

Establishment of Environmental management System

Targets

- ① **Reinforce the environmental management ability of subsidiaries in Japan**
Set reduction targets, and provide appropriate feedback
- ② **Reinforce the environmental management ability of overseas subsidiaries**
Promote information-sharing, identify issues at overseas locations, and support solutions

Results

- Continued to discuss targets for fiscal 2016.
- Created new, standardized method for collecting information from overseas sites and began applying data laterally and identifying issues requiring action.

Using IT Systems

At Kawasaki, we see environmental management activities as a vital component of business activities, so we conduct quantitative assessment using IT systems and promote greater efficiency in operations.

We utilize an internal information management system—ECOKEEP—to monitor environmental management targets, manage environmental data and issue an electronic manifest for industrial waste. For activities to save energy, we draw on our energy visualization system—K-SMILE—designed to visualize energy consumption at the production stage. Going forward, we will entertain measures to connect subsidiaries at home and abroad to these IT systems.

Kawasaki Group EMS

All of Kawasaki's domestic production sites have acquired ISO 14001 status.

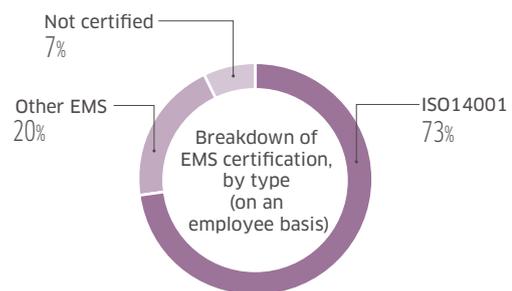
Of the Company's 39 domestic subsidiaries that are required to establish an EMS, all have either obtained ISO 14001 certification or simplified EMS certification from other standards organizations, such as the Kobe Environmental Management System from the Kobe Environmental Forum, or else established EMS through self-declaration. There are some subsidiaries where the scope of certification or the level of EMS certification has changed after establishing an EMS, reflecting conditions at the business site, such as corporate reorganization or a change in affiliation. The table shows the most recent information. These companies are also pushing ahead on the collection of environmental data through ECOKEEP and setting reduction targets matched to respective business levels.

Of our 25 overseas subsidiaries required to establish EMS, 24 have done so through acquisition of ISO 14001 or through self-declaration.

The one remaining company is preparing to obtain ISO 14001 certification. All the companies that have implemented an EMS are now refining methods to accurately and efficiently collect environmental data and further strengthen environmental management practices.

A breakdown of EMS certification, by type, on a Group-wide employee basis, is shown on the right. About 73% of all employees work at sites that have acquired ISO 14001 certification.

Breakdown of EMS Certification, by Type, within the Group (on an employee basis)



Note: Denominator is number of employees within the Group on a consolidated basis.

Current Situations for Acquiring ISO 14001 (JIS Q 14001) Certification for Kawasaki Production Bases

Internal companies		Date acquired	Registration
Ship & Offshore Structure Company	Kobe Works	Aug. 2002	DNV GL
	Sakaide Works	Aug. 2000	DNV GL
Rolling Stock Company		Feb. 2002	LRQA
Aerospace Company		Feb. 2002	BSK
Gas Turbine & Machinery Company	Gas Turbine Division	Mar. 2000	LRQA
	Machinery Division	Dec. 2000	NK
Plant & Infrastructure Company		Nov. 1999	JICQA
Motorcycle & Engine Company		Feb. 2000	DNV GL
Precision Machinery Company	Nishi-Kobe Works	Feb. 1998	DNV GL
	Robot Division	Mar. 2011	DNV GL

LRQA: Lloyd's Register Quality Assurance Limited., JICQA: JIC Quality Assurance Ltd., NK: Nippon Kaiji Kyokai (ClassNK), BSK: Bouei Kiban Seibi Kyokai (Defences Structure Improvement Foundation), DNV GL: DNV GL Group.

Domestic Subsidiaries

Oversight organization	Company	Establishment level*	Date of establishment
Head Office	Kawasaki Trading Co., Ltd.	1	Dec. 2004
	Kawaju Service Co., Ltd.	1	Feb. 2000
	Kawasaki Technology Co., Ltd.	3	Oct. 2011
	Kawasaki Life Corporation	2	Jul. 2006
	Kawasaki Hydromechanics Corporation	1	Jun. 2007
	K Career Partners Corp.	2	Mar. 2007
	Benic Solution Corporation	2	Feb. 2006
	KCM Corporation	1	May 2000
Ship & Offshore Structure Company	KCMJ Corporation	2	Mar. 2012
	Kawasaki Techno Wave Co., Ltd.	1	Aug. 2000
	Kawaju Support Co., Ltd.	2	Dec. 2005
	Kawaju Marine Engineering Co., Ltd.	3	Apr. 2013
Rolling Stock Company	KHI JPS Co., Ltd.	3	Mar. 2008
	Alna Yusoki-Yohin Co., Ltd.	1	Nov. 2008
	Kawasaki Rolling Stock Component Co., Ltd.	1	Aug. 2002
	Kawasaki Rolling Stock Technology Co., Ltd.	1	Aug. 2002
	Kansai Engineering Co., Ltd.	3	Aug. 2002
	Sapporo Kawasaki Rolling Stock Engineering Co., Ltd.	2	Jun. 2011
	Nichijo Manufacturing Co., Ltd.	2	Oct. 2005
Aerospace Company	Kawaju Gifu Engineering Co., Ltd.	1	Feb. 2002
	Kawaju Gifu Service Co., Ltd.	1	Feb. 2002
	KGM Co., Ltd.	1	Feb. 2002
	NIPPI Corporation	1	Dec. 2006
Gas Turbine & Machinery Company	Kawaju Akashi Engineering Co., Ltd.	1	Mar. 2000
	Kawasaki Thermal Engineering Co., Ltd.	1	Apr. 2002
	Kawasaki Machine Systems. Ltd.	1	Mar. 2000
	Kawasaki Prime Mover Engineering Co., Ltd.	1	Dec. 2002
	Kawasaki Naval Engine Service, Ltd.	1	Dec. 2002
Plant & Infrastructure Company	KEE Environmental Construction, Co., Ltd.	1	Dec. 2003
	EarthTechnica M&S Co., Ltd.	3	Apr. 2013
	Kawasaki Environmental Plant Engineering Co., Ltd.	1	Jun. 2002
	Kawaju Facilitch Co., Ltd.	2	Jul. 2013
	Kawasaki Engineering Co., Ltd.	3	Oct. 2009
Motorcycle & Engine Company	EarthTechnica Co., Ltd.	1	Sep. 2000
	Kawasaki Motors Corporation Japan	1	Feb. 2008
	K-Tec Corp.	1	Dec. 2014
	Technica Corp.	3	Mar. 2012
	AutoPolis	2	Dec. 2011
Union Precision Die Co., Ltd.	1	Jul. 2006	

Overseas Subsidiaries

Oversight organization	Company	Location	Establishment level*	Date of establishment
Head Office	KHI (Dalian) Computer Technology Co.,Ltd.	China (PRC)	3	May 2013
	KCMA Corporation	U.S.A	3	Mar. 2011
Rolling Stock Company	Kawasaki Rail Car, Inc.	U.S.A	1	In progress
Gas Turbine & Machinery Company	Kawasaki Gas Turbine Asia Sdn. Bhd.	Malaysia	3	Mar. 2013
	Kawasaki Gas Turbine Europe GmbH	Germany	3	Mar. 2013
	Wuhan Kawasaki Marine Machinery Co., Ltd.	China (PRC)	1	Jul. 2009
Plant & Infrastructure Company	KHI Design & Technical Service Inc.	Philippines	3	Nov. 2011
Motorcycle & Engine Company	Kawasaki Motors Corp., U.S.A	U.S.A	3	Mar. 2013
	Kawasaki Motors Pty. Ltd.	Australia	3	Mar. 2013
	PT. Kawasaki Motor Indonesia	Indonesia	3	Jan. 2012
	KHITKAN Co., Ltd	Thailand	1	Dec. 2011
	Kawasaki Componentes da Amazonia Ltda.	Brazil	3	Jun. 2013
	Kawasaki Motores do Brasil Ltda.	Brazil	3	Jun. 2013
	Kawasaki Motors Europe N. V.	Netherlands	3	Feb. 2014
	Kawasaki Motors (Phils.)Corporation	Philippines	3	Jan. 2012
	Kawasaki Motors Manufacturing Corp., U.S.A.	U.S.A	1	Apr. 2003
	Kawasaki Motors Enterprise (Thailand) Co., Ltd.	Thailand	1	Dec. 2011
Canadian Kawasaki Motors Inc.	Canada	3	Feb. 2013	
Precision Machinery Company	Kawasaki Precision Machinery (Suzhou) Ltd.	China (PRC)	1	Dec. 2007
	Kawasaki Precision Machinery (UK) Ltd.	UK	1	Nov. 2001
	Kawasaki Chunhui Precision Machinery (Zhejiang) Ltd.	China (PRC)	1	Nov. 2012
	Flutek, Ltd.	Korea	1	Nov. 2005
	Kawasaki Robotics (Tianjin) Co., Ltd.	China (PRC)	3	Nov. 2012
Kawasaki Robotics GmbH	Germany	3	Nov. 2012	
Kawasaki Robotics (U.S.A.), Inc.	U.S.A	1	Feb. 2006	

*Level 1 ISO 14001 registration
 Level 2 Simplified EMS certification
 Level 3 Self-declaration of EMS establishment

Compliance with Laws and Regulations

Within the Kawasaki Group, environmental management activities are undertaken in the Group's efforts to comply with environmental laws and regulations. In fiscal 2015 and extending back more than five years, no situation has occurred that would lead to administrative action or guidance. In addition, no environment-related complaints were received from neighborhood residents in fiscal 2015.

In regard to measures arising from a situation that runs counter to environmental management rules, Kawasaki has established an internal requirement in the event a situation leads to administrative action or guidance or a citizen's complaint whereby the head office is to be notified immediately upon occurrence of the event, in accordance with a prescribed format.

Risk Management

In addition to approaches based on Company-wide risk management structures, we hold liaison conferences at appropriate intervals for environmental management officers from within the Group, who work with the secretariat—the Environmental Affairs Department—to ensure that environmental laws and regulations are obeyed and that legal revisions are widely known and understood, and to enhance the abilities of managers with environmental responsibilities. These conferences emphasize compliance with environmental laws and regulations to preempt environmental accidents.

In fiscal 2015, following the revision of the Fluorocarbons Recovery and Destruction Law, we gathered managers, mainly those with responsibility for environment-related issues or facility management, together to present an overview of the revised law and discuss the role and obligations of a class-1 specified equipment administrator, clarify simplified inspection methods, identify units in possession, and explain ledger management, and thereby ensure a thorough awareness of the purpose and content of the revised law.

Promoting Environmental Communication

Raising Environmental Awareness

The Kawasaki Group runs publicity campaigns designed to raise the environmental awareness of each and every employee. We undertake these campaigns continually to promote environmentally conscious conduct not only in the workplace but also in the community and at home.



Articles featured in internal bulletins



President's message on environmental management

Environmental e-Learning

To maintain and improve environmental awareness among employees throughout the domestic Group, we offer environmental e-learning opportunities to new employees. This ongoing process is aimed at new employees at Kawasaki and domestic consolidated subsidiaries. In fiscal 2015, approximately 2,700 people participated in the environmental e-learning courses. The attendance rate was 97%.

Cultivating Qualified Managers

To enrich management activities emphasizing energy and the environment, we are striving to cultivate individuals with legal qualifications required under laws and regulations related to energy and the environment. In addition, as an internal qualification, we offer training for internal ISO 14001 auditors, through which 83 employees qualified as internal auditors in fiscal 2015.

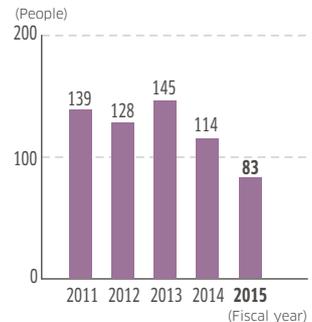
Number of Qualified Pollution Control Managers

Air	79
Water	75
Noise, vibration	41
Others	82
Total	277

Number of Qualified Energy Managers

Energy managers	67
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Number of Completed Training of Internal Environmental Auditors (ISO 14001)



External Information Disclosure

At Kawasaki, we vigorously pursue disclosure of environmental information, as indicated by our cooperation with many external evaluation organizations in their questionnaires, including the CDP climate change information request and the CDP water information request, published by the CDP, the Environmental Management Survey, conducted by Nikkei Research Inc., the Toyo Keizai CSR Survey, the Dow Jones Sustainability Index, managed cooperatively by S&P Dow Jones Indices and RobecoSAM (Sustainable Asset Management), and the Buna-no-Mori Environmental Survey 2014 (A rating) by Somo Japan Nipponkoa Risk Management Inc.

The Next Step

We will utilize environmental management systems, which ensure an accurate grasp of environmental impact data and adherence to legal and regulatory systems, to minimize environmental risk on a Group-wide basis. We will also analyze materiality based on the effect Group businesses have on the environment, and we will apply materiality tapped under Environmental Vision 2020 and of particular interest to stakeholders as key points in strategies for the next environmental management activities plan.