

To fulfill the social responsibilities incumbent upon an enterprise that plays such an essential part in the creation of social infrastructure in communities around the world



KHI Group CSR

The KHI Group traces its beginnings back to 1878 and KHI's early activities in the shipbuilding business. Since then, the Group has expanded its business pursuits in line with the times, gaining a solid foothold in transportation equipment and systems, specifically rolling stock, aircraft and motorcycles known worldwide under the Kawasaki brand, and then a growing presence in energy and environmental engineering, emphasizing gas turbines, gas engines and energy and environmental plant engineering, and also industrial equipment, where expertise has been applied to such products as industrial plants, hydraulic machinery and robots.

In 2007, we embraced a newly formulated mission statement—"Kawasaki, working as one for the good of the planet (Enriching lifestyles and helping safeguard the environment: Global Kawasaki)"—that clearly defined our duty to society as a corporate citizen. To keep this mission statement alive and realize inherent objectives at ever higher levels, we work toward action goals from a perspective infused with the solid understanding of CSR. This is the driving force that sustains CSR activities within the Group.

A keen awareness of our responsibility to stakeholders permeates all aspects of our corporate activities, and we always act accordingly. At the same time, we strive to contribute to the development of a better society, today and

tomorrow.

In fiscal 2012, we opened a dialogue with experts in an effort to ascertain with greater clarity the position that is specifically required of the KHI Group. (Please refer to pages 11–12 for details.) The comments and suggestions offered by the panel of experts will be reflected in future CSR activities as if the opinions were those of stakeholders.

Over One Year Since the Great East Japan Earthquake

The perils of unprecedented natural disasters etched itself deeply into my mind in 2011. My heart goes out to those still affected by the earthquake and tsunami and the ensuing consequences, and while reconstruction will take time, I fervently hope that life returns to normal in the areas of devastation as quickly as possible.

The KHI Group already had a business continuity plan (BCP) in place—prompted by the lessons learned in the Great Hanshin Earthquake of 1995—that stressed protecting the lives of employees and their families, getting business back to normal on our own, and recognizing our responsibility to and the importance of contributing to local communities. The Great East Japan Earthquake prompted management to review the existing BCP and give priority to business activities that must be maintained even when a large-scale disaster strikes to

ensure our ability to fulfill the social responsibilities incumbent upon an enterprise that plays such an essential part in the creation of social infrastructure. (Please refer to pages 9–10 for details.)

The demands of society also changed after the Great East Japan Earthquake. For example, heightened interest in emergency power sources pushed up requests for reliable energy supply systems and products capable of greater energy use efficiency, including operation during power-saving times. In addition, the importance of building towns better able to withstand disasters became blatantly more obvious.

The KHI Group will resourcefully respond to these demands, providing new value to society through such installations as independent distributed power systems that take advantage of local features and through the establishment of disaster shelters equipped with these power generation facilities. Such responses will contribute to the development of communities where people feel safe and secure.

Taking on Global Issues

In recent years, the global economy has maintained accelerated growth, fueled by emerging markets, while environmental problems, particularly global warming, have become increasingly more of a concern. In addition, governments are once again rethinking the energy policies of

tomorrow with the environment and natural resources in mind. We are also seeing steadily rising demand for key infrastructure systems, such as transportation and industrial installations, in emerging markets.

I believe that the ability to consistently meet the expectations of people worldwide requires direct contact with communities and customers to really know their needs and create and provide new value to address those needs. Given this scenario, KHI established the Marketing Division in April 2012 to integrate corporate capabilities in all product categories under the Group umbrella for a total solution response to evolving issues, to acquire a global perspective, and to facilitate mutual understanding between the Company and customers, while reinforcing activities that attest to our commitment to social contribution through business.

Through these efforts, we will respond to evolving social and economic circumstances, continuously promote innovation and reform, and contribute to all stakeholders, including communities and customers. This emphasis will lead to further growth for us as well.

A handwritten signature in black ink that reads "S. Hasegawa".

Satoshi Hasegawa
President, Kawasaki Heavy Industries, Ltd.