

KHI Group's First Dialogue with Experts

On December 28, 2011, specialists in environmental management and CSR, and a CSR manager from an outside company gathered at Kobe Crystal Tower—the location of KHI's Kobe head office—for an inaugural dialogue with experts. The panel was asked to comment on expectations from the perspective of business activities and suggest approaches to enhance CSR pursuits. This was followed by a discussion that included the KHI representatives in attendance.



Event Summary

Date
December 28, 2011

Place
KHI Kobe Head Office (Kobe Crystal Tower)

Outside Participants

Takehiko Mizukami | Facilitator, Cre-en Inc.

Takehiko Isobe | Professor and Ph.D. in Business Administration, Graduate School of Business Administration, Keio University

Mizue Unno | Managing Director, So-Tech Consulting Inc.

Katsunori Kawasaki | ESG (Environment, Society, Governance) Promotion Department, TOTO Ltd.

KHI Participants

Yoshizumi Hashimoto | Executive Officer, General Manager, CSR Division

Members of the CSR Planning Group
Secretaries of company CSR committees

Tour of Kawasaki Good Times World

Before the event, we guided the experts through Kawasaki Good Times World, a corporate museum within the Kobe Maritime Museum complex in Kobe's Meriken Park, to promote a deeper understanding of the activities undertaken by the KHI Group.



Improved Brand Value Should Target Next Generation

Before considering what expectations anyone might have of KHI from the perspective of business activities, I believe the Company should first cement its brand image and refine that image. Why? Because if you ask students about KHI, they may know about *shinkansen* bullet trains and motorcycles, but they are not particularly familiar with the Company's other businesses. The brand—essentially, the face of products and technologies—is hard to see. Consequently, I feel KHI is not viewed accurately by the public.

An effective method for raising brand value is to give some background about what led to the development of your products and technologies. Customers and consumers are not impacted much by products and technologies or corporate image advertising, but a simple story would probably leave more of an impression. Regarding approaches to enhance CSR pursuits, the most important thing is to decide who you are sending that message to. As a company making products like *shinkansen* bullet trains and aircraft, which attract the interest of children, I think you should put your CSR efforts into activities that target children, since they are tomorrow's decision makers.



Takehiko Isobe
Graduate School Professor,
Keio University

Facilitator's Comment

Narrow Down the Issues and Set Targets from a Strategic Perspective

KHI has identified 85 CSR-related issues to address; however, it will have to narrow down the list to issues that really require improvement, issues that have to be carried through to completion.

Also, your internal companies pursue CSR activities independently, but current targets are quite general. Set corporate targets, such as CSR training, and then have internal companies establish their own objectives fine-tuned to the characteristics of their respective businesses. And, if

I may add, setting targets that enhance value creation through business activities and strategic CSR activities will certainly determine the direction that KHI takes on its CSR journey.



Takehiko Mizukami
Cre-en Inc.

Expect Expansion of CSR Activities on a Global Scale

Even though KHI's business activities are mainly B-to-B (business-to-business) transactions, soon a C—for consumer and community—will come into play. This is especially so for companies involved in the design and construction of facilities and infrastructures because their customers have numerous contacts in the community, and a CSR perspective attuned to local governments and administrations is integral to successful business development.

Also, if a company seeking to expand globally does not convey its long-term view on giving to the community, such as local hiring and respect for diversity in the workplace—that is, making the most of human resources without getting hung up on differences, such as gender or race—then the company will have a difficult time being accepted there. ISO 26000, an international guide on social responsibilities, highlights some themes, like human rights issues and labor issues, that global companies have yet to properly resolve. I would like to see KHI explore how it can best contribute to communities as a global company with a global perspective and get involved in every community where it has a presence.



Mizue Unno
So-Tech Consulting Inc.

Execute CSR Activities that Demonstrate the Qualities that Make KHI Distinct

As someone responsible for CSR at a company, I recognize common issues pertaining to CSR activities going forward. KHI is quite involved in CSR with a risk management emphasis, and the Company appears to be promoting CSR activities based on a careful assessment of systems and structures and proven results. The next step would probably be to emphasize efforts to strategically link business activities and CSR activities. ISO 26000 casts a net over many global social issues. KHI has to pinpoint the themes where it can demonstrate qualities that distinguish it from other companies and then focus efforts on these fields to showcase corporate originality. This will surely lead to higher value in business activities. KHI has a role in all sorts of infrastructure projects and as such is closely connected to people's lives, so I think there are many fields in which KHI could demonstrate its special qualities. Moving forward, social change will require that KHI become more proactive—as opposed to passive, or reactive—in its CSR activities. I believe it is vital for all companies, including KHI, to seek out these kinds of CSR activities.



Katsunori Kawasaki
ESG Promotion Department,
TOTO Ltd.

On the receiving end of comments

Toward CSR Activities as a Global Company with a Proactive Perspective on CSR

We promote activities based on our desire to realize our Group Mission "Kawasaki, working as one for the good of the planet" at ever higher levels. Today's dialogue has reconfirmed our view that we are expected to contribute to social development through sophisticated products and services and that we are expected to provide new value for all stakeholders. Toward this end, we must constantly review our activities to ensure that we address social needs and meet social expectations. We must also strive to be receptive to stakeholders' feedback and respond accordingly, and broaden the scope of our pursuits.

Based on the comments offered by our panel of experts, I am keen to embrace CSR activities from a proactive position, along with passive CSR activities, throughout the Group, not only in Japan but also abroad, under the banner of a global company.



Yoshizumi Hashimoto
Executive Officer,
General Manager, CSR Division