

## **The Kawasaki Group Policy on Anti-Bribery**

### **1. Fundamental Concepts**

The Kawasaki Group Anti-Bribery Policy consolidates the Kawasaki Group's various approaches to bribery prevention. It presents a number of systems and initiatives aimed at preventing bribery in order to ensure the ongoing improvement of the Group's enterprise value through fair competition with the aim of achieving the Group Mission of "Kawasaki, working as one for the good of the planet." The Group works as hard as possible to prevent bribery through the various systems and initiatives introduced in this policy and through compliance with anti-corruption laws in Japan and around the world.

### **2. Policies on Anti-Bribery**

#### **(1) Anti-Bribery System**

The Kawasaki Group complies with Japan's penal code and Unfair Competition Prevention Act, the United States' Foreign Corrupt Practices Act, the United Kingdom's Bribery Act, and other anti-corruption laws in Japan and overseas applicable to business activities. And, to live up to the Group's basic principles related to preventing bribery, the Group has upgraded and operates the following anti-bribery system. In the event that an officer or employee commits an act that violates an anti-corruption law or regulation, the Group takes strict punitive measures based on the rules of employment and as permissible under the law.

① Internal rules related to bribery prevention

#### **(a) Kawasaki Group Code of Conduct**

To ensure the proper conduct of Kawasaki Group officers and employees with regard to anti-bribery efforts, in the Kawasaki Group Code of Conduct, the Group states that it will not tolerate any bribery, including inappropriate entertainment and gifts, and lays out Actions to Be Taken by Individuals (quoted below).

When providing or receiving entertainment and gifts, confirm the following:

- The entertainment and gifts will not inappropriately affect decision-making regarding transactions, are not made with corrupt intent, and are legal in your country and the country of the recipient;
- The entertainment does not violate the standards of conduct of the recipient's organization or any contractual agreement;
- The entertainment and gifts serve a legitimate business purpose, and the value and nature of the entertainment and gifts are appropriate to the business relationship and local custom;
- Prior approval from appropriate personnel has already been obtained and the entertainment and gifts are otherwise permitted by the Group's policies; and
- All records of the entertainment and gifts are properly kept, including records of the date, amount, and contents.

#### **(b) Bribery Prevention Regulations**

Taking an even tougher stand against bribery, Kawasaki Heavy Industries,

Ltd. established the Bribery Prevention Regulations in August 2013. Our basic policy states that the Group will uphold laws in the execution of business activities, and that no bribes to public officials in Japan or overseas are condoned.

In addition, in May 2020, we established the following internal rules to further strengthen our efforts to prevent bribery.

- Newly established Rules on Entertainment and Gifts to Public Officials in Japan  
In line with Japan's laws and regulations concerning public official ethics (including the National Public Service Ethics Act and the National Public Service Ethics Code), these rules establish application procedures, approval guidelines, and record keeping for entertainment and gifts.
- Newly established Rules on Preventing Bribery of Foreign Public Officials  
These rules establish check list items for the application procedures for entertainment, gifts, and other expenses, the approval guidelines, and the record keeping as well as for the selection and maintenance of intermediaries, such as sales agents and consultants.

## ② Internal procedures

- Treatment of entertainment and gifts to officials in Japan and overseas  
Through procedures established in our internal rules, Kawasaki Heavy Industries ensures there are no infractions of anti-corruption laws and regulations considering public official's country of residence and personal standing as well as the value of the entertainment or gift offered and other attributes, as well as purpose, timing, frequency, and appropriateness. Moreover, we work to dispel any suspicion of bribery (including facilitation payment) involving the provision of money or benefits to public officials beyond the scope of social norms.
- Checks in hiring and maintaining intermediaries  
Kawasaki Heavy Industries hires and maintains sales agents, consultants, and other intermediaries to take up duties regarding data collection and transactions in business activities overseas. To ensure bribery does not take place when dealing with foreign public officials through these intermediaries, we manage the relationship through such methods as entering into contracts and following procedures established in the internal rules.

## **(2) Overview of Compliance System**

The Kawasaki Group maintains and operates the following compliance system through which it also strives to thoroughly prevent bribery.

- ① Compliance officers and responsible departments  
To ensure that the compliance system functions effectively, the Kawasaki Group appoints an officer to oversee compliance, including bribery prevention, and establish the Compliance Department at Head Office as a Group-wide division in charge of oversight. Furthermore, we establish compliance departments in each internal company, which correspond to our business segments, in an effort to strengthen the

compliance of each internal company and its subsidiaries. The Head Office's Compliance Department and each internal company's compliance department work together to promote compliance activities.

② Establishment of Company-wide Compliance Committee

The Company-wide Compliance Committee convenes at least twice annually. It is chaired by the president, and its members comprise directors, internal company presidents, a compliance officer, and Head Office division heads. The purpose of the committee is to deliberate and decide on various measures, including compliance activities, and thereby fulfill the Kawasaki Group's corporate responsibility as well as to monitor the implementation of and adherence to said measures. Outside directors attend meetings so that the committee can glean the benefits of their external expertise and opinions and reflect them in its decision-making process. Also, Audit & Supervisory Committee members participate in the committee as part of their auditing of the execution of business.

③ Establishment of business segment Compliance Committees

To ensure that the measures decided on by the aforementioned Company-wide Compliance Committee are implemented by the head office divisions and internal companies, business segment Compliance committee meetings are held at the Head Office and internal companies at least twice a year to promote compliance throughout the Kawasaki Group.

④ Maintaining and operating in-house and internal reporting systems

- When Kawasaki Heavy Industries' officers or employees discovers an act of bribery as defined by the internal rules or suspects such an act has been committed, they should report this to the department in charge of compliance (the Head Office's Compliance Department or the compliance departments of the internal companies) in accordance with the internal rules.
- In addition to the in-house reporting system, in Japan, the officers and employees of Kawasaki Heavy Industries and its domestic consolidated subsidiaries can report to and consult with an external attorney via the Compliance Reporting and Consultation System (anonymous reporting is possible). Regarding internal reporting, the internal rules clearly lay out the procedures related to internal investigations based on an internal report, state that full caution should be taken to ensure that the reporter is not identified in the course of the investigation, and prohibit retribution in response to any internal report. We are working hard to raise awareness of these matters.
- Furthermore, we are currently working to construct a global internal reporting system that is jointly operated with an external law firm to enable the officers and employees of overseas subsidiaries to report compliance problems, including acts of bribery, to the secretariat of Kawasaki Heavy Industries(the Head Office's Compliance Department).

### **(3) Initiatives to ensure the effectiveness of the compliance system**

#### ① The President's Statement on Compliance

In the President's Statement on Compliance that introduces the Kawasaki Group Code of Conduct (see 2. (1) ① (a). above), the president declares that "the Kawasaki Group Code of Conduct shall serve to help all Group officers and employees in each country and region come together in unity, with a deep awareness that the Code will serve as the foundation for ensuring the highest standards of conduct in our business activities at all times and that we shall maintain steadfast compliance, engage in dialogue with stakeholders, and adhere to the Code in making decisions and taking action, even in difficult circumstances." The president also implores all Group officers and employees to comply at all times with the Code.

#### ② Compliance declaration when hiring managers

Recognizing the need for employees in managerial positions to take the lead and guide their subordinates in exercising compliance, including bribery prevention, Kawasaki Heavy Industries mandates that every newly hired manager sign the prescribed compliance declaration and submit it to the Company.

#### ③ Educational and promotional activities

- To thoroughly raise awareness of bribery prevention and internal systems aimed at enforcing said prevention, the Kawasaki Group are conducting promotional activities, for example, distributing copies of the Kawasaki Group Code of Conduct to the officers and employees of Kawasaki Heavy Industries and Group subsidiaries in Japan and overseas. (The copies of the Code distributed overseas are available in English and other local languages.) In Japan, we also distribute copies of the Compliance Guidebook, which includes points on bribery prevention, to Group officers and employees.
- Moreover, to enhance understanding of bribery prevention, we are conducting directed educational activities at each business site in Japan and e-learning for employees stationed overseas.

#### ④ Employee awareness surveys

To monitor compliance violation risks, the Kawasaki Group periodically conducts surveys of its employees, measuring the depth of their compliance awareness. Survey results are reflected in subsequent initiatives.

### **(4) Audits (including internal audits)**

Audits of compliance status, including with regard to bribery prevention, are conducted by independent auditors and directors who are members of the Audit & Supervisory Committee. In addition, internal audits that are conducted by the Head Office's Auditing Department and the Compliance departments of each internal company encompass compliance status, including with regard to bribery prevention.

### **(5) Response at subsidiaries**

For Group subsidiaries, Kawasaki Heavy Industries is promoting the

maintenance and operation of bribery prevention systems and compliance systems in line with those of Kawasaki Heavy Industries, with the Company providing support as needed.