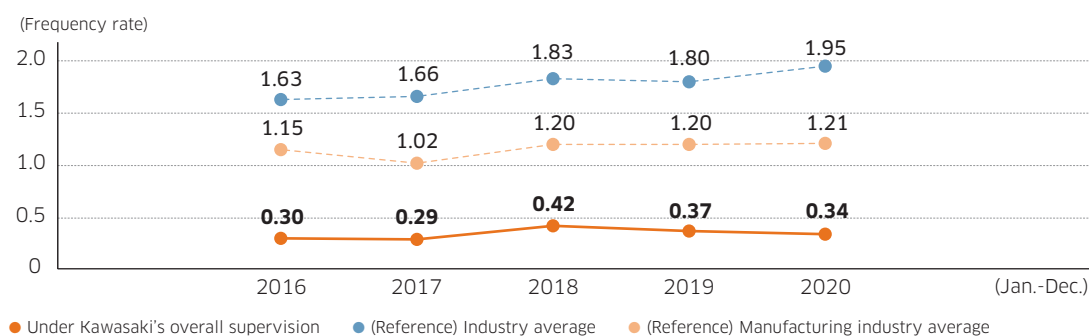
		(Jan.-Dec.)	2016	2017	2018	2019	2020
Number of labor accidents		Number of incidents	42	57	90	104	77
	Under Kawasaki's overall supervision	Number of incidents	42	57	48	69	48
	Domestic Group ¹	Number of incidents	–	–	42	35	29
Number of fatalities in the course of duty		Persons	0	0	0	1	0
	Under Kawasaki's overall supervision	Persons	0	0	0	0	0
	Employees	Persons	0	0	0	0	0
	Internal transfer Staff ²	Persons	0	0	0	0	0
	Domestic Group ¹	Persons	–	–	0	1	0
Frequency rate of lost-time injuries (frequency rate)	Under Kawasaki's overall supervision		0.30	0.29	0.42	0.37	0.34
	Employees		0.12	0.30	0.21	0.21	0.21
	Internal transfer Staff ²		0.85	0.24	1.04	0.77	0.74
	(Reference) Industry average		1.63	1.66	1.83	1.80	1.95
	(Reference) Manufacturing industry average ³		1.15	1.02	1.20	1.20	1.21

1. Kawasaki and key domestic consolidated subsidiaries

2. Internal transfer staff under overall supervision of Kawasaki (temporary staff, and contract staff in shipbuilding and construction)

3. Data source: Ministry of Health, Labor and Welfare, Labor Accident Trend Survey 2019

● Frequency Rate of Lost-time Injuries (non-consolidated)



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.

● Mental Health Measures

Kawasaki implements the four types of mental health care outlined by the Ministry of Health, Labour and Welfare. We offer level-specific mental health education by age group and when employees are promoted at each business site to ensure that employees have regular access to such education. Each year, approximately 10% of all employees receive mental health education. We also conduct annual stress checks and provide interview guidance and other follow-ups for those found to have high levels of stress. We then conduct group-level analyses of stress check data and use the analysis results in training at each business site. As needed, the results of group-level analyses are also used in workplace and work environment improvement efforts for workplaces with high levels of health risk.

When an employee develops a mental health issue, we aim to intervene and respond quickly. Industrial physicians along with human resource and labor departments, industrial health staff, and the employee's supervisor provide coordinated support when such an employee returns to work following a mental health-related absence. Furthermore, we offer an external consultation hotline so that employees can easily seek advice related to mental health and other issues.

● Health Management of Employees on Overseas Assignment

Kawasaki's internal 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. To prevent employees on overseas assignment from contracting infectious diseases, Kawasaki covers the cost of vaccinations as necessary for their specific destinations.

In addition, we provide support so that employees can seek necessary medical care with confidence should they become unwell while overseas.

Sanitation Management (non-consolidated)

	(Jan.-Dec.)	2016	2017	2018	2019	2020	
Sick leave rate (case basis) ¹		6.2	5.1	5.6	5.7	4.8	
Mental health-related sick leave frequency ² (case basis)		0.25	0.22	0.22	0.35	0.43	
	Mental health issues (Situational/Acute)	Cases	48	42	42	67	84
	Other psychological disorders	Cases	1	1	3	5	7
Absence rate (day basis) ³	Leave due to mental health issues ⁴		2.1	2.4	2.3	3.8	4.6
	Overall sick leave		4.8	4.9	4.8	7.0	7.5

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 Company 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

Our Health Management Activities

Kawasaki sees the health of its employees as one of its key management resources. As such, Kawasaki provides extensive support to help individual employees live a healthy lifestyle in a self-directed manner, and aims to help employees enjoy healthy and rich lifestyles by promoting healthy activities.

● Implementation of Physical Checkups and Lifestyle Disease Countermeasures

To manage employee health, Kawasaki provides regular health checkups for all employees, including those on assignment overseas, aiming for 100% of employees to receive such checkups. After the checkups, we encourage employees flagged as having potential issues to undergo secondary examinations and provide thorough health guidance.

Furthermore, in coordination with the health insurance union, we proactively provide designated health guidance to employees with metabolic syndrome, with a Group-wide implementation rate of over 60%. As part of collaborative health promotion efforts with the health insurance union, we compile health reports based on site-level health data gleaned from such sources as health checkup results and records of examinations received at medical institutions. Using these reports, we are able to better understand the health issues faced by each site, and we are now creating a system to formulate and implement educational and other health-related measures based on these insights. Also, in terms of education, we hold an Eating Habit Improvement Seminar, an Exercise Seminar, and other events aimed at preventing lifestyle diseases in collaboration with the health insurance union.

● **Infectious Disease Prevention**

Kawasaki provides vaccinations to employees scheduled to travel or be stationed overseas as needed depending on their destination. We also provide 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 close contact, enclosed spaces, and large groups. At the same time, in accordance with government policy, we have formulated guidelines for preventing contracting and spreading the virus and are working to ensure awareness among employees.

● **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 2020, it stood at 24.5%, 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**

To promote the formation of self-directed healthy habits among domestic Group employees, every year domestic Group companies, the health insurance union, and the labor union collaborate to hold the Kawasaki Health Challenge, a health promotion event. Each year since its inauguration in fiscal 2012, the number of participants has grown, and more than 40% of domestic Group employees now take part. To further promote health activities, we have introduced a health management app to help employees in their daily efforts to maintain and improve their health.

● **Health Education Classes**

As part of our Company-wide Total Health Promotion activities, we support employees in improving their mental and physical health by offering classes aimed at the prevention of lifestyle diseases. These include an Eating Habit Improvement Seminar, an Exercise Seminar and seminars for female employees.

● **Health Education Participants (non-consolidated)**

	(FY)	2016	2017 ¹	2018 ¹	2019 ¹	2020 ²
Mental health education	Persons	–	1,323	2,048	2,206	2,047
Level-specific education (for new hires, etc.)	Persons	–	1,051	906	765	1,978
Other health education (education for female employees, etc.)	Persons	–	622	2,352	1,728	1,565

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

2. Scope: The Kawasaki Group (domestic); exceptions apply

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

	(FY)	2016	2017	2018	2019	2020
Percentage taking designated checkups	%	95.6	92.8	96.2	96.7	95.7
Percentage taking designated health guidance	%	65.4	62.7	62.5	66.7	66.7

● **Health Management KPI (non-consolidated)**

	(FY)	2016	2017	2018	2019	2020
Percentage taking regular physical checkups	%	99.3	99.0	99.0	99.6	99.8

Labor Discussions

Status of Consultations between Management and Labor on Occupational Safety and Health Issues (Status of the Safety and Health Committee, etc.)

Kawasaki has concluded a labor agreement with the labor union and holds a Safety and Health Council (at least once a year) to discuss the policies of safety and health activities, the focus initiatives, and activity planning; a Special Committee for Safety and Health (at least twice a year) for following up on and revising the status of actions being implemented; and a Regional Safety and Health Committee (monthly) for deliberating on measures for preventing hazards and health impediments and discussing the causes and measures for preventing the recurrence of labor accidents at all offices in Japan.