

Kawasaki Group Policy on Intellectual Property

1. Fundamental Concepts

The Kawasaki Group has positioned intellectual property (IP) as an important management resource supporting its efforts to develop businesses and brands with competitive advantages by leveraging creative and innovative solutions and taking full advantage of its core competencies. These assets are therefore essential to winning in the face of intensifying global competition and achieving ongoing improvement in corporate value. Accordingly, the Group focuses not only on developing businesses and pursuing R&D but also on securing a robust IP portfolio and aligns its strategic activities to achieve these three objectives. In these ways, the Group will secure and utilize the IP rights in its possession while respecting the validly held IP rights of third parties and preventing the violation of such rights.

2. IP Policies

(1) Strategic IP Activities

The Kawasaki Group will formulate business strategies informed by thorough operating environment analysis that factors in the latest information pertaining to IP and pursue business planning that involves relevant departments from the initial stages in order to best utilize the Group's IP portfolio and thereby increase its strategic capabilities. In addition, in order to promote strategic IP activities, all business segments will maintain departments charged with managing IP (intellectual property management departments), while internal committees attended by senior management members and representatives from corporate planning departments will intensively discuss matters associated with the planning of IP activities focused on ensuring correlation with management and business strategies. Such committees will also monitor the implementation status of such plans and execute follow-up measures as part of a PDCA cycle.

(2) Risk Management

With the aim of preventing the violation of IP rights held by third parties, the Kawasaki Group will maintain "stage gates" that ensure that all

Group products and services are checked as they pass through certain key stages, ranging from planning and design to release, so that any relationships between these offerings and IP rights held by third parties are preemptively detected and the violation of IP rights is thoroughly prevented.

(3) Response to Illicit Use of Group Brands and Trademarks and Counterfeit Products, etc.

- The Kawasaki Group will maintain and strengthen its structure for monitoring unfair trademark applications that possibly amount to a theft of its IP, illicit use of such IP, the counterfeiting of its products and other related incidents on a global basis, with the aim of protecting the public reputation of the Kawasaki Group brand and customer confidence in products and services carrying such brand. At the same time, the Group will strictly respond to the illicit use of its brands and trademarks, the counterfeiting of its products, and other unjust practices based on trademark and other rights in its possession and in accordance with relevant laws and regulations.
- The Kawasaki Group will push ahead further with the acquisition of trademark rights and the enhancement of its trademark rights portfolio, with an eye to legally protecting its brands and the trademarks used for Group products and services.

(4) Incentives for Employee Invention

The Kawasaki Group will reward its officers and employees for inventions in line with the provisions of the Patent Act regarding employee invention. The Group's internal rules stipulate that incentives are provided at times of patent application (application incentives), registry (registry incentives) and implementation (track-record incentives). These rules also apply to inventions that are kept secret for strategic reasons. In particular, track-record incentives are designed to reward the individuals involved in a way that gives due consideration to their contributions to the Group. Accordingly, the Group will strive to ensure the content of such incentives is appropriate in light of similar incentives paid by competitors and the latest social trends.

(5) IP Education for Employees

Aware of the importance of the proper IP handling, which could materially impact its business activities, the Kawasaki Group will provide employees with periodic IP education and other necessary training by targeting not only those employed in IP-related departments but also those charged with sales, planning, engineering, and other tasks, to ensure that each employee develops the optimal IP mindset for their job rank and position.

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