



KHI Group CSR

Building the KHI Group CSR Framework, and Issues for Action

The KHI Group's CSR activities embrace five themes. Within each theme, we have established individual categories, for each of which there are set action goals.

Five Themes

- 1 We will use our integrated technological expertise to create values that point the way to the future.
- 2 We will always act with integrity and good faith to merit society's trust.
- 3 We will all create a workplace where everyone wants to continue working.
- 4 We will pursue "manufacturing that makes the Earth smile."
- 5 We will expand the circle of contribution that links to society and the future.

- Value Creation
- Management
- Employees
- Environment
- Social Contribution

There is a wide range of expectations from society regarding business enterprises. We collect and collate information on these from a number of sources including customer suggestions, CSR surveys conducted by nonprofit and other organizations, and ISO 26000 core issues. Based on this information, we identify issues for action within each theme that we, as the KHI Group, should tackle.

During the period of the Medium-term Business Plan 2010 (FY2011-2013), 85 items were established as issues for action. These were subject to self-assessment regarding the current status, and corresponding action plans were

formulated. They aimed to remedy deficiencies and further improve strengths, and were followed up with a Plan-Do-Check-Action (PDCA) cycle. (Progress with action on each of the issues is reported by theme on pages 29-84.)

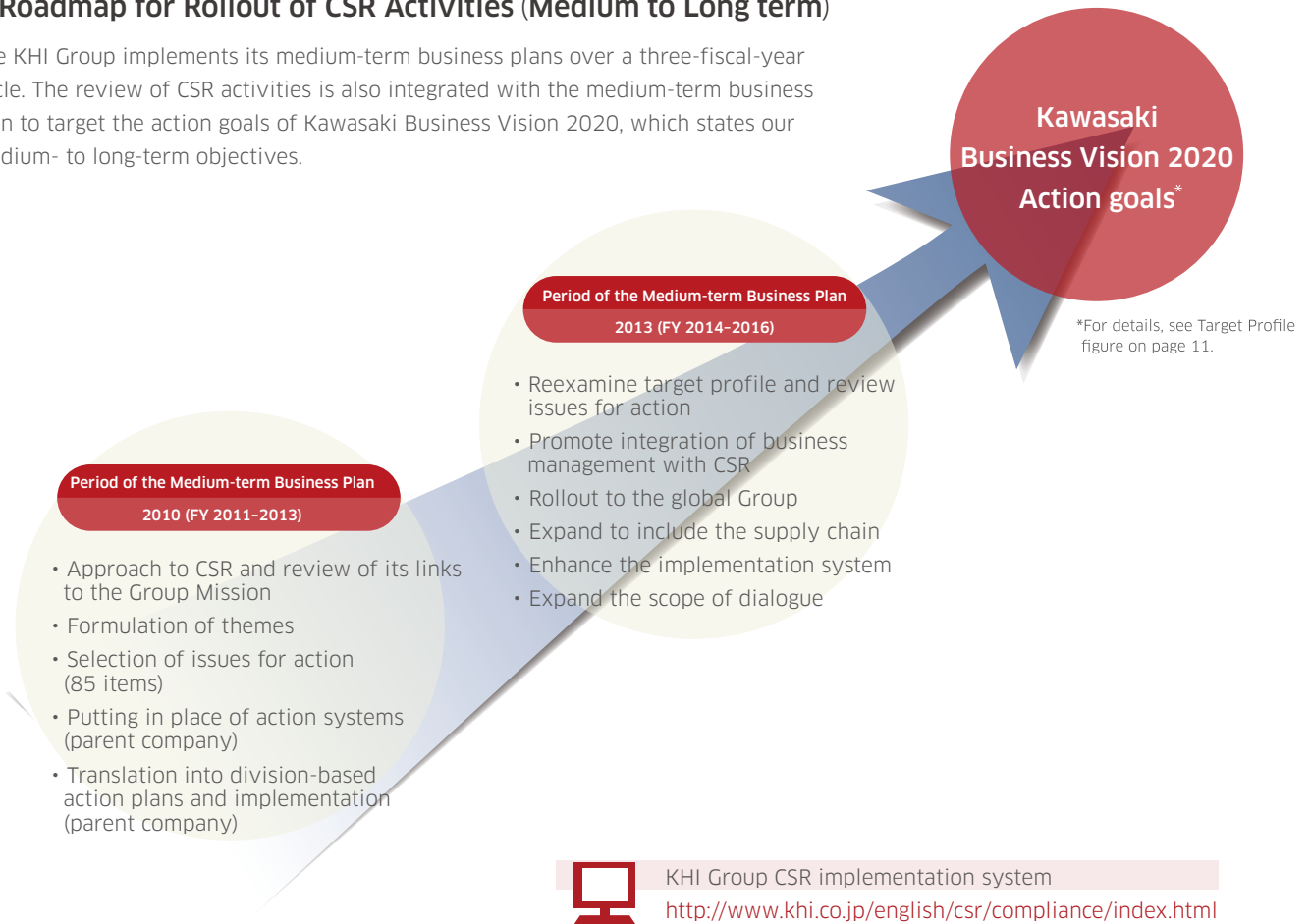
At the end of fiscal 2013, we decided to review the issues based on developments over the previous three fiscal years to prepare for further progress during the period of the Medium-term Business Plan 2013 (FY2014-2016). For details on each issue, please refer to the theme-by-theme report.

Categories and Action Goals

Categories		Action goals
Overall	CSR overall	Realize the Group Mission (KHI's duty to society) at a higher level.
Value Creation	Product development	Draw on comprehensive Group capabilities and apply sophisticated technologies to the development of high-performance, high-quality products.
	Product liability	Provide products and services that are reliable and safe from the customer's perspective.
	Customer satisfaction	Provide products and services that meet customer needs and leave a very positive impression.
Management	Corporate governance	Pursue sound, transparent management, enable each business segment to operate independently, and demonstrate the combined strengths of the Group.
	Compliance	Build an organization that is open and self-regulating to underpin a corporate culture with credibility.
	Risk management	Pinpoint major risks that threaten the achievement of business targets and establish a system capable of providing the most appropriate responses.
	Information security	Institute reliable information security measures and maintain the safety and security of information.
	Information disclosure, IR activities	Provide timely, accurate corporate information and further enrich the content of disclosure.
	Business partners	Coexist with business partners and maintain fair partnerships while promoting collaboration in CSR activities.
Employees	Safety and health	Create a safe, pleasant working environment where employees can perform their jobs in good health and in a positive state of mind.
	Human resources development	Consistently cultivate the skills of employees, refine acquired talents, and raise the value of personnel assets to the highest level.
	Human rights	Respect the diversity of employees and strive to create a workplace that embraces wide-ranging values and abilities and utilizes them to the full.
	Labor	Endeavor to create a workplace that provides motivation and satisfaction and one in which employees are treated fairly and appropriately.
Environment	Global environment	Strive to realize a low-carbon society, a recycling-oriented society, and a society that coexists with nature.
Social contribution	Local communities and Japanese society	Coexist and cooperate with local communities and help nurture new generations that will develop future "dream" technologies.
	International community	Respect the myriad cultures of countries around the world and contribute to their vibrancy by cultivating technology and human resources in these countries.

■ Roadmap for Rollout of CSR Activities (Medium to Long term)

The KHI Group implements its medium-term business plans over a three-fiscal-year cycle. The review of CSR activities is also integrated with the medium-term business plan to target the action goals of Kawasaki Business Vision 2020, which states our medium- to long-term objectives.



Measures during the Medium-term Business Plan 2013 (FY2014-2016)

Based on the issues for action in our Medium-term Business Plan 2010 (FY2011-2013), we launched a fresh appraisal that factored in newly received customer suggestions and the evaluation items of the overseas SRI index (the socially responsible investment index, which includes important investment criteria on the corporate financial situation as well as environmental and social activities and other factors).

Our approach is to set a relatively loose target profile, take effective action according to separate divisional action

plans for each fiscal year, and follow up with a PDCA cycle.

To achieve a more concrete picture of what society expects from the KHI Group, we also organize a Dialogue with Experts. (Please see page 85 for information on the fiscal 2013 dialogue.) Viewing them as representative of stakeholders' opinion, we reflect the experts' insights and comments in our CSR activities. This activity will be continued and expanded in fiscal 2014 and thereafter.

The target profile for the broad range of our CSR activities is set out below. The target profile for each theme is indicated on the page dedicated to the individual theme.

Target profile	Measures
Clearly state the KHI Group's social responsibility that is communicated to employees Group-wide, and have an implementation system in place	<ul style="list-style-type: none"> • Update CSR and communicate to the Group • Support global operations (coordinate with the CSR Division and others) • Ensure familiarity with CSR through site meetings
Listen to stakeholders' opinion and reflect it in corporate activities and business operations	<ul style="list-style-type: none"> • Continue and expand dialogue, and integrate the SRI index into CSR activities • Enhance labor-management negotiations and direct dialogue between managers and employees
Respect the Global Compact, UN Millennium Development Goals, ISO 26000, and other international CSR-related codes of conduct	<ul style="list-style-type: none"> • Promote action on human rights issues at the global Group level