

# CSR Issues and Actions

## Progress Report on Corporate Actions

Action plans are ultimately designed to achieve the action goals described on pages 5–6, with the PDCA cycle repeating until the desired objectives are reached. On this page, we describe action plans of head office divisions that promote corporate activities as well as changes in self-assessments based on results achieved through the stated action plans.

With sure and steady progress, we undertake activities in line with the characteristics of each action. Our activities address a range of subjects, including establishing policies and rules, which conclude in a single fiscal year with one action; diversity, which assumes higher priority as time goes on and results in an accumulation of measures; environmental activities, which incrementally expand in scope from the parent company to companies throughout the Group; and compliance awareness activities, for which an achievable target is hard to measure because no specific “complete-by date” goals are set.

★ Will address   ★★ Have addressed somewhat   ★★★ Have addressed fairly well   ★★★★★ Have addressed sufficiently but would like to improve

Category	Action	Fiscal 2012 Action Plan (as found in CSR Report 2011)	Current Assessment for Period March 2011 to March 2012 [Supplementary information on actual status]
Overall	Encourage understanding of CSR in-house and make everyone fully aware of CSR issues and practices.	Prepare informative tools. Provide information to all divisions in all regions and for employees/management at all career levels.	★★★⇒★★★★ [Included organizing information meetings in each office]
	Pursue dialogue with society at large (separate from daily stakeholder communication activities).	Hold dialogue opportunities on a trial basis and reflect comments in appropriate activities.	★⇒★★ [Implemented dialogue with experts]
Management	Implement compliance and ethics seminars and assess the effectiveness of such training.	Implement activities common throughout the Company and run special sessions during training geared to career levels.	★★★★⇒★★★★ [Implemented various activities and conducted compliance awareness survey]
	Identify significant risks at subsidiaries.	Implement risk management at principal subsidiaries in Japan.	★★★⇒★★★★ [Risks can now be identified through same framework used at KHI]
	Formulate and review business continuity plans.	Each business segment will formulate business continuity plan and embark on suggested preparations.	★★★⇒★★★★ [Plans matched to business characteristics of each segment are ready]
	Aggressively promote communication with shareholders and investors.	Hold information meetings (target: institutional investors) for quarterly performance and upload Q&A from the results announcement.	★★★⇒★★★★ [Action plan implemented smoothly]
	Request business partners to observe CSR management practices and work with them to implement required activities.	Look into our CSR management policies with regard to our business partners.	★★★★⇒★★★★ [Formulated CSR procurement guidelines, disclosed content in April 2012]
Employees	Implement initiatives, especially for safety, health and mental health.	Implement measures, such as safety training programs, initiatives to support good mental health and address lifestyle diseases, and steps to improve workplace environments.	★★★★⇒★★★★ [Confirmed that content corresponds with actual conditions in each office]
	Offer opportunities for employee development based on career tracks right up to mandatory retirement.	Look into the development of career planning seminars appropriate to each level of the corporate ladder and implement suitable programs, and create a database of intellectual assets.	★★★★⇒★★★★ [Finished looking into development of career planning seminars appropriate to each job assignment level]
	Present opportunities for women to advance to managerial positions.	Promote such initiatives as the introduction of senior female employees to young female staff as role models and help supervisors foster skill development in female staff.	★★★⇒★★ [Held a diversity seminar]
	Maintain dialogue and build trust with labor unions and employee representatives.	Hold meetings with labor unions and employee representatives, and conduct employee awareness surveys.	★★★★⇒★★★★ [Held meetings with various labor unions]
Environment	Expand scope for tracking environmental information on the entire KHI Group, including overseas operations.	Broaden target range to include all domestic consolidated subsidiaries and principal subsidiaries overseas.	★★★⇒★★★★ [Established environmental management systems at all domestic consolidated subsidiaries and principal subsidiaries overseas]
	Pursue efforts to reduce environmental load in each business segment, including subsidiaries in Japan and overseas.	Expand scope to include all domestic consolidated subsidiaries and principal subsidiaries overseas, and disclose reduction targets.	★★★⇒★★★★ [Expanded scope for tracking amount of energy consumed to include consolidated subsidiaries]
	Efforts toward waste reduction and recycling and evaluate the results.	Enhance efforts to reduce waste and boost recycling, evaluate the results and introduce an electronic manifest.	★★★⇒★★★★ [Enhanced waste management practices through establishment of environmental data management system]
	Encourage social contribution initiatives planned and sponsored on our own.	Host a child-oriented manufacturing and engineering classroom.	★★★★⇒★★★★ [Developed tools for manufacturing and engineering classroom, held events]

\* A review of actions will be undertaken after fiscal 2014.

## Progress Report on Actions Taken by Each Internal Company

In fiscal 2012, each internal company—that is, business segment—addressed issues designated as priorities but also dealt with other issues pertinent to the respective company. A second self-assessment of all issues was conducted at the end of the fiscal year, comparing their status with that from the beginning of the fiscal year to verify progress toward the action goals.

Assessments made by head office divisions that promote CSR actions may not match those made by the internal company assigned to implement actions in all cases, but going forward efforts will be made to smooth out any discrepancies in perception.

Specific actions selected for attention in fiscal 2013 are based on results achieved in fiscal 2012. The table below showcases the assessment results for some certain of the CSR actions and the internal companies responsible for executing them.

★ Will address   ★★ Have addressed somewhat   ★★★ Have addressed fairly well   ★★★★ Have addressed sufficiently but would like to improve

Category	Action	March 2011 ⇨ March 2012 Assessment (average)	Fiscal 2012 Business Segment to Execute Action	Fiscal 2013 Business Segment to Execute Action
Overall	Encourage understanding of CSR in-house and make everyone fully aware of CSR issues and practices.	★★★⇨★★★★	All internal companies	Rolling Stock Company Motorcycle & Engine Company Precision Machinery Company Robot Division
	Create mechanism to take in comments and critiques from stakeholders, including customers, suppliers, business partners and communities and reflect such opinions in business activities.	★★★★⇨★★★★★	Motorcycle & Engine Company	—
Business	Create new markets, strive to develop new customer value.	★★★★⇨★★★★★	—	Motorcycle & Engine Company
	Lay out quality policy in written form, execute quality assurance activities in line with policy.	★★★★⇨★★★★★	Ship & Offshore Structure Company Rolling Stock Company	Ship & Offshore Structure Company Rolling Stock Company
	Conduct customer satisfaction survey and apply the results to enhance customer satisfaction	★★★★⇨★★★★★	Precision Machinery Company	Precision Machinery Company
Management	Create a mechanism for regular, exhaustively thorough internal audits and management reporting, and apply this mechanism to operations.	★★★★⇨★★★★★	—	Gas Turbine Division Machinery Division
	Ensure thorough appreciation for mission statement.	★★★★⇨★★★★★	—	Aerospace Company
	Implement and assess the effectiveness of compliance and ethics seminars.	★★★★⇨★★★★★	Gas Turbine Division Machinery Division Robot Division	Plant & Infrastructure Company Gas Turbine Division Machinery Division Robot Division
	Ensure that overseas operations are in full compliance with local laws.	★★★⇨★★★★	Aerospace Company	—
	Maintain an overall crisis management system and a framework for its operation.	★★★★⇨★★★★★	Plant & Infrastructure Company	Plant & Infrastructure Company
	Design business continuity plans that prioritize activities for continuation or restoration in the event of a disaster, and implement regular assessment and review.	★★★⇨★★★★	Ship & Offshore Structure Company Gas Turbine Division Machinery Division	Ship & Offshore Structure Company Gas Turbine Division Machinery Division
	Request business partners to observe CSR management practices and work with them to implement required activities.	★★★⇨★★★★	Motorcycle & Engine Company Precision Machinery Company	Precision Machinery Company
Environment	Track environmental information at all companies under the Group umbrella, including those overseas.	★★★⇨★★★★	Robot Division	Robot Division
	Address efforts to reduce environmental load in each business segment, including subsidiaries in Japan and overseas.	★★★★⇨★★★★★	—	Motorcycle & Engine Company
Social Contribution	Encourage self-planned and -sponsored social contribution initiatives.	★★★⇨★★★★	Aerospace Company Plant & Infrastructure Company	Aerospace Company Plant & Infrastructure Company
	Define disaster response measures applicable to such events as earthquakes and typhoons, and establish a support policy to assist citizens affected by disaster.	★★★⇨★★★★	Rolling Stock Company	Rolling Stock Company

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