

Diversity

Management
Approach**Material Issues and Our Approach**

Today, developed countries, including Japan, are facing a looming sense of anxiety arising from the lack of labor force due to an ongoing decline in population. In addition, a growing number of businesses seek to expand globally as they confront increasingly intensive international competition. Moreover, people's views regarding careers and working styles have become more diverse than ever before. Against this backdrop, helping employees fully realize their diverse competencies will be crucial to the Kawasaki Group's efforts to sustainably improve its enterprise value. We must also create an organization designed to maximize our human resource capabilities. Based on this recognition, we are proactively implementing various initiatives to promote diversity.

Focus Activities and Medium-term Targets

Our diversity initiatives center on "allowing employees to embrace diverse working styles to help them strike an optimal work-life balance," "promoting the active participation of women," "facilitating the employment of people with disabilities," "extending support for the next generation and those engaging in nursing care" and "promoting the active participation of non-Japanese nationals." Furthermore, in an effort to expand the scope of these initiatives, we aim to create an LGBT-friendly work environment and, to this end, are focusing on pushing ahead with various measures and employee awareness campaigns. Proactively undertaking diversity initiatives, we are thus fostering an inclusive corporate culture that respects diversity and empowers all employees to work energetically. We expect that these initiatives will, in turn, help us enhance our corporate competitiveness.

● Goals for the MTBP 2019

- Decrease the voluntary turnover rate for female employees in administrative and technical positions to 1.4% (fiscal 2016–2018 average: 2.8%).
- Increase options designed for LGBT employees.
- Hold presentations for senior managers and section managers on timely, diversity-related topics.

Progress, Results and Challenges**● Goals for Fiscal 2019**

- Implement measures to promote the retention and success of women, non-Japanese nationals, people with disabilities and other minorities within the Group.
- Foster LGBT-friendly work environments and revise internal systems to allow employees to make choices that align with their gender identity.
- Enhance education for managers to foster workplaces where all employees can work with enthusiasm and pride.

● Fiscal 2019 Results

- Held seminars for female and non-Japanese national employees
- Reviewed the content of training sessions for senior managers and managers, increasing the focus on diversity & inclusion with the aim of creating a work environment in which everyone can work with confidence
- Established a policy on ensuring equality for LGBT individuals and launched fresh efforts to create an even more inclusive work environment for these individuals
- Number of female managers: 57 (+8) (April 2020)
- Percentage of management positions held by women: 1.38% (+0.16 percentage points) (April 2020)
- Percentage of employees with disabilities: 2.52% (+0.07 percentage points) (March 2020)

Note: Figures in parentheses represent year-on-year changes.

● Goals for Fiscal 2020

- Establish a Company-wide policy on diversity.
- Implement measures to curb the number of voluntary resignations among women, non-Japanese nationals, people with disabilities, young employees and mid-career hires along with initiatives aimed at supporting their career success.
- Hold seminars, study sessions and other events to create an LGBT-friendly work environment.
- Practice organizational development activities at multiple workplaces to establish organizational development methods that are best suited to Kawasaki.

Our Basic Stance on Diversity

In order for the Kawasaki Group to achieve the sustainable improvement of its enterprise value, it is critical that all of the roughly 36,000 human resources who participate in its businesses around the world are empowered to take full advantage of their unique personalities, realize their full potential and vigorously engage in their daily operations, regardless of their nationality, gender, age, religion or disability. Accordingly, we will foster a corporate culture in which all employees respect one another based on a common understanding that others have different value systems and attributes. Doing so will facilitate the creation of unconventional ideas and new value, with the aim of accommodating increasingly diverse customer requests.

In addition, the Kawasaki Group Code of Conduct makes it clear that we will strive to create a workplace environment that respects diversity among employees and empowers everyone to work energetically.




The Kawasaki Group Code of Conduct

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

Structure

Within the Head Office Human Resources Division, we have in place the Diversity Promotion Section, which is tasked with various activities aimed at promoting diversity.

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

Diversity

Performance Data

Employee Breakdown

Number of Employees (non-consolidated)¹

		(FY)	2015	2016	2017	2018	2019	
Number of employees		Persons	15,911	16,162	16,423	16,899	17,218	
	Male	Persons	14,964	15,159	15,303	15,533	15,748	
		%	94.0	93.8	93.2	91.9	91.5	
	Female	Persons	947	1,003	1,120	1,366	1,470	
		%	6.0	6.2	6.8	8.1	8.5	
	Managerial staff		Persons	–	3,386	3,473	3,593	3,681
Male		Persons	–	3,362	3,445	3,549	3,630	
Female		Persons	–	24	28	44	51	
General employees		Persons	–	12,776	12,950	13,306	13,537	
	Male	Persons	–	11,797	11,858	11,984	12,118	
	Female	Persons	–	979	1,092	1,322	1,419	
Average age		Years old	38.3	38.1	38.4	39.3	39.4	
	Male	Years old	38.0	38.0	38.3	39.2	39.3	
	Female	Years old	39.9	39.9	39.9	40.9	40.9	
By age ²	29 and younger	Persons	3,775	3,867	3,870	3,826	3,703	
		%	23.7	23.9	23.6	22.6	21.5	
	Male	Persons	3,592	3,674	3,655	3,595	3,451	
		Female	Persons	183	193	215	231	252
	30 to 39	Persons	4,512	4,718	4,960	5,225	5,437	
		%	28.4	29.2	30.2	30.9	31.6	
Male	Persons	4,264	4,449	4,645	4,849	5,027		
	Female	Persons	248	269	315	376	410	
40 to 49		Persons	4,123	4,206	4,198	4,329	4,368	
		%	25.9	26.0	25.6	25.6	25.4	
	Male	Persons	3,790	3,855	3,814	3,849	3,887	
	Female	Persons	333	351	384	480	481	
50 to 59		Persons	2,062	2,142	2,452	2,812	3,123	
		%	13.0	13.3	14.9	16.6	18.1	
	Male	Persons	1,923	2,002	2,285	2,582	2,850	
	Female	Persons	139	140	167	230	273	
60 and above		Persons	1,439	1,229	943	707	587	
		%	9.0	7.6	5.7	4.2	3.4	
	Male	Persons	1,395	1,179	903	658	533	
	Female	Persons	44	50	40	49	54	
By position	Director, Audit & Supervisory Board Member ³		Persons	16	17	17	17	16
		Male	Persons	16	16	15	15	14
			%	100	94.1	88.2	88.2	87.5
		Female	Persons	0	1	2	2	2
	%		0	5.9	11.8	11.8	12.5	
	Executive officer and above		Persons	23	27	24	24	25
		Male	Persons	23	27	24	24	25
			%	100	100	100	100	100
Female		Persons	0	0	0	0	0	
	%	0	0	0	0	0		

		(FY)	2015	2016	2017	2018	2019	
By position	Senior manager equivalent ⁴	Persons	776	820	869	917	987	
		Male	Persons	770	813	862	910	979
			%	99.2	99.1	99.2	99.2	99.2
		Female	Persons	6	7	7	7	8
			%	0.8	0.9	0.8	0.8	0.8
		Manager equivalent	Persons	2,402	2,402	2,456	2,461	2,470
	Male		Persons	2,389	2,385	2,435	2,427	2,431
			%	99.5	99.3	99.1	98.6	98.4
	Female		Persons	13	17	21	34	39
			%	0.5	0.7	0.9	1.4	1.6
	Assistant manager equivalent		Persons	1,823	1,795	1,873	2,147	2,074
		Male	Persons	1,745	1,708	1,769	2,034	1,952
%			95.7	95.2	94.4	94.7	94.1	
Female		Persons	78	87	104	113	122	
		%	4.3	4.8	5.6	5.3	5.9	

1. Number of employees as of the fiscal year-end (includes temporary employees).

2. Percentage figures will not necessarily add up to 100% as they are rounded up to the first decimal point.

3. On June 25 2020, Kawasaki transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee.

4. Senior Manager equivalents include positions up to associate officer.

Number of Employees (consolidated global) *

		(FY)	2015	2016	2017	2018	2019
Total employees	Persons		34,605	35,127	35,805	35,691	36,332
	Domestic group	Persons	25,897	26,348	26,747	26,171	26,616
		%	74.8	75.0	74.7	73.3	73.3
	Overseas group	Persons	8,708	8,779	9,058	9,520	9,716
		%	25.1	25.0	25.3	26.7	26.7
	By region	Japan	Persons	25,897	26,348	26,747	26,171
%			74.8	75.0	74.7	73.3	73.3
Europe		Persons	685	681	704	750	734
		%	2.0	1.9	2.0	2.1	2.0
Americas		Persons	3,447	3,469	3,557	3,639	3,921
		%	10.0	9.9	9.9	10.2	10.8
Asia		Persons	4,576	4,629	4,758	5,092	5,023
		%	13.2	13.2	13.3	14.3	13.8
Australia		Persons	Included in Asia		39	39	38
		%			0.1	0.1	0.1

* Number of employees as of fiscal year-end.

Promoting the Employment and Active Participation of Non-Japanese Nationals

Kawasaki launched a regular hiring program for non-Japanese new graduates in fiscal 2012 and continues to recruit from countries around the globe, including Korea, China, Sweden and India. To improve communication between non-Japanese employees and their supervisors and co-workers, as well as to enable supervisors and co-workers to better understand non-Japanese employees who have different educational, cultural and other backgrounds, Kawasaki creates and distributes guidebooks for workplaces that non-Japanese employees will be joining and organizes seminars on multicultural understanding for supervisors as well as training programs to help employees from other countries understand the Japanese business environment.

Number of Foreign National Employees (non-consolidated)

		(FY)	2016	2017	2018	2019	2020
Number of foreign national employees*	Persons		29	34	35	36	35


* As of April 1 of each fiscal year. Administrative and technical personnel only.

Promoting the Active Participation of Women

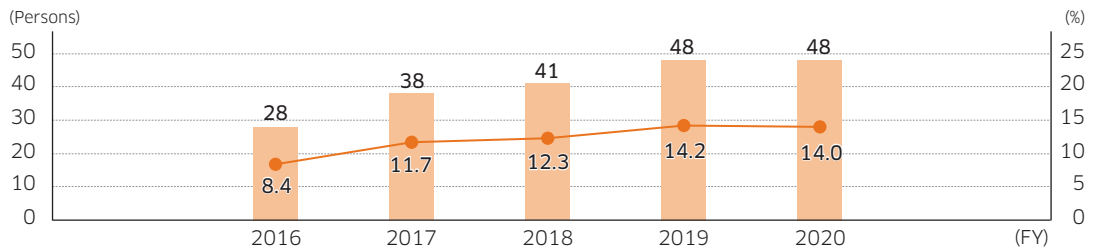
Kawasaki's efforts to promote the active participation of women begin with proactive hiring. The number of women employed and the number in managerial positions have been increasing year by year. Particularly with respect to hiring, about 30 percent of new college graduates in administrative positions are women.

To promote the retention and career success of women, we hold seminars for managers of workplaces to which female employees are assigned for the first time to help them understand how to nurture such employees over the medium to long term. We also host joint seminars with other companies to incorporate insights from external role models on how to help women achieve personal growth.

In recognition of these efforts, in 2016 Kawasaki received Eruboshi (2nd level) certification in recognition of outstanding efforts in promoting the active participation of women in the workplace. The Eruboshi system uses a three-level scale to evaluate companies' achievements in five areas: 1) hiring, 2) continued employment, 3) working hours and other conditions, 4) ratio of female managers and 5) diverse career paths. Kawasaki has met the conditions for certification in areas 1), 2), 3) and 5).

 **Kawasaki's page in the Ministry of Health, Labour and Welfare's database of companies promoting the active participation of women (Japanese only)**
<http://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=2392>

New Graduate Female Hires for Administrative and Technical Positions* and Percentage of Women among All New Graduate Hires for Administrative and Technical Positions (non-consolidated)



■ New graduate female hires for administrative and technical positions (left scale)
 ● Percentage of women among all new graduate hires for administrative and technical positions (right scale)
 * As of April 1 of each fiscal year.

Number of Women in Managerial Positions^{1,2} (non-consolidated)

	(FY)	2016	2017	2018	2019	2020
Number of women in managerial positions	Persons	26	29	43	49	57

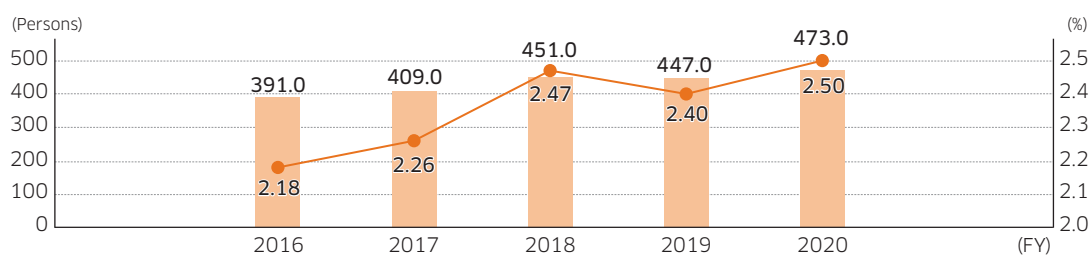
1. As of April 1 of each fiscal year.
 2. Section head or above. Figures include staff on external postings and staff on leave.

Promoting Participation by People with Disabilities

We are committed to hiring more people with disabilities, and they participate in a wide range of workplaces. In September 2013, we established our special subsidiary Kawasaki Heartfelt Service Co., Ltd., which promotes the active Group-wide employment of people with disabilities in order to maintain and improve their employment rates, and also works actively to create barrier-free workplaces. We are cultivating an environment where people with disabilities are able to develop their full potential.

Kawasaki Heartfelt Service Co., Ltd. was recognized as the ninth Japanese company to receive the Certification of Company Fostering Active Participation of Persons with Disabilities on March 29, 2018 for promoting the active and ongoing employment of persons with disabilities, as well as its progressive efforts towards providing working environments that support their long-term employment.

Employees with Disabilities^{1,2} and Percentage of Employees with Disabilities (Kawasaki and Kawasaki Heartfelt Service Co., Ltd.)



■ Employees with disabilities (left scale)

● Percentage of employees with disabilities (right scale)

1. As of June 1 of each fiscal year.

2. People working short hours are accounted for at a factor of 0.5 persons. One person with a severe disability is counted as two persons.

Employing Seniors

Kawasaki extended its mandatory retirement age well before such changes were mandated by the amended Older Persons' Employment Stabilization Law. We extended the retirement age of general employees from 60 to 63 in April 2006, and then to 65 in April 2019. In addition, we have adopted a Pro-Senior System, under which interested employees in management positions can, in principle, be re-hired until the age of 65. These initiatives allow many veteran employees to remain involved in active operations where they can use their accumulated experience and pass down their skills. Employees approaching age 55 are invited to participate in a Lifestyle Design Awareness Seminar, where they can learn more about our programs for postponed retirement and reemployment and consider their post-reemployment lifestyle options.

Number of Reemployed Persons (non-consolidated)

	(FY)	2015	2016	2017	2018	2019
Number of reemployed persons	Persons	214	243	183	140	64

Remuneration

Average Annual Remuneration (non-consolidated)

	(FY)	2015	2016	2017	2018	2019	
All employees	Millions of yen	–	7.4	7.1	7.1	7.2	
	Male	Millions of yen	–	7.5	7.2	7.2	7.3
	Female	Millions of yen	–	5.4	5.2	5.2	5.3
Average for managerial staff (basic pay only)	Millions of yen	–	7.6	7.6	7.6	7.6	
	Male	Millions of yen	–	7.6	7.6	7.6	7.6
	Female	Millions of yen	–	7.3	7.2	7.0	7.1
Average for managerial staff (basic pay plus bonuses, etc)	Millions of yen	–	12.1	11.4	11.3	11.4	
	Male	Millions of yen	–	12.1	11.4	11.4	11.4
	Female	Millions of yen	–	11.7	10.7	10.2	10.5
Average for general employees (basic pay only)	Millions of yen	–	4.4	4.5	4.5	4.6	
	Male	Millions of yen	–	4.5	4.5	4.6	4.6
	Female	Millions of yen	–	3.7	3.7	3.7	3.8

Other Initiatives

Diversity Symbol

Kawasaki has adopted a diversity symbol. This symbol imagines Kawasaki as a tree, made up of a great number of diverse individuals. For this tree to grow healthily, its leaves and fruit becoming more colorful and rich, we who work at Kawasaki see value in expressing our diverse colors—our unique personalities and skills—and seek to do so together within Kawasaki to grow as individuals and as a company. This is the message conveyed by the diversity symbol.



Diversity Promotion Website

We have set up a diversity promotion website on the Company intranet. This website offers an overview of diversity at the Kawasaki Group alongside workplace examples and information about systems related to facilitating a healthy work-life balance.

Initiatives to Facilitate Employee Understanding of the LGBT Community

Aiming to create an LGBT-friendly workplace, we are striving to raise employee awareness by sending out messages from the president, holding in-house seminars, issuing an *LGBT handbook* to be used in employee education, distributing the “Kawasaki LGBT ALLY Mark” to help employees express their support of LGBT individuals and participating in relevant external events. Moreover, we formulated the “Kawasaki Declaration of Action in Support of LGBT,” which provides employee conduct guidelines, clarifying Kawasaki’s basic stance and action principles to be observed by all employees.



In addition, Kawasaki Heavy Industries introduced rules on the registration of same-sex partners in fiscal 2020. Based on these rules, employees who have same-sex partners and meet prescribed conditions are now deemed legally married and treated as such. In this way, we are endeavoring to develop a structure to advocate for equal rights for LGBT individuals both at their workplaces and in their private lives.

External Collaboration

To accelerate social shifts related to diversity and work-life balance, we proactively look beyond the framework of the Company to encourage employees to participate in outside seminars and advance activities together with other organizations and companies. One example is a work-life balance and diversity promotion study project being jointly implemented by the Chuo University Graduate School of Strategic Management and private companies. This project broadly promotes the concept of healthy work-life balance in society through surveys and research. Kawasaki has taken part in the project since 2013, serving as a model company by implementing such internal measures as work-life balance training for managers. We are also a member of the Diversity Western-Japan Study Group. In this group, diversity officers at companies in the Kansai region meet to share ideas and good examples of diversity in action and advocate for diversity-related measures within their companies and to the government.