

Material Issues and Our Approach

As value chains expand on a global scale, ensuring respect for the human rights of employees, suppliers, and all the other people involved in our businesses has become a more important focus that, in turn, increases the necessity of understanding and dealing with the human rights risks in Group-wide business activities.

The Kawasaki Group has enshrined respect for human rights in its business activities in the Kawasaki Group Code of Conduct. In fiscal 2019, we adopted the Kawasaki Group Human Rights Policy. The Group supports and respects international rules and norms regarding human rights and labor, including the International Bill of Human Rights, International Labour Organization's core labor standards, the United Nations Guiding Principles on Business and Human Rights and the International Bill of Human Rights.

Focus Activities and Medium-term Targets

Based on the United Nations Guiding Principles on Business and Human Rights, the Kawasaki Group is implementing initiatives to ensure respect for human rights in its business activities in the following processes.

1. Find and itemize human rights issues in the value chains of the Group's businesses
2. Identify and determine the priority of human rights issues → Determine priority areas and methods for initiatives going forward
3. Establish human rights policy
4. Formulate and implement risk reduction measures for key risks
(For example, local surveys, improving labor environments, implementing human rights training, etc.)
5. Disclose information about human rights initiatives
6. Repeat 1 through 5 (in a PDCA cycle)

● Goals for the MTBP 2019

- Implement fact-finding surveys regarding identified human rights risks (at subsidiaries and suppliers).
- Increase human rights awareness among employees.

Progress, Results and Challenges

● Goals for Fiscal 2018

- Establish a Kawasaki Group human rights policy.
- Carry out human rights assessments to identify parts of business processes that entail human rights risks and the specific types of risk.

● Fiscal 2018 Results

- The Kawasaki Group human rights policy remains under consideration.
- Identified human rights risks in business activities.

● Goals for Fiscal 2019

- Establish a Kawasaki Group human rights policy and disclose it publicly.
- Carry out human rights training for employees.

Structure

The Kawasaki Group Human Rights Policy states that the executive officer in charge of CSR and the CSR Department are responsible for human rights-related management and issues.

The CSR Department analyzes and monitors human rights risks, and the Corporate CSR Committee is responsible for deliberating on human rights related efforts and receiving reports on these activities.

● Responsible Officer

Ikuhiro Narimatsu, Managing Executive Officer (in charge of CSR and Compliance)

● Responsible Executive Organ and Committee

Corporate CSR Committee

● Board of Directors' Involvement in Human Rights Matters (Reporting and Deliberating)

Reports on training and activities associated with human rights are given as needed in Corporate CSR Committee meetings.



The Kawasaki Group Code of Conduct

<https://global.kawasaki.com/en/corp/sustainability/business-conduct-guideline.html>

The Kawasaki Group Human Rights Policy

https://global.kawasaki.com/en/corp/sustainability/employee/pdf/policy_e.pdf

Human Rights Policy

The Kawasaki Group has enshrined respect for the human rights of all people in its business activities in the Kawasaki Group Code of Conduct and strives to ensure respect for the human rights of stakeholders affected by its business activities.

Furthermore, in fiscal 2019, we established the Kawasaki Group Human Rights Policy to complement the Kawasaki Group Code of Conduct.

● Scope of Policy Application

The Kawasaki Group



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Prohibition of Discrimination

The Kawasaki Group Code of Conduct mandates the following:

“As stated in the Universal Declaration of Human Rights, human rights are ‘the inherent dignity and the equal and inalienable rights of all members of the human family.’ In order to respect the human rights of each and every person, we must afford everyone equal dignity and respect, regardless of race, skin color, gender, age, nationality, social origin, ancestry, sexual orientation, gender identity, marital status, religion, political belief, disability, health condition, or any other legally protected characteristics.”

Prohibition of Child Labor and Forced Labor

The Kawasaki Group clearly states in its Code of Conduct that it will not tolerate human rights abuses, especially child labor and forced labor.

With respect to the global human rights and labor issues of child labor and forced labor, we have confirmed that no company under the Group umbrella is involved in such practices and declared that none will ever employ such practices. This style of confirmation and declaration, acknowledged and supported by the Global Compact Network Japan (GCNJ) secretariat, was prepared in line with the “Global Compact Labor Principles and Business Guidelines” and was signed by the presidents of all Group companies, including those overseas. As the Kawasaki Group, we are also adopting CSR Procurement Guidelines, which cover respect for human rights, and calling on business partners to work with us as a team to uphold these guidelines.



The Kawasaki Group Code of Conduct

<https://global.kawasaki.com/en/corp/sustainability/business-conduct-guideline.html>

CSR Procurement Guidelines

https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/csr_tyoutatsu_guideline.pdf

Confirmation and Declaration of the Abolition of Forced Labor and Child Labor

https://global.kawasaki.com/en/corp/sustainability/overview/child_labor.pdf

Harassment Prevention

To create a comfortable working environment where employees can perform their jobs free from harassment, Kawasaki offers grade-specific training to provide proper guidance and increase awareness. In principle, all employees receive harassment awareness training.

In addition to the Compliance Reporting and Consultation System, in fiscal 2016 we established consultation points throughout the Company that employees, including temporary staff, can use. As necessary, we also hold meetings with employees seeking advice or help and respond fairly to incidents while remaining committed to respecting their privacy.

In addition, from fiscal 2019, we have begun operation of an external consultation point that employees of Kawasaki can access for consultation regarding issues related to harassment and mental health.

Right to Organize and Right to Collective Bargaining

Labor-management Discussions

The Kawasaki Group Human Rights Policy states that the Group shall respect employees' freedom of association and right to collective bargaining.

Kawasaki employs a union shop system, meaning that all general employees are members of the labor union.

The right to collective bargaining is recognized in our labor agreement, and two days' notice must be given before commencing collective bargaining with respect to such matters as corporate cost-cutting actions and significant changes in labor conditions. However, as both parties strive, in principle, to reach amicable resolutions by holding labor-management meetings (on an as-needed basis) in good faith prior to commencing collective bargaining, Kawasaki has seen no labor dispute actions over the past 40 years.

In addition, Kawasaki has concluded a labor agreement with the labor union and actively exchanges views with the union via a range of regular meetings. These include meetings of the Corporate Management Council (at least twice a year Company-wide, and at least twice a year at internal companies) to explain our corporate management policies and state of management; the Safety and Health Council (at least once a year) to explain basic policies on safety and health; the Regional Safety and Health Council (at least once monthly) to deliberate on measures for preventing hazards and health impediments to employees; and the Company-wide Environmental Preservation Committee (once a year) to explain Company measures related to environmental preservation.

● Labor Union Data

	(FY)	2014	2015	2016	2017	2018
Number of union members	Persons	11,412	12,414	12,541	12,823	12,949
Labor union makeup*	%	74.2	75.6	75.8	76.9	79.2
Number of labor discussions with the union	Number	–	–	–	26	31
	Scope	nc	nc	nc	nc	nc

* The number of labor union members and labor union makeup are current as of the end of the respective fiscal years. Labor union makeup percentage represents the percentage of union members versus all permanent employees including officers.

Human Rights Due Diligence

Human Rights Risk Assessments and Impact Assessments

In fiscal 2018, the Kawasaki Group implemented human rights risk assessments and impact assessments of its main businesses in cooperation with the U.S.-based nonprofit Business for Social Responsibility (BSR).

In implementing these risk assessments and impact assessments, Kawasaki referenced international rules and principles regarding human rights, namely, the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the International Bill of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

● Scope of Human Rights Risk Assessments and Impact Assessments (businesses, value chains, countries and regions, stakeholder groups)

Businesses covered: The Kawasaki Group's main business (the six internal companies)

Countries and regions covered: The countries and regions in which the Kawasaki Group does business (Japan, China, the United States, the United Kingdom, Brazil, Thailand, the Philippines, Singapore, Malaysia, Indonesia, Australia, Germany, the Netherlands, Russia)

Stakeholders covered: Customers, employees, employees in the supply chain, local residents, etc.

● Assessment Results and Corrective Measures

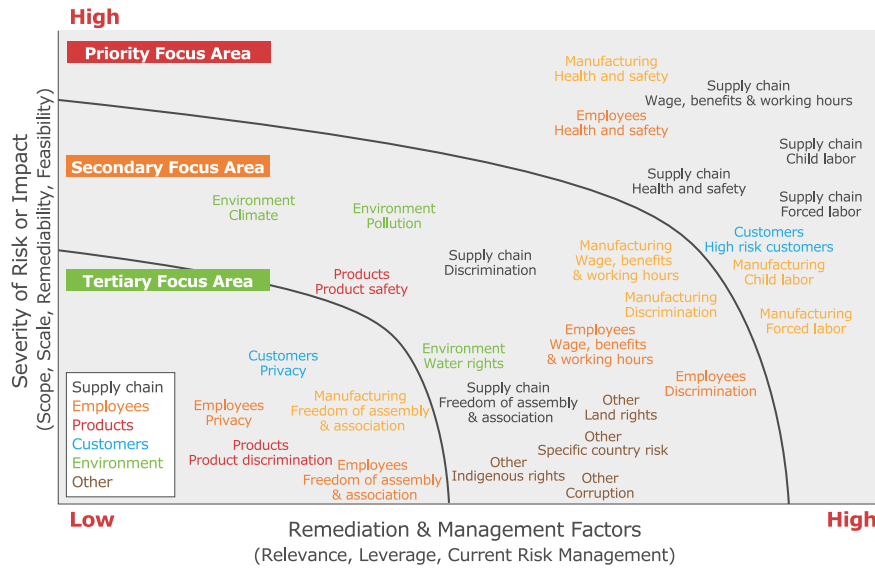
As a result of the risk assessments and impact assessments, we found that the following nine areas in particular present significant human rights risks.

- Safety and health of employees
- Safety and health at manufacturing sites
- Child labor at manufacturing sites
- Forced labor at manufacturing sites
- Safety and health in supply chains
- Wages, benefits, and work hours in supply chains

- Child labor in supply chains
- Forced labor in supply chains
- High-risk customers
- **Responses and Challenges Going Forward**

In light of the above results, the Kawasaki Group will formulate and implement risk reduction measures for key risks within the Group.

Priority Human Rights Risks



Mechanism for Addressing Human Rights Related Grievances

Mechanisms for Addressing Employee Grievances

Under Kawasaki’s labor agreement, if a problem arises that cannot be resolved within the workplace, Kawasaki sets up a grievance committee, with participation from the director responsible for personnel and the president of the labor union, to quickly, fairly, and peacefully resolve the problem. The grievance committee handles a wide variety of issues, including the health management and safety of union members, incidents of abuse of authority or sexual harassment, and matters related to personnel transfers. Kawasaki promises that no employee will suffer disadvantageous treatment for voicing a grievance.

Furthermore, we have established an email consultation point within the Head Office Human Resources Division that accepts consultations from employees at any time regarding issues related to harassment in the workplace, including sexual harassment, abuse of authority, and maternity-related harassment. In addition, from fiscal 2019, we have begun operation of an external consultation point that employees of Kawasaki can use for consultation regarding issues related to harassment and mental health (both of the above systems cover only Kawasaki itself).

Employees can also use the Compliance Reporting and Consultation System to consult with outside lawyers (this system covers Kawasaki and domestic Group companies).

- **Scope**
Kawasaki (including certain domestic Group companies)

- **Grievances and Responses Taken**
In fiscal 2018, five cases were brought to harassment consultation points.

For more information about the number of cases processed by the Compliance Reporting and Consultation System, please refer to “Whistle-blowing System and Consultation Contact Points” on page 26.

- **Mechanisms for Addressing Outside Grievances (from suppliers, local communities, etc.)**
We do not have a dedicated contact point for human-rights related grievances from outside the Group. However, our website includes general contact forms. Inquiries received through the website are directed to the relevant divisions and handled appropriately.

Engagement Regarding Human Rights

Engagement with Stakeholders

The Kawasaki Group Human Rights Policy, established in fiscal 2019, states that the Group will fulfill its responsibilities related to respecting the human rights of the stakeholders impacted by the Group's business activities.

In fiscal 2018, we worked with Business for Social Responsibility (BSR) to identify stakeholders impacted by the Group's business activities as well as areas of significant human rights risk.

Going forward, we will formulate and implement risk reduction measures for key risks within the Group. By implementing a PDCA cycle of initiatives to ensure respect for human rights, we are advancing efforts to address risks to the human rights of our stakeholders.

For more details, please refer to "Human Rights Due Diligence" on page 82.



The Kawasaki Group Human Rights Policy

https://global.kawasaki.com/en/corp/sustainability/employee/pdf/policy_e.pdf

Addressing Modern Slavery

The United Kingdom's Modern Slavery Act

Our UK-based subsidiary Kawasaki Precision Machinery (UK) Ltd. issues statements in accordance with the United Kingdom's Modern Slavery Act.



Kawasaki Precision Machinery (UK) Ltd. "Slavery and Human Trafficking Statement"

<http://www.kpm-eu.com/About-KPM/Slavery-Human-Trafficking-Statement.aspx>

Topic

Consideration Given to Employees at KMI (Indonesia)

PT. Kawasaki Motor Indonesia (KMI) is a local manufacturing and marketing base for Kawasaki-brand motorcycles in Indonesia.

About 90% of the population of Indonesia is Muslim, and many of KMI's employees are followers of Islam. Therefore, various considerations are extended to these employees. The company has set aside an area on site for a mushola (prayer room). Female employees are allowed to wear a headscarf during working hours and, in the cafeteria, no dishes made with pork are served since dietary laws prohibit consumption of pork.

During the holy month of Ramadan, Muslims fast between sunrise and sunset, and through this month office hours for employees in administrative and marketing divisions start 30 minutes earlier than usual. This change reflects the desire of many Muslims to have their evening meal with family at home during Ramadan. Also, after Lebaran (a celebration to mark the end of fasting), which follows Ramadan, KMI holds a halal bi halal event for Muslims.

But Islam is not the state religion of Indonesia. In fact, there are Christian and Hindu minorities, and since the constitution guarantees religious freedom, Christmas and Hindu celebrations are also observed as national holidays. KMI therefore extends considerations to employees of Christian and other faiths and holds events, such as Christmas celebrations.

This demonstrates KMI efforts to accommodate the local religions, culture and customs of the land and execute business activities that respect human rights.



On site prayer room (mushola)



Halal Bi Halal



Female employees wearing a headscarf

