

Message from the President

Kawasaki, Working as One for the Good of the Planet

Since Kawasaki Report of Environmental and Social Responsibility was issued last year, the Kawasaki Group formulated and announced two important policies to the public. One is our medium-term business plan "Global K", announced in September 2006, and the other is the Kawasaki Group Mission Statement in May 2007. Both policies came out of longtime in-house discussion and review from the viewpoint of the way the Kawasaki Group should be and what the Group should aim at in the future. While the Global K is about the growth strategy of the Group, the Mission Statement is about the social mission of the Group, the sense of value that underpins the Kawasaki brand, and the moral compass and principles of conduct for Group management and members. What is in common among both of these is the clear determination that the Kawasaki Group aims at
Kawasaki, Working as One for the Good of the Planet.

Formulation of the Kawasaki Group Mission Statement

Since its incorporation in 1878, Kawasaki Heavy Industries, Ltd. has been growing with the Japanese economy as one of its core industries, and has offered various products that support the industrial infrastructure. The first item of our Basic Management Philosophy, formulated in 1966, is to "Offer excellent products to customers at the best prices." This phrase implies universality as the core of production business, but because the impact of corporations on society and the economy is much bigger nowadays, just being true to the basics of "product making" is no longer seen as commitment enough to ensure that a company fully carries out its corporate responsibility.

Among others, one of the things that has undergone a drastic change with time is the global environment. As is generally known, the global environment is rapidly deteriorating, what with the depletion of natural resources and the acceleration of global warming. There will be no future for the entire globe unless all people in the world take concerted actions right now. Take the issue of global warming, for instance. The reports of the Intergovernmental Panel on Climate Change (IPCC) issued sequentially from February to May this year warn that the world average temperature will increase by 6.4°C in the end of the 21st century as compared with that in the end of the 20th century if nothing is done to stop the

temperature rise now, and that serious damage will be done to the world unless the average temperature is limited to a 2 to 3°C rise over that in 1990.

Under these circumstances, corporations in the 21st century are required to go beyond their basic corporate activities—gaining profits by making good products—and look more to the environment and society, in order to harmonize with the environment and to help society achieve sustainable growth. I believe that the Kawasaki Group, one of the major groups of corporations' active as a major industrial player, is particularly responsible for carrying out these pivotal duties: tackling those challenges common to all people in the world, and meeting these high social expectations.

This is the reason we formulated the Kawasaki Group Mission Statement, which replaces our original Basic Management Philosophy for the first time in forty years.

Kawasaki, Working as One for the Good of the Planet

The Mission Statement sets Kawasaki, Working as One for the Good of the Planet as the Group Mission in order to show clearly the course of action the Kawasaki Group should take for the benefit of society.

As mentioned earlier, the deterioration of the environment is a serious problem, but the economic growth of emerging countries is expected to further accelerate on a global scale. It is crystal clear that improving the environment requires global efforts. On the other hand, it is ridiculous to restrict the growth of these developing countries in the name of environmental conservation.

Fortunately, the Kawasaki Group has excellent technologies related to clean energy and the environment. We also produce plenty of highly environmental efficient equipments for land, sea and air transport from energy and resource-saving standpoints. Combining all our technological expertise to produce new technologies and products in order to meet the dual purposes of sustainable economic growth and environmental conservation—this challenge, I believe, is not only a new business opportunity for us, but it is also a great contribution to society.

Our policy of promoting environmental consciousness in the corporate activities of the Kawasaki Group stays the same; we intend to carry out "environmentally conscious corporate management" in all aspects of our business,

including our products' manufacturing processes, such as reducing carbon dioxide and waste emission levels.

Living Together with the Environment, Society, Local Communities and Individuals

We hope to be a good neighbor to local communities in the places our sites are located, and need to support growth and harmony within them. The Group Management Principles in the Mission Statement stipulates that "The importance of corporate social responsibility (CSR) permeates all aspects of our business. This stance reflects the Kawasaki Group's corporate ideal of harmonious coexistence with the environment, society, local communities and individuals." Concrete examples of locally rooted activities include daily cleaning in the area around the site and cooperation with schools' field class.

Furthermore, we opened Kawasaki Good Times World, a corporate museum, in the Kobe Maritime Museum last year. Kawasaki Good Times World is designed to help visitors get a feel of "the wonders of technology" and "the importance of craftsmanship" through pleasant activities and casual learning in the facility. We are very pleased that the facility has so many visitors. We are continuously determined to enrich our activities, as a company aiming at cohabitation with society.

Tadaharu Ohashi

President
Kawasaki Heavy Industries, Ltd.



Improving Corporate Quality

In order for the Kawasaki Group to be a good corporate citizen, there is no doubt that the awareness and conduct of every employee who constitutes the Group matters. This is why the Group Code of Conduct in the Mission Statement says, "Earn the trust of the community through high ethical standards and the example you set for others." The medium-term business plan Global K has as one of the basic goals to "Reinforce CSR organization to enhance corporate quality." This is to incorporate the need to establish and improve the in-house structure, including CSR, compliance and corporate governance, and so on, into our priority initiatives. In October 2006, the CSR Dept. was established as a group-wide supervising division to promote CSR activities, including aspects of risk management.

I pledge to do my best to further enhance the "corporate quality" of the Kawasaki Group by providing in-house education to encourage the awareness of every employee and improving in-house institutional systems. It is in this spirit, therefore, that I look forward in the coming years to your continued support to the Kawasaki Group.

