

Human Resource Development

Management Approach

Material Issues and Our Approach

In order for the Kawasaki Group to achieve sustainable growth and development, all employees must efficiently, effectively and completely achieve specific targets assigned to them based on their respective positions in line with corporate policies and Company-wide actions. As the pace of change in the external environment is faster than ever, it is also essential that we nurture human resources capable of proactively changing and continuously taking on new challenges.

Focus Activities and Medium-term Targets

We aim to nurture individuals equipped with sophisticated expertise and wide-ranging experience. To this end, we will systematically nurture future leaders, including executive candidates, while strengthening project risk management and developing global human resources.

● Goals for the MTBP 2019

- Build electrical skills training programs and create and implement new training.
- Steadily implement succession plans aimed at systematically nurturing future executive candidates (job rotation, reinforcing training, etc.).
- Implement early leader training and suitability reviews (utilize multifaceted observation surveys).
- Introduce a training management system and shift from focusing on group training to optimized learning modes, including e-learning, text-based study and group training.

Progress, Results and Challenges

● Goals for Fiscal 2019

- Foster human resources with electrical skills in line with business strategy.
- Implement systematic executive development.
- Reinforce management.
- Introduce operational reforms to training (utilizing IT).

● Fiscal 2019 Results

- Formulated electrical skill training programs for young employees (via temporary transfer to the Corporate Technology Division; launched in fiscal 2020)
- Enhanced human resource development programs targeting manager equivalents to nurture executive candidates via the launch of the “Globiz” online program (with seven individuals currently undergoing these programs)
- Held new seminars themed on multifaceted observation and feedback for those in senior manager positions or higher (a total of 12 occasions)
- Completed the basic design of a training management system and initiated program development

● Goals for Fiscal 2020

- Step up the development of human resources with electrical skills (e.g. strengthen training for mid-level engineers to help raise their technological capabilities).
- Strengthen training for executive candidates (e.g. review the existing structure for nurturing executive candidates).
- Strengthen management capabilities of organizational managers (e.g. review the former senior manager training).
- Develop human resource development platforms (e.g. complete the development of a training management system and put the system into actual use).

Human Resource Development Policy

In order for us to continue our business and grow in the 21st century as a global corporation, all of our employees must efficiently, effectively and completely achieve specific targets in line with our corporate policies and Company-wide actions.

It is the “people” who use their minds and act to achieve specific goals, so the development and invigoration of human resources is the most critical factor for the growth and advancement of a company. In accordance with our basic recognition that human resources are the core of Kawasaki’s growth and that they develop through their work, we abide by the following basic views regarding human resources:

- We carry out human resource development to grow our corporate performance, and improve our employees’ capabilities as well as their purpose in life.
- OJT (on-the-job training), self-development and rotation are the foundations of human resource education.
- Off-JT is provided to support these activities in ways where the results of Off-JT can be practically applied in the workplace.
- The line manager is responsible for human resource education.
- Human resource education is to be conducted on an individual basis in a planned manner and on an ongoing basis.
- Opportunities for developing one’s abilities are provided to all employees from the time they are newly employed up to the time of their retirement.

Desirable Employee Attributes

We provide consistent training and development programs for all different staff grades with the aim of realizing the ideal six human resource attributes as defined in our Mission Statement. These attributes are:

- (1) actively involved around the world;
- (2) solving issues for customers and the community;
- (3) leading reforms and innovation;
- (4) taking technology to new heights;
- (5) demonstrating comprehensive capabilities; and
- (6) always maintaining a profitability perspective.

Structure

We have in place the Human Capital Development Department within the Human Resources Division. Also, common Group-wide education and training, such as level-specific development for junior employees, top management or other levels and training to foster globally capable human resources, is planned and executed by the Head Office Human Resources Division. In addition, the internal companies and business divisions each plan and execute education and training related to the particular abilities and skills required in their respective areas of business.

For details on our internal committees and relevant governance structures, please refer to Human Resource Management  (page 69).

Human Resource
Development

Performance Data

Human Resource Development Programs

Reinforce the Management and Business Execution Capabilities of Employees (Administrative and technical training)

In the execution of routine duties, we utilize communication opportunities, especially the operational goal sharing program GMK—which takes its name from the Japanese *gyomu mokuhyo kyoyuka* (sharing business targets)—and semiannual one-on-one meetings between supervisors and subordinates, to foster skills development through the achievement of operating goals.

During their first three years of employment, employees in administrative and technical positions receive a combination of structured OJT based on a mentoring program and a range of training content designed to help young employees develop their capabilities as quickly as possible.

Furthermore, programs designed for training managerial candidates are provided, including the Kawasaki management seminars and Kawasaki executive coaching programs; seminars for managers and section heads to enhance the capabilities of middle management; and multi-faceted observational surveys to build awareness of one's strengths and areas that require improvement. Such initiatives serve to strengthen middle management and develop the skills of candidates for management positions.

● **Performance of Major Grade-specific Training Programs Held by Head Office (consolidated domestic; exceptions apply)**

	(FY)	2015	2016	2017	2018	2019
New employee training	Participants	–	332	325	338	338
	Total hours	–	14,608	14,300	14,872	14,872
Training for new section managers	Participants	–	95	91	91	125
	Total hours	–	7,600	7,280	5,533	7,843
Training for new division managers	Participants	–	40	44	50	48
	Total hours	–	2,240	2,464	2,464	2,700
Kawasaki executive coaching program	Participants	–	9	9	9	9
	Total hours	–	1,152	1,152	1,152	1,152
Kawasaki management seminars	Participants	–	34	51	23	–*
	Total hours	–	136	204	81	–

* Canceled in fiscal 2019 to prevent the spread of COVID-19

Strengthening On-site Capabilities (Training for Production Specialists)

In the area of production specialist training, we are promoting the transmission and enhancement of front-line production skills through a variety of programs, including the Skills and Qualification Early Acquisition Incentive Program for younger employees and the Grand Master System, in which production specialists with a high level of special expertise are recognized as grand masters and work to systematically pass down their skills to younger employees. In fiscal 2020, 6 new grand masters have been recognized, bringing the current total of active grand masters to 19.

In addition, we also participate actively in outside skills competitions. At the Hyogo Monozukuri (production) Skill Competition held in October 2019, Kawasaki employees took second place in the welding category as well as first place in the lathe category in the younger workers' skills division, while in the advanced skills division, one of our employees took second place in the lathe category.

To reinforce the leadership of production site supervisors, we provide site manager training and team leader training. For young employees, we provide basic training programs on KPS* and quality control in which they learn about Kawasaki's production systems.

* KPS: The Kawasaki Production System, a proprietary production system developed by Kawasaki.

● **Other Initiatives to Strengthen On-site Capabilities**

● **Technical Skill Contest**

In recent years, with Japan's baby boomer generation retiring in great numbers, ensuring that their skills are passed down to the next generation has become a pressing issue, and Kawasaki is focusing efforts on education and developing the skills of young employees. Every year, young employees from production sites in and outside Japan gather at the Akashi Works for the Technical Skill Contest to compete against one another using skills they have honed at their work sites. In fiscal

2019, young technicians from Japan and four other countries demonstrated their skills to the fullest, competing with and learning from each other. Going forward, we will continue such efforts to maintain and improve technical skills across the Group.

- **Creating Opportunities to Pass down Skills**

Aggressively promoting the transfer of technical skills to enhance production capabilities, the bedrock of our business activities, is essential. To this end, we opened *Takumi Juku*, a professional trade skills training center at the Harima Works, in 2012, and *Manabiya*, a manufacturing skills creation center at the Akashi Works, in 2014. Through synergies between existing skills training systems and the creation of opportunities to pass down technical skills, these centers are delivering results in terms of not only transferring skills, but also of acquiring new skills, quickly developing skills and instructors, and enabling employees to teach and improve one another's capabilities.

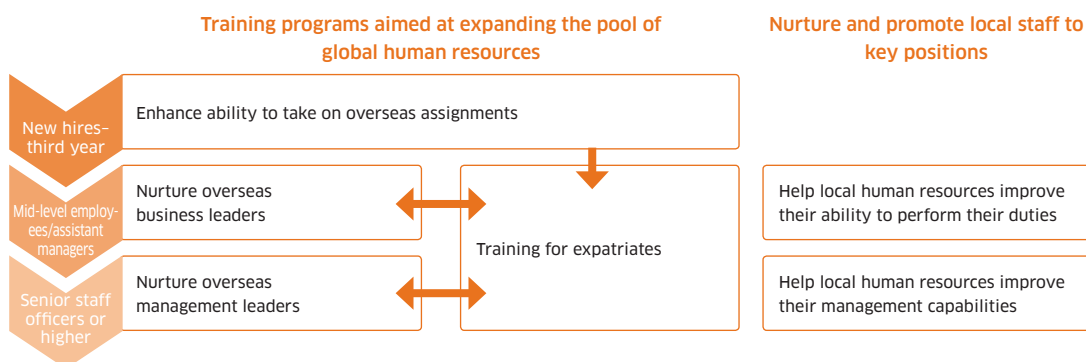
Developing Global Human Resources

Since 2008, we have been implementing measures for global human resource development aimed at supporting business expansion worldwide. Specifically, we provide global business talent seminars designed to promote a readiness to engage in business from a global perspective while imparting useful skills in addition to enhanced cross-cultural responsiveness training, which is designed to instill a practical and systematic understanding of differences in ever-diversifying value perceptions.

Furthermore, we work to enhance global human resource development, for example, offering an overseas internship system aimed at globalizing domestic human resources, an Asian business training program and training support for local engineering employees at overseas sites.

In fiscal 2018, we formulated the Kawasaki Bilingual Program, an English training program designed to assist self-motivated study. This represents yet another example of our efforts to develop an environment in which employees with career ambitions are supported by a diverse lineup of English training programs and empowered to pursue their goal of becoming global human resources.

- **Our Structure for Nurturing Global Human Resources**



- **Performance of Major Training Programs Associated with Global Human Resources Organized by Head Office (consolidated domestic; exceptions apply)**

	(FY)	2015	2016	2017	2018	2019
Global business talent seminars	Participants	–	39	39	33	16
	Total hours	–	2,964	2,964	1,584	872
Cross-cultural training	Participants	–	90	61	20	38
	Total hours	–	720	488	160	304
English skill series ¹	Participants	–	40	30	15	17
	Total hours	–	864	648	324	368
English writing series ²	Participants	–	36	32	39	37
	Total hours	–	576	512	624	956

Note: Language programs are also provided at each location.

1. English skills series: Meeting-based (Reading aloud and practical exercises), presentation and negotiation training

2. English writing series: Courses on technical writing and business writing

Project Manager Training

In recent years, we have seen a rise in project-oriented businesses with contracts for entire systems, including peripheral facilities, as opposed to standalone products. Accordingly, we introduced new training programs in fiscal 2016 to secure project managers able to execute such projects. The entire Group is working to enhance its project management capabilities, to this end holding Project Manager Seminars to which we invite individuals from inside and outside the company with previous experience in large-scale projects as lecturers to impart the know-how required to lead projects to success. In addition we have implemented an internal study program involving the transfer of employees to other internal companies to acquire experience in large-scale projects.

Nurturing Management Successors

We are nurturing human resources who can assume executive positions and contribute to the medium- to long-term enhancement of our enterprise value amid an increasingly harsh business environment. To this end, our pipeline of candidates encompasses an extensive scope of job ranks, ranging from assistant managers to executive officers, while our training programs are designed to address differing issues in light of their staff grades.

● Kawasaki Executive Coaching Program

We implement the Kawasaki Executive Coaching Program (spanning nine months per fiscal year) to nurture executive candidates capable of embodying our corporate philosophy. Individuals undergoing this program are selected from among senior manager equivalents. They participate in numerous group discussions among themselves while engaging in deliberations involving external lecturers and corporate managers from outside the Kawasaki Group. In addition to instilling expertise on corporate management, the program is thus designed to help them fully develop a real-life picture of corporate management duties at the Kawasaki Group, learn how overall optimization will contribute to resolving the management issues the Group is confronting and adopt a global business management viewpoint.

Amounts Invested in Human Resource Development

Education and Training Expenses (non-consolidated)

	(FY)	2015	2016	2017	2018	2019
Education and training expenses per employee	Yen/FTE*	38,000	33,000	33,000	35,000	34,000
Education and training hours per employee	Hours/FTE*	33	33	33	38	41

* FTE: Full-Time Equivalent

ROI from Human Resources (consolidated global)

	(FY)	2015	2016	2017	2018	2019
Sales (a)	Millions of yen	1,541,096	1,518,830	1,574,242	1,594,743	1,641,335
Sales expenses (b)	Millions of yen	1,445,099	1,472,869	1,518,317	1,530,720	1,579,272
Employee-related expenses (c)*	Millions of yen	163,385	158,303	158,070	161,131	161,460
ROI from human resources (a-(b-c)) /c	%	1.59	1.29	1.35	1.40	1.38

* Salaries, bonuses, and welfare expenses