

Material Issues and Our Approach

As the Kawasaki Group's businesses involve the provision of many infrastructure products, ensuring that customers can use our products and services with confidence is a key management issue. The Kawasaki Group Code of Conduct includes a section titled "Quality and Safety of Products and Services" and states that we must provide high-performance, high-quality, safe products and services.

Focus Activities and Medium-term Targets

● Goals for Fiscal 2019-2021

- Create quality assurance and product safety systems on a Group-wide basis.
- Zero product safety law violations.

Progress, Results, and Challenges

● Goals for Fiscal 2020

- Continue using the TQM method to conduct surveys to determine actual levels of quality assurance.
- Establish a Kawasaki Group quality assurance policy.
- Periodically hold Company-wide quality meetings to facilitate information sharing and quality assurance activities while developing a robust Company-wide structure for quality management education.

● Fiscal 2020 Results

- Conducted ongoing surveys using the TQM method to determine actual levels of quality assurance.
- Drafted a Group quality assurance policy.
- Implemented quality assurance activities and TQM promotion activities at the internal companies.
- Held Company-wide quality meetings four times to facilitate information sharing and quality assurance activities.
- Held Company-wide seminars to spread the use of TQM.

● Goals for Fiscal 2021

- Continue using the TQM method to conduct surveys to determine actual levels of quality assurance.
- Periodically hold Company-wide quality meetings to facilitate information sharing and quality assurance activities.
- Commence Company-wide quality management education (level-specific education).

Product Quality and Safety Policy

The Kawasaki Group Code of Conduct includes a section titled "Quality and Safety of Products and Services" and states that "we must provide high-performance, high-quality, safe products and services."

● Scope of Policy Application

The Kawasaki Group



The Kawasaki Group Code of Conduct

<https://global.kawasaki.com/en/corp/sustainability/business-conduct-guideline.html>

Structure

We have established TQM Department within the Corporate Technology Division to advance quality control assurance at the Group-wide level. We have also established divisions responsible for quality control within the internal companies and business divisions to advance quality assurance activities within the internal companies.

● Responsible Officer

Sukeyuki Namiki, Representative Director, Vice President and Senior Executive Officer (in charge of TQM)

● Responsible Executive Organ and/or Committee

We periodically formulate policies and plans for building and reinforcing a Group-wide TQM system that includes quality assurance activities.

Quality and Safety Management

The internal companies and business divisions have been reassessing their internal product safety rules to ensure that their product safety processes are compliant with the international standard ISO 12100. Doing so will better enable design divisions to carry out risk assessments and implement risk reduction measures appropriate to the magnitude of risks identified from the design stage.

- **Basic Safety Standards: Basic concepts applied to all types of machinery**
 - ISO 12100 Safety of machinery—General principles for design—Risk assessment and risk reduction
- **Generic Safety Standards: Applied across a wide range of machinery**
 - ISO 13849-1 Safety of machinery—Safety-related parts of control systems—Part 1: General principles for design
 - IEC 62061 Safety of machinery—Functional safety of electrical, electronic and programmable electronic control systems
 - IEC 60204-1 Safety of machinery—Electrical equipment of machines—Part 1: General requirements
 - IEC 61000-6-4 Electromagnetic compatibility (EMC)—Part 6-4: Generic standards—Emission standard for industrial environments
 - IEC 61000-6-2 Electromagnetic compatibility (EMC)—Part 6-2: Generic standards—Immunity for industrial environments
- **Machine Safety Standards: Detailed safety requirements for a particular machine**
 - ISO 10218-1 Robots and robotic devices—Safety requirements for industrial robots—Part 1: Robots

Quality and Safety Education and Awareness Raising

We hold information meetings on machinery safety and risk assessment seminars for technical divisions of the internal companies and business divisions, which are at the frontlines of realizing machine safety, to ensure that the idea and practice of machine safety reaches all affected employees.

Quality and Safety Violations and Actions Taken

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

ISO 9001 Certification Status

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

- Aerospace Systems Company: Certified (JIS Q 9100 for aerospace and jet engine businesses)
- Kawasaki Railcar Manufacturing Co., Ltd.: Certified
- Energy Solution & Marine Engineering Company: Certified (plant, energy, marine machinery, and ship & offshore structure businesses)
- Kawasaki Motors, Ltd.: Certified
- Precision Machinery & Robot Company: Certified (precision machinery business; also certified under IATF 16949 for parts of the robot business)

In addition, 18 of the 19 overseas production sites are certified under the ISO 9001 quality management standard.



Certification Status of Quality Management (as of June 2021)
<https://global.kawasaki.com/en/corp/sustainability/iso.html>

Policy on Defense-related Businesses

Initiatives to Prevent Human Rights Infringements 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.



The Kawasaki Group Code of Conduct

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Net Sales by Defense-related Businesses (consolidated global)

| | (FY) | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------------|-----------------|---------|---------|---------|---------|---------|
| Net sales | Millions of yen | 236,861 | 237,737 | 216,989 | 256,839 | 260,960 |
| Percentage of total net sales | % | 15.5 | 15.1 | 13.6 | 15.6 | 17.5 |