

Promoting Environmental Management

Chief Environmental Officer's Message

The goal is to realize a sustainable society.



Chief Environmental Officer
(Managing Executive Officer)

Ikuhiro Narimatsu

The Kawasaki Group stands firmly behind its Group Mission: “Kawasaki, working as one for the good of the planet (Enriching lifestyles and helping safeguard the environment: Global Kawasaki).” In 2010, Kawasaki drafted its Environmental Charter along with Environmental Vision 2020, which defines the Group’s identity in 2020 from an environmental perspective, fully aware that the realization of a sustainable society requires contributions from corporate citizens to resolve issues of concern to society, particularly climate change, resource depletion, ecosystem protection and environmental risk. As a group, we vigorously pursue initiatives in four key areas—(1) realization of a low-carbon society, (2) realization of a recycling-oriented society, (3) realization of a society coexisting with nature, and (4) establishment of an environmental management system (EMS)—to achieve our vision.

Since the Great East Japan Earthquake struck on March 11, 2011, efforts to deal with a tight electricity supply-demand balance and rising energy costs have acquired greater urgency. Moreover, the Intergovernmental Panel on Climate Change has stated that greenhouse gas

emissions from man-made sources are most likely the cause of global warming. Because of this, Kawasaki formulated specific action plans under the Eighth Environmental Management Activities Plan that will link progress in environmental management to an improvement in business indicators as well. For example, we began rolling out the energy visualization system to all sites in fiscal 2014 to eliminate waste and irregularities in energy usage. For this measure, we are aiming for a 5% reduction in energy costs in fiscal 2016. In addition, with the program Kawasaki Green Products Promotion Activity, we have a system to assess and register Kawasaki-brand products demonstrating superior environmental performance as Kawasaki Green Products, which serves to fuel the development, production and widespread use of environment-friendly Kawasaki-brand products that contribute to a huge improvement in the environment.

I hope that the information contained in Kawasaki Environmental Report 2015 will provide you with a deeper understanding of the Group’s pursuits in environmental management.

Environmental Charter (established 1999, revised 2010)

Environmental Philosophy

The Kawasaki Group pursues business activities globally in key industries related to land, sea, and air, guided by the desire to contribute to the development of society through monozukuri manufacturing. In this effort, as a group, we emphasize the “realization of a low-carbon society,” “realization of a recycling-oriented society,” and “realization of a society coexisting with nature” to help solve global environmental issues, and we strive to help build a sustainable society through environmentally harmonious business activities and environmentally conscious Kawasaki-brand products and services.

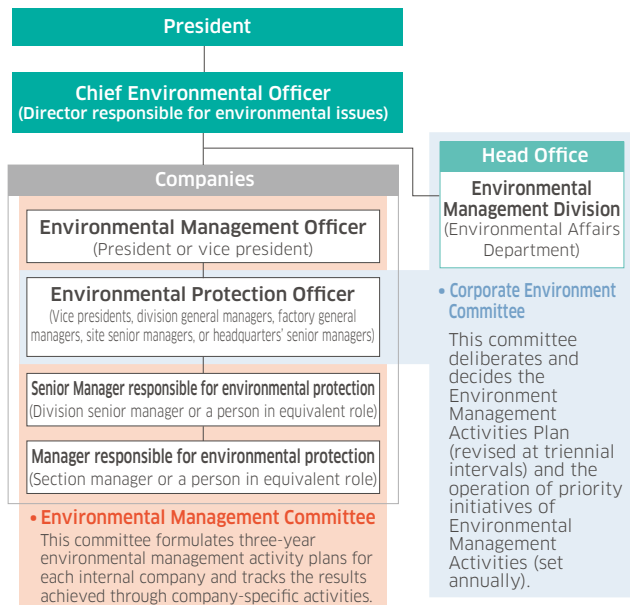
Conduct Guidelines

- 1 Global environmental problems are serious issues shared by people around the world and, making it a management priority to ensure that business activities are conducted in harmony with the environment, we will strive willingly and vigorously toward this goal.
- 2 We will endeavor to conserve resources, save energy, recycle, and reduce industrial waste in production stages, and we will promote efforts to limit the impact of our operations on the environment.
- 3 We will carefully consider environmental impact during product planning, R&D and design stages to limit as much as possible any environmental impact caused during procurement, production, distribution, utilization and disposal stages of the products we make and market.
- 4 We will strive to minimize the impact our business activities have on ecosystems and engage proactively in efforts to protect these ecosystems.
- 5 In seeking solutions to global environmental issues, we will develop and provide new technologies and new products that effectively contribute to environmental protection and reduced consumption of energy and natural resources.
- 6 Going beyond environment-related laws, regulations and conventions and self-established action plans in related industries, we will implement our own environmental control standards, as appropriate, and strive to improve environmental management levels.
- 7 Through environmental training and public relations activities, we will strive to elicit greater awareness of global environmental issues among all employees and will encourage employees to perform a self-improvement review and participate in social contribution activities.
- 8 We will implement an environmental management system for environmental protection activities, hold regular conferences on environmental protection activities, undertake reviews, and strive to achieve continual improvement in our environmental protection activities.

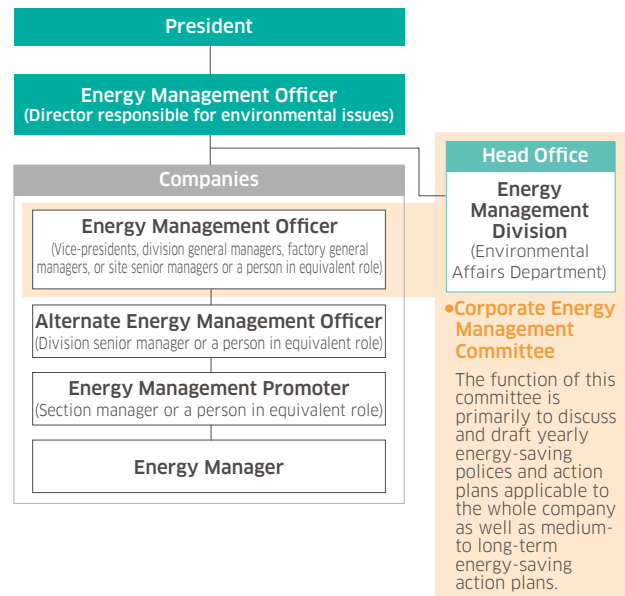
Environmental Management Platform

Under the Group's environmental management structure, the Corporate Environment Committee, chaired by the chief environmental officer (director responsible for environmental management), discusses various key issues and determines measures related to the environment. In addition, an environmental management officer, an environmental protection officer, a senior manager responsible for environmental protection, and a manager responsible for environmental protection are appointed at each internal company, and measures decided by the Corporate Environment Committee are then implemented by each internal company. Each internal company undertakes a regular review of results and welcomes feedback on the status of ongoing measures, thereby underpinning Company-wide involvement in environment-related activities. Similarly, an energy management structure has been established to address energy use, which has a big impact on business, and each internal company has its own energy management officer who spearheads aggressive energy-saving activities matched to respective business scale.

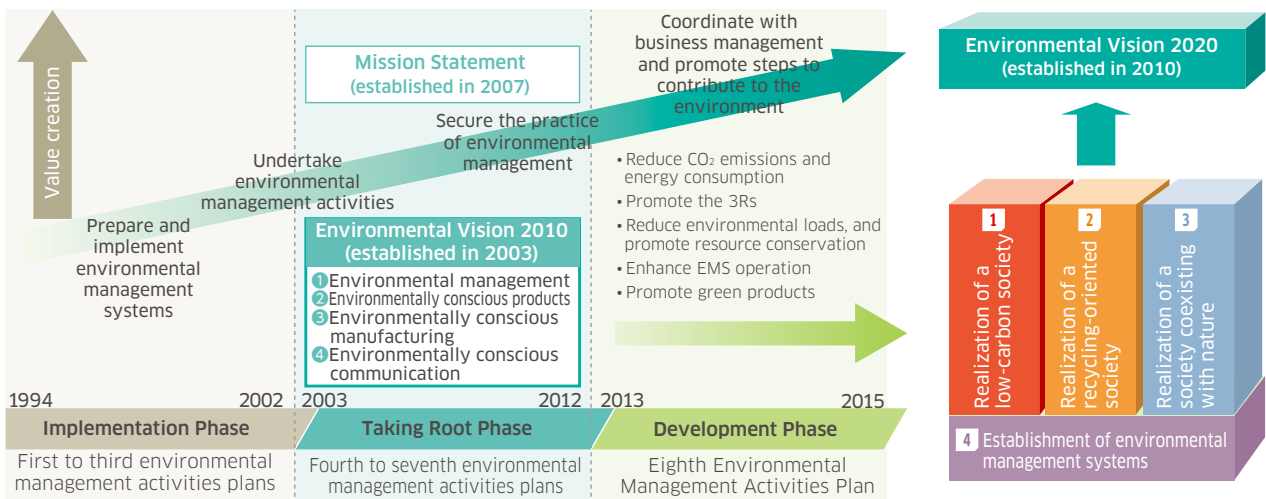
Environmental Management Organization



Energy Management Organization



Environmental Management Flow



Progress on Eighth Environmental Management Activities Plan and Environmental Vision 2020

The Kawasaki Group identifies initiatives in environmental management that hold high significance to itself and its stakeholders, such as measures of interest to institutional investors to mitigate global warming and updates on progress toward achieving Environmental Vision 2020. These issues are considered important aspects—materiality—in the Eighth Environmental Management Activities Plan (referred to below as the Eighth Plan), which covers the period from fiscal 2014 to fiscal 2016. We set a target for each issue of materiality and work steadily toward reaching those marks. In fiscal 2015, with heightened concern worldwide over water resources and a stronger inclination among customers to opt for environmentally conscious products, we expanded our scope of materiality to include conservation of water resources and expansion of the program Kawasaki Green Products Promotion Activity, and we are rolling out associated activities.

In fiscal 2015, we were on track with our results, achieving stated targets. Fiscal 2016 will be the last year of the Eighth Plan, and with the active support of all employees, we will tackle measures to curb energy use and cut costs, reduce environmental risk, and enhance our environmental brand, as we travel toward our must-reach targets.

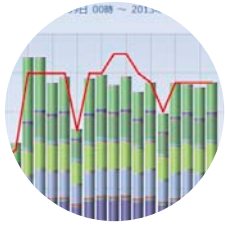
Environmental Management Activities Plan for Fiscal 2016

Coordination with Business Management and Promotion of Environmental Contribution

| Key strategy | Targets |
|---|---|
| CO₂ and energy reduction Realization of a low-carbon society | Promote energy-saving action plans Establish a system to cut annual energy costs and CO ₂ emissions by at least 5% |
| | Reduce CO₂ emissions through the contribution from products Proactively disclose product-based contributions to the public |
| | Clarify the effect of investment in energy-saving facilities Push the internal rate of return above 8% on investments to achieve energy savings |
| Promotion of the 3Rs Realization of a recycling-oriented society | Promote waste reduce/reuse/recycle efforts Maintain zero emission status and reduce total waste emissions per unit of sales. Boost recycling rate above previous year's level |
| | Promote PCB processing Process low-concentration PCB waste appropriately through low-cost methods |
| Reduction of environmental load/ promotion of resource conservation Realization of a society coexisting with nature | Reduce chemical substances Major VOCs* per unit of sales to be at or below the average of results achieved in the Seventh Plan Seek to reduce heavy metals to zero, in principle, by fiscal 2021 |
| | Continue with forest conservation activity Carry out forest conservation activity more than twice a year |
| | Conserving Water Reduce consumption per unit of sales to the level below the amount in fiscal 2014 |
| Enhancement of the Kawasaki Group environmental management system Establishment of environmental management systems | Reinforce the environmental management ability of Kawasaki and consolidated subsidiaries in Japan Set reduction targets, and provide appropriate feedback |
| | Reinforce the environmental management ability of overseas consolidated subsidiaries Identify issues through more accurate understanding of environmental data and support methods to deal with such issues |
| | Human resources training Compile lists of human resources, pinpoint issues and take appropriate measures |
| Enhance profile of environmental brand | Leverage Kawasaki Green Products Promotion Activity program Introduce to the public products that have passed conformity assessment |
| | Enhance image through external evaluations and rankings Work to raise Kawasaki's environmental ratings |

*Main VOCs: For the Kawasaki Group, the major VOCs are toluene, xylene and ethyl benzene. VOCs: Volatile Organic Compounds

Target Profile of the Kawasaki Group in 2020



- **Energy consumption and CO₂ emissions**
Major reductions achieved
- **Contribution from products**
Major reductions achieved in CO₂ emissions during utilization



- **3Rs**
Major reductions achieved per unit of sales
Recycling rate more than 97%
Zero emissions maintained
- **PCB treatment**
All treatment completed



- **Major VOCs**
Major reductions achieved per unit of sales and in total amount
- **Heavy metals**
Major reduction in amount utilized
- **Forest conservation activity**
Forest conservation activity continued



- **Establishment of EMS**
Establishment completed across the Kawasaki Group as a whole



Group Mission

“Kawasaki, working as one for the good of the planet”

Environmental Vision 2020

Realization of a low-carbon society

Contribute to the prevention of global warming through our products and manufacturing that use energy without waste

- ① Reduce 2020 greenhouse gas emissions in line with national targets.
- ② Offer customers energy-efficient products and services and reduce emissions of greenhouse gases on a planetary scale.
- ③ Promote energy conservation in production and logistics processes and reduce emissions of greenhouse gases.

Realization of a recycling-oriented society

Engage in manufacturing that uses resources without waste to recycle and fully utilize limited resources

- ① Practice design that uses resources effectively and work to make products lighter, more durable and more recyclable.
- ② Practice the 3Rs (reduce, reuse and recycle of waste) in production activities and achieve zero emissions at all plants.
- ③ Completely and appropriately treat all PCB waste and PCB-containing devices.

Realization of a society coexisting with nature

Contribute to reduction of the environmental impact and conservation of the ecosystem through manufacturing that is in harmony with the global environment

- ① Offer customers products and services that prevent air and water pollution, and advance environment improvements and ecosystem protection.
- ② Reduce the use of chemical substances in products and production activities.
- ③ Cooperate in regional forest conservation and other activities to protect the environment of ecosystems.

Establishment of environmental management systems

Build a foundation for environmental management that will achieve the Environmental Vision 2020

- ① Establish EMS at all consolidated subsidiaries in Japan and overseas to promote environmental management Group-wide.
- ② Comply with environmental laws and regulations and regularly follow up on compliance status.
- ③ Communicate environmental data within and beyond the Group and maintain two-way dialogue while protecting the environment.