

Diversity

Management
Approach**Material Issues and Our Approach**

Kawasaki sees employees as its most important asset for achieving its Group Mission and business targets. In order for the Kawasaki Group to achieve sustainable improvement of its enterprise value through the implementation of its Mission Statement, it is critical that all of the roughly 35,000 human resources who participate in its businesses around the world understand and share the Group Mission and Kawasaki Value, and vigorously engage in their daily operations in a manner that accords with the Kawasaki Group Action Guidelines, regardless of their nationality, gender, age, religion or disability. In particular, to achieve new heights in technology, as stated in the Kawasaki Value, we believe that it is imperative to train and educate human resources based on a long-term perspective.

To this end, we engage in human resource development based on the Kawasaki Group Management Principles, which state that “The Kawasaki Group’s corporate culture is built on integrity, vitality, organizational strength and mutual respect for people through all levels of the Group. We nurture a global team for a global era.” Specifically, in line with the core principle of respect for the life and health of human beings, we strive to create environments where human resources are able to energetically work with a sense of pride, safety and security, and to train and educate human resources who are able to contribute to a better environment and a brighter future for generations to come.

Focus Activities and Medium-term Targets

In order to further the global reach of our businesses and expand toward solutions-oriented businesses, we must promote the development of globally capable human resources as well as train human resources who have advanced knowledge and a broad range of experience in areas such as project management.

In order to increase earnings capacity, accomplish our growth strategies, and increase enterprise value over the medium- to long-term, all employees will need to fully utilize their capabilities and increase their productivity. To this end, we are working to enhance diversity management and focusing on our Kawasaki Workstyle Innovation (K-Win) activities aimed at transforming the workstyles of our administrative and technical employees.

● Goals for the MTBP 2019

- Decrease the voluntary turnover rate for female employees in administrative and technical positions to 1.4% (fiscal 2016–2018 average: 2.8%).
- Increase options designed for LGBT employees.
- Hold presentations for senior managers and section managers on timely, diversity-related topics.

Progress, Results and Challenges

In May 2016, Kawasaki received Eruboshi (2nd level) certification, which is given to companies in recognition of outstanding efforts in promoting the active participation of women in the workplace. In addition, on March 29, 2018, one of our special subsidiaries, Kawasaki Heartfelt Service Co., Ltd., was recognized as the ninth Japanese company to receive the Certification of Company Fostering Active Participation of Persons with Disabilities for promoting the active and ongoing employment of persons with disabilities, as well as its progressive efforts to provide working environments that support their long-term employment.

As part of our efforts to promote diversity, going forward, we will also carry out awareness building activities to provide employees with correct knowledge about and deepen their understanding of LGBT individuals.

● Goals for Fiscal 2018

- Discuss extending the retirement age for ordinary employees with the labor union and revise related systems (parent company).
- Support the success of diverse employees (women, employees with disabilities, non-Japanese nationals, etc.).

● Fiscal 2018 Results

- Extended the retirement age for general employees to 65, effective 2019.
- Implemented measures to support the success of women and non-Japanese nationals (4U Café for women; seminars for employees returning from childcare leave and their managers; seminars for non-Japanese nationals).
- Number of female managers and percentage of management positions held by women: 43/1.10% (April 2018) → 49/1.22% (April 2019).
- Percentage of employees with disabilities: 2.42% (March 2018) → 2.45% (March 2019).

● Goals for Fiscal 2019

- Implement measures to promote the retention and success of women, non-Japanese nationals, people with disabilities and other minorities within the Group.
- Foster LGBT-friendly work environments and revise internal systems to allow employees to make choices that align with their gender identity.
- Enhance education for managers to foster workplaces where all employees can work with enthusiasm and pride.

Personnel-related Structures

Group-wide policies on human resource development and utilization with significant potential impact on corporate management are discussed and reviewed at the Group-wide HR Committee. With the president as its presiding officer, the Group-wide HR Committee comprises primarily internal company presidents. The committee discusses and reviews matters regarding 1) cultivating corporate managers, 2) the application of human resources in key strategies and 3) the assignment of human resources to new business and new product operations.

In addition, the Head Office Human Resources Division maintains various meetings and committees in which division managers in charge of human resources and labor at the internal companies and business divisions convene to gather views and opinions on the drafting of detailed of human resource initiatives and communicate Group-wide policies.

● Human Resource Committees and Meetings

Body	Purpose	Attendees	Meeting frequency
Group-wide HR Committee	To discuss and consider Group-wide policies on human resource development and related matters with the potential to significantly impact corporate management	<ul style="list-style-type: none"> • President, Vice President, and Internal Company President • General Manager of the Corporate Technology Division • General Manager of the Corporate Planning Division • General Manager of the Head Office Human Resources Division 	As needed
Group-wide Meeting of the Head Office Human Resources Division*	To share information on policy and operations related to personnel & labor administration	<ul style="list-style-type: none"> • The Head Office Labor Administration Department (host) • Managers of personnel & labor administration sections of internal companies and business divisions, and offices • Managers of personnel & labor administration section of Group companies • Related departments 	Four times a year
Meeting of managers in charge of human resources	To exchange views about and discuss the operations of human resource departments	<ul style="list-style-type: none"> • The Head Office Human Resources Department (host) • Managers of personnel & labor administration sections of internal companies and business divisions, and offices 	As needed (approximately twice a year)
Meeting of managers in charge of human capital development	To exchange views about and discuss the operation of human capital development departments	<ul style="list-style-type: none"> • The Head Office Human Capital Development Department (host) • Managers in charge of human capital development of internal companies and business divisions, and personnel & labor administration section of offices • Managers of human capital development sections of the Group companies 	Twice a year
Meeting of managers in charge of labor administration	To exchange views about and discuss the operation of labor administration departments	<ul style="list-style-type: none"> • The Head Office Labor Administration Department (host) • Managers of personnel & labor administration sections of internal companies and business divisions, and offices 	Twice a year
Meeting of managers in charge of safety & health management	To exchange views about and discuss the operation of safety & health management departments	<ul style="list-style-type: none"> • The Head Office Safety & Health Management Department (host) • Managers of the safety & health management section of each business location 	Four times a year

* Meetings of managers serve as venues for discussion, while the Group-wide Meeting of the Head Office Human Resources Division serves as a venue for sharing information and communicating policy.

● Responsible Officer

Group-wide HR Committee: Yoshinori Kanehana, Representative Director, President and Chief Executive Officer

Other various HR meeting bodies: Managers from the Head Office Human Resources Division

● Responsible Executive Organ and Committee

Group-wide HR Committee

Diversity

Employee Breakdown

Number of Employees (non-consolidated) ¹

		(FY)	2014	2015	2016	2017	2018
Number of employees		Persons	15,508	15,911	16,162	16,423	16,899
	Male	Persons	14,600	14,964	15,159	15,303	15,533
		%	94.1	94.0	93.8	93.2	91.9
	Female	Persons	908	947	1,003	1,120	1,366
		%	5.9	6.0	6.2	6.8	8.1
	Managerial staff		Persons	–	–	3,386	3,473
Male		Persons	–	–	3,362	3,445	3,549
Female		Persons	–	–	24	28	44
General employees		Persons	–	–	12,776	12,950	13,306
	Male	Persons	–	–	11,797	11,858	11,984
	Female	Persons	–	–	979	1,092	1,322
Average age		Years old	38.5	38.3	38.1	38.4	39.3
	Male	Years old	38.1	38.0	38.0	38.3	39.2
	Female	Years old	39.4	39.9	39.9	39.9	40.9
By age	29 and younger	Persons	3,668	3,775	3,867	3,870	3,826
		%	23.7	23.7	23.9	23.6	22.6
	Male	Persons	3,476	3,592	3,674	3,655	3,595
		Persons	192	183	193	215	231
	30 to 39	Persons	4,204	4,512	4,718	4,960	5,225
		%	27.1	28.4	29.2	30.2	30.9
	Male	Persons	3,984	4,264	4,449	4,645	4,849
		Persons	220	248	269	315	376
	40 to 49	Persons	3,969	4,123	4,206	4,198	4,329
		%	25.6	25.9	26.0	25.6	25.6
	Male	Persons	3,653	3,790	3,855	3,814	3,849
		Persons	316	333	351	384	480
50 to 59	Persons	2,051	2,062	2,142	2,452	2,812	
	%	13.2	13.0	13.3	14.9	16.6	
Male	Persons	1,919	1,923	2,002	2,285	2,582	
	Persons	132	139	140	167	230	
60 and above	Persons	1,616	1,439	1,229	943	707	
	%	10.4	9.0	7.6	5.7	4.2	
Male	Persons	1,568	1,395	1,179	903	658	
	Persons	48	44	50	40	49	
By position	Director, Audit & Supervisory Board Member	Persons	16	16	17	17	17
		Male	Persons	16	16	16	15
		%	100	100	94.1	88.2	88.2
	Female	Persons	0	0	1	2	2
		%	0	0	5.9	11.8	11.8
	Executive officer and above		Persons	23	23	27	24
Male		Persons	23	23	27	24	24
		%	100	100	100	100	100
Female		Persons	0	0	0	0	0
	%	0	0	0	0	0	

		(FY)	2014	2015	2016	2017	2018	
By position	Senior manager equivalent ²	Persons	756	776	820	869	917	
		Male	Persons	753	770	813	862	910
			%	99.6	99.2	99.1	99.2	99.2
		Female	Persons	3	6	7	7	7
			%	0.4	0.8	0.9	0.8	0.8
		Manager equivalent	Persons	2,254	2,402	2,402	2,456	2,461
	Male		Persons	2,243	2,389	2,385	2,435	2,427
			%	99.5	99.5	99.3	99.1	98.6
	Female		Persons	11	13	17	21	34
			%	0.5	0.5	0.7	0.9	1.4
	Assistant manager equivalent		Persons	1,789	1,823	1,795	1,873	2,147
		Male	Persons	1,724	1,745	1,708	1,769	2,034
%			96.4	95.7	95.2	94.4	94.7	
Female		Persons	65	78	87	104	113	
		%	3.6	4.3	4.8	5.6	5.3	
Scope		nc	nc	nc	nc	nc		

1. Number of employees as of fiscal year-end (includes temporary employees).

2. Senior Manager equivalents include positions up to associate officer.

Number of Employees (consolidated)*

		(FY)	2014	2015	2016	2017	2018	
	Total employees	Persons	35,471	34,605	35,127	35,805	35,691	
		Domestic group	Persons	26,019	25,897	26,348	26,747	26,171
	%		73.4	74.8	75.0	74.7	73.3	
	Overseas group	Persons	9,452	8,708	8,779	9,058	9,520	
		%	26.6	25.1	25.0	25.3	26.7	
	By region	Japan	Persons	26,019	25,897	26,348	26,747	26,171
%			73.4	74.8	75.0	74.7	73.3	
Europe		Persons	698	685	681	704	750	
		%	2.0	2.0	1.9	2.0	2.1	
Americas		Persons	3,495	3,447	3,469	3,557	3,639	
		%	9.9	10.0	9.9	9.9	10.2	
Asia		Persons	5,259	4,576	4,629	4,758	5,092	
		%	14.8	13.2	13.2	13.3	14.2	
Australia		Persons	Included in Asia				39	39
		%					0.1	0.1
Scope		cg	cg	cg	cg	cg		

* Number of employees as of fiscal year-end.

Promoting the Employment and Active Participation of Non-Japanese Nationals

Kawasaki launched a regular hiring program for non-Japanese new graduates in fiscal 2012 and continues to recruit from countries around the globe, including Korea, China, Sweden and India. To improve communication between non-Japanese employees and their supervisors and co-workers, as well as to enable supervisors and co-workers to better understand non-Japanese employees who have different educational, cultural and other backgrounds, Kawasaki creates and distributes guidebooks for workplaces that non-Japanese employees will be joining and organizes seminars on multicultural understanding for supervisors as well as training programs to help employees from other countries understand the Japanese business environment.

Number of Foreign National Employees

	(FY)	2015	2016	2017	2018	2019
Number of foreign national employees*	Persons	23	29	34	35	36
	Scope	nc	nc	nc	nc	nc

* As of April 1 of each fiscal year. Administrative and technical personnel only.

Promoting the Active Participation of Women

Kawasaki's efforts to promote the active participation of women begin with proactive hiring. The number of women employed and the number in managerial positions have been increasing year by year. Particularly with respect to hiring, about 30 percent of new college graduates in administrative positions are women.

To promote the retention and career success of women, we implement 4U (For You) Network activities to facilitate the active participation of women in the workplace through friendly competition. These activities help women find role models they can learn from in the Company and allow them to share ideas on how to balance their work with life events. In light of the importance of appointing women to managerial positions, and as part of its efforts to develop female human resources, Kawasaki has set the goal of tripling the number of women working in managerial positions (section manager equivalent or above) from the fiscal 2014 level by 2020.

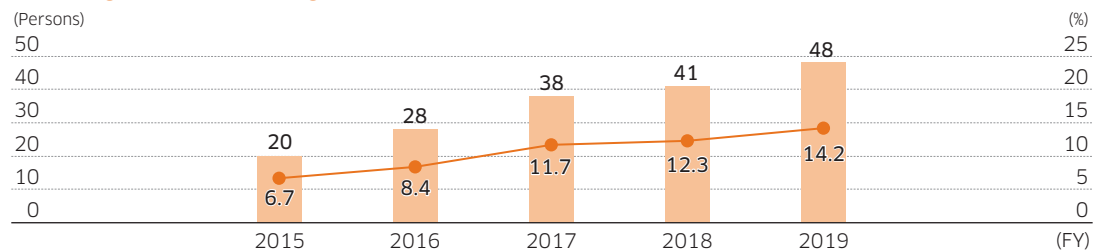
In recognition of these efforts, in 2016 Kawasaki received Eruboshi (2nd level) certification in recognition of outstanding efforts in promoting the active participation of women in the workplace. The Eruboshi system uses a three-level scale to evaluate companies' achievements in five areas: 1) hiring, 2) continued employment, 3) working hours and other conditions, 4) ratio of female managers and 5) diverse career paths. Kawasaki has met the conditions for certification in areas 1), 2), 3) and 5).



Kawasaki's page in the Ministry of Health, Labour and Welfare's database of companies promoting the active participation of women (Japanese only)

<http://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=2392>

New Graduate Female Hires for Administrative and Technical Positions* and Percentage of Women among All New Graduate Hires for Administrative and Technical Positions



■ New graduate female hires for administrative and technical positions (left scale)

● Percentage of women among all new graduate hires for administrative and technical positions (right scale)

* As of April 1 of each fiscal year.

Scope: nc

Number of Women in Managerial Positions^{1,2}

	(FY)	2015	2016	2017	2018	2019
Number of women in managerial positions*	Persons	23	26	29	43	52
	Scope	nc	nc	nc	nc	nc

1. As of April 1 of each fiscal year.

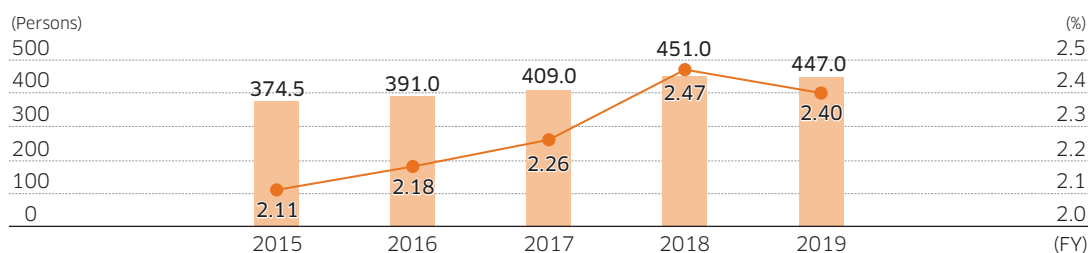
2. Section head or above. Figures include staff on external postings and staff on leave.

Promoting Participation by People with Disabilities

We are committed to hiring more people with disabilities, and they participate in a wide range of workplaces. In September 2013, we established our special subsidiary Kawasaki Heartfelt Service Co., Ltd., which promotes the active Group-wide employment of people with disabilities in order to maintain and improve their employment rates, and also works actively to create barrier-free workplaces. We are cultivating an environment where people with disabilities are able to develop their full potential.

Kawasaki Heartfelt Service Co., Ltd. was recognized as the ninth Japanese company to receive the Certification of Company Fostering Active Participation of Persons with Disabilities on March 29, 2018 for promoting the active and ongoing employment of persons with disabilities, as well as its progressive efforts towards providing working environments that support their long-term employment.

Employees with Disabilities^{1,2} and Percentage of Employees with Disabilities



■ Employees with disabilities (left scale) ● Percentage of employees with disabilities (right scale)

1. As of June 1 of each fiscal year.

2. People working short hours are accounted for at a factor of 0.5 persons. One person with a severe disability is counted as two persons. Scope: Kawasaki and Kawasaki Heartfelt Service Co., Ltd.

Employing Seniors

Kawasaki extended its mandatory retirement age well before such changes were mandated by the amended Older Persons' Employment Stabilization Law. We extended the retirement age of general employees from 60 to 63 in April 2006, and then to 65 in April 2019. In addition, we have adopted a Pro-Senior System, under which interested employees in management positions can, in principle, be re-hired until the age of 65. These initiatives allow many veteran employees to remain involved in active operations where they can use their accumulated experience and pass down their skills. Employees approaching age 55 are invited to participate in a Lifestyle Design Awareness Seminar, where they can learn more about our programs for postponed retirement and reemployment and consider their post-reemployment lifestyle options.

	(FY)	2014	2015	2016	2017	2018
Number of reemployed persons	Persons	167	214	243	183	140
	Scope	nc	nc	nc	nc	nc

Remuneration

Average Annual Remuneration

	(FY)	2014	2015	2016	2017	2018
All employees	Millions of yen	–	–	7.4	7.1	7.1
Male	Millions of yen	–	–	7.5	7.2	7.2
Female	Millions of yen	–	–	5.4	5.2	5.2
Average for managerial staff (basic pay only)	Millions of yen	–	–	7.6	7.6	7.6
Male	Millions of yen	–	–	7.6	7.6	7.6
Female	Millions of yen	–	–	7.3	7.2	7.0
Average for managerial staff (basic pay plus bonuses, etc)	Millions of yen	–	–	12.1	11.4	11.3
Male	Millions of yen	–	–	12.1	11.4	11.4
Female	Millions of yen	–	–	11.7	10.7	10.2
Average for general employees (basic pay only)	Millions of yen	–	–	4.4	4.5	4.5
Male	Millions of yen	–	–	4.5	4.5	4.6
Female	Millions of yen	–	–	3.7	3.7	3.7
	Scope	–	–	nc	nc	nc

Other Initiatives

Diversity Symbol

Kawasaki has adopted a diversity symbol. This symbol imagines Kawasaki as a tree, made up of a great number of diverse individuals. For this tree to grow healthily, its leaves and fruit becoming more colorful and rich, we who work at Kawasaki see value in expressing our diverse colors—our unique personalities and skills—and seek to do so together within Kawasaki to grow as individuals and as a company. This is the message conveyed by the diversity symbol.



Diversity Promotion Website

We have set up a diversity promotion website on the Company intranet. This website offers an overview of diversity at the Kawasaki Group alongside workplace examples and information about systems related to facilitating a healthy work-life balance.

External Collaboration

To accelerate social shifts related to diversity and work-life balance, we proactively look beyond the framework of the Company to encourage employees to participate in outside seminars and advance activities together with other organizations and companies. One example is a work-life balance and diversity promotion study project being jointly implemented by the Chuo University Graduate School of Strategic Management and private companies. This project broadly promotes the concept of healthy work-life balance in society through surveys and research. Kawasaki has taken part in the project since 2013, serving as a model company by implementing such internal measures as work-life balance training for managers. We are also a member of the Diversity Western-Japan Study Group. In this group, diversity officers at companies in the Kansai region meet to share ideas and good examples of diversity in action and advocate for diversity-related measures within their companies and to the government.