

Human Resource
DevelopmentManagement
Approach**Material Issues and Our Approach**

Kawasaki sees employees as its most important asset. 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.

Focus Activities and Medium-term Targets

In order to further the global reach of our businesses and extend them to solutions-oriented businesses, we must promote the further growth of our global human resources, as well as train human resources who have advanced knowledge and a broad range of experience in areas such as project management.

- **Goals for the MTBP 2019**

- Build electrical skills training programs and create and implement new training.
- Steadily implement succession plans (job rotation, reinforcing training, etc.).
- Implement early leader training and suitability reviews (utilize multifaceted observation surveys).
- Introduce a training management system. 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 2018**

- Work to create environments and mindsets that foster learning.
- Enhance executive development measures.
- Initiate projects to innovate the Company organization and culture.
- Develop and utilize global human resources.
- Promote the transfer of engineering and other technical skills and expertise, developing and utilizing knowledgeable, experienced human resources, including project managers.

- **Fiscal 2018 Results**

- Formulated succession plans, considered training reinforcement measures.
- Initiated corporate culture improvement projects, president gave lecture on corporate culture improvement to all 1,400 line managers (13 occasions).
- Dispatched employees overseas for training (5 individuals), dispatched overseas employees to Japan for basic mechanical design training (24 individuals).
- Implemented surveys and drafted measures to reinforce human resources with electrical skills (jointly implemented with the Corporate Technology Division).
- Provided information related to human resource development via the internal newsletter and Company intranet.

- **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).

Structure

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.

Human Resource
Development**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 Group-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.

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

		(FY)	2014	2015	2016	2017	2018
New employee training	Participants		–	–	332	325	338
	Total hours		–	–	14,608	14,300	14,872
Training for new section managers	Participants		–	–	95	91	91
	Total hours		–	–	7,600	7,280	5,533
Training for new division managers	Participants		–	–	40	44	50
	Total hours		–	–	2,240	2,464	2,464
Kawasaki executive coaching program	Participants		–	–	9	9	9
	Total hours		–	–	1,152	1,152	1,152
Kawasaki management seminars	Participants		–	–	34	51	23
	Total hours		–	–	136	204	81
Scope			–	–	cd*	cd*	cd*

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 2019, 10 new grand masters have been recognized, bringing the current total of active grand masters to 20.

In addition, we also participate actively in outside skills competitions. In the Skill Grand Prix held in March 2019, one of our employees won the Fighting Spirit Prize in the machine finishing category, and at the Hyogo Monozukuri (production) Skill Competition held in November 2018, Kawasaki employees took third place in the welding category as well as second and third places in the lathe category in the younger workers' skills division, while in the advanced skills division, one of our employees took third 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 2018, young technicians from Japan and three 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 bed-rock 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 overseas business management 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 Asia business training program and training support for local engineering employees at overseas sites.

● Performance of Major Training Programs Associated with Global Human Resources Organized by Head Office

		(FY)	2014	2015	2016	2017	2018
Overseas business training	Participants		–	–	39	39	33
	Total hours		–	–	2,964	2,964	1,584
Cross-cultural training	Participants		–	–	90	61	20
	Total hours		–	–	720	488	160
English skill series ¹	Participants		–	–	40	30	15
	Total hours		–	–	864	648	324
English writing series ²	Participants		–	–	36	32	39
	Total hours		–	–	576	512	624
Scope			–	–	cd*	cd*	cd*

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

Note: Language programs are also provided at each location.

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.

Amounts Invested in Human Resource Development

Education and Training Expenses

	(FY)	2014	2015	2016	2017	2018
Education and training expenses per employee	Yen/FTE*	42,000	38,000	33,000	33,000	35,000
Education and training hours per employee	Hours/FTE*	31	33	33	33	38
Scope		nc	nc	nc	nc	nc

* FTE: Full-Time Equivalent

ROI from Human Resources

	(FY)	2014	2015	2016	2017	2018
Sales (a)	Millions of yen	1,486,123	1,541,096	1,518,830	1,574,242	1,594,743
Sales expenses (b)	Millions of yen	1,398,864	1,445,099	1,472,869	1,518,317	1,530,720
Employee-related expenses (c)*	Millions of yen	160,396	163,385	158,303	158,072	161,131
ROI from human resources (a-(b-c)) /c	%	1.54	1.59	1.29	1.35	1.40
Scope		cg	cg	cg	cg	cg

* Salaries, bonuses, and welfare expenses