Under its Group Vision 2030, the Kawasaki Group will actively contribute to the realization of a society in which the average global temperature rise is held to 1.5°C above pre-industrial levels-the goal of the Paris Agreement-through its business, by advancing its hydrogen business, CCUS* and other efforts. At the same time, the Group is moving forward with measures, based on risk analysis, to address increasingly severe natural disasters, including business continuity planning (BCP), supply chain resilience and others. Here we report on climate change-related information based on TCFD recommendations. * Carbon dioxide Capture, Utilization and Storage

Governance (Organizational governance of climate-related risks and rewards)

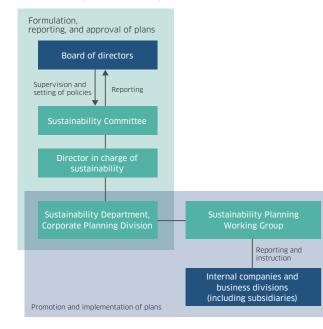
In the Kawasaki Group, the Board of Directors is the highest decision-making body that deliberates and decides fundamental sustainability policies and fundamental plans throughout the Group. The Sustainability Committee, under the supervision of the Board of Directors, determines those measures to be taken rooted in the basic plan the Board of Directors has decided and reports on their progress to the Board of Directors.

The Sustainability Committee deliberates and reports on the following items.

- 1. Measures contributing to realization of the sustainability of both society/environment and our Group and enhancement of our Group's corporate value, as well as their practice and state of achievement
- 2. Measures to understand, reduce, and eliminate the negative social and environmental impact of our Group's business activities, as well as their practice and state of achievement

The Committee in principle meets at least two times per year. In fiscal 2022, it convened three times and made reports to the Board of Directors. The fiscal 2022 agenda was implemented as shown in the table.

Sustainability Promotion System



The Committee is chaired by the President and is made up of internal company presidents, the presidents of Kawasaki Railcar Manufacturing Co., Ltd. and Kawasaki Motors, Ltd., the director in charge of sustainability, general managers of Head Office divisions, and other members. The Outside Directors also attend meetings from the perspective of incorporating outside insights and opinions into the Committee's decisions, and Directors who serve as Audit & Supervisory Committee Members attend from the perspective of auditing business execution. In addition, the Sustainability Committee holds lectures conducted by outside experts as well as dialogues with outside experts from time to time for the purposes of understanding the latest trends and promoting the Company's measures.

The resolution matters of the Committee are disseminated to companies and divisions through the Sustainability Planning Working Group, and the Working Group monitors the status of progress and reports to the Sustainability Promotion Department.

Measures to address climate change are positioned as a core aspect of the Group Vision 2030, and accordingly, the degree to which progress has been achieved is reflected in the long-term incentives paid to Directors. Long-term incentives are paid through grants of shares.

Sustaina	bility Committee Agenda (FY2022 Results)
1st meeting (June)	Confirmation of TCFD progress statusESG assessment action plan
2nd meeting (November)	 Preparations for TCFD disclosures for the following year ESG assessment results report Human rights due diligence
3rd meeting (February)	 Lecture by sustainability expert (human capital management)

/ Risk Management (Methods for identifying, assessing and managing climate-related risks)

The identification and assessment of risks related to	а
sustainability including climate change are conducted by the	S
Sustainability Committee. Changes in the business	е
environment and in the demands and expectations from	C
stakeholders are evaluated from a risk management	to
perspective, and deliberated and reported on as necessary	r
responses. With respect to regular reviews of materiality,	
too, risk assessments regarding various issues are	ic
conducted based on the results of these scenario analyses.	V
Dialys offerting the entire company such as these	-

Risks affecting the entire company such as those related to the BCP are managed centrally by departments charged with risk management. They continuously assess

/ Metrics and Targets (Indicators and targets employed when assessing and managing climate-related risks and opportunities)

The Group has established CO ₂ emissions reduction targets,	3
as shown in the chart below.	ŀ
For domestic Scope 1 and 2, including Group	
companies, our goal is to achieve self-sustaining carbon	8
neutrality by 2030 through initiatives centered primarily	t

Kawasaki Group CO₂ Emissions Reduction Targets

20 bute to carbon negat promotir ry (i): 80% reduction ry (xi): Promote CO2 redu Kawasaki Heavy Industrie
or or

2050 Carbon Neutrality Scope: Entire Group (consolidated)

and monitor risks with respect to items related to sustainability, particularly those items related to a global environment aimed at achieving carbon neutrality and a circular society, and items related to human capital that aim to strengthen the human capital and organizations responsible for delivering new value.

The results of these risk assessments and the identified risks are reported to the Board of Directors which, based on their deliberations over the approach to addressing them, provide the necessary feedback to those departments subject to those risks.

around hydrogen power generation. For Scope 3, targets have been established for main categories (i) and (xi). Our goal is for zero CO₂ emissions across the Group as

a whole by 2050, in line with the CO₂-free target set out in the Kawasaki Global Environmental Vision 2050.

Scope 3

040 Zero-Carbon Ready ative by realizing a hydrogen-based society and ng commercialization of CCUS

uctions in the world ies, Kawasaki Motors, Kawasaki Railcar

/ Strategy (Actual and potential impact of climate-related risks and opportunities on business, strategy and financial planning)

In energy and environmental solutions, one of three focal fields defined in the Group Vision 2030, the Group is actively advancing business aimed at realizing a decarbonized society through the hydrogen business, CCUS and other efforts.

Recorded below is the scenario analysis process conducted in the formulation of Kawasaki's climate change strategy.

Scenario Analysis Process

Scenario analysis is conducted through a process that entails (1) Selection of target businesses, (2) Evaluations of risk severity, (3) Definition of scenario groups, (4) Evaluations of business impact, and (5) Definition of responses to be taken. Periodic reviews are also implemented.

(1) Selection of target businesses

The Group engages in highly varied business, and each business has different opportunities and risks. Because of this, we assessed the degree of impact from climate change and conducted scenario analysis for those businesses for which the degree of impact is expected to be large. The degree of impact from climate change was comprehensively assessed from the following perspectives: 1. Assessment by industry, 2. CO₂ emissions, 3. Business size and future growth potential, and 4. Climate change-related opportunities and risks.

As a result, the Energy Solution & Marine Engineering segment, Aerospace Systems segment, and Motorcycle & Engine segment (currently the Powersports & Engine segment) were added to the target businesses in fiscal 2021, as were the Precision Machinery & Robot segment and Rolling Stock segment in fiscal 2022.

(2) Evaluations of risk severity

For each target business, specific opportunities and risks were identified by making reference to items presented as examples in the TCFD framework, based on assumptions of the main product groups. The severity of business impact in the case that opportunities or risks become a reality was then qualitatively assessed as "large," "medium," or "small." Those opportunities and risks assessed to be "large" are disclosed and considered as subjects for (3) Definition of scenario groups and after.

For those opportunities and risks assessed as "large" that are not thought to be business specific but rather as shared throughout the Group, the subsequent processes ((4) Evaluations of business impact and (5) Definition of responses to be taken) were carried out from the perspective of the Group as a whole.

(3) Definition of scenario groups

Taking into consideration consistency with the Group Vision 2030, the year 2030 was set as the target year, and the 1.5°C and 4°C scenarios were adopted.

The 1.5°C scenario was defined based mainly on the IPCC RCP1.9 and IEA Net Zero Emissions by 2050 Scenario (NZE Scenario), and the 4°C scenario was defined based mainly on the IPCC RCP 8.5.

(4) Evaluations of business impact and (5) Definition of responses to be taken

(1.5°C scenario)

Business impact (financial impact) was calculated, primarily for those items with high-risk severity. Calculations were performed for the Energy Solution & Marine Engineering segment in fiscal 2021 and for other business segments in fiscal 2022 and later. As discussed above, the Group periodically reviews its scenario analyses, and we updated the ¥300 billion in sales from hydrogen-related products in the Energy Solution & Marine Engineering segment (fiscal 2030) disclosed in fiscal 2021 to ¥600 billion in Group-wide sales (fiscal 2030) for carbon-neutral products including hydrogen based on the hydrogen strategies of Japan and other countries.

We also investigated responses to opportunities and risks based on the business impacts discussed above. Among these, the hydrogen supply chain, hydrogen-related products in that supply chain, the electrification of motorcycles, and so on will be targeted in the short term (around 2030) based on the business environment. Other items relating to hydrogen aircraft, rolling stocks that use hydrogen for fuel, and so on are assumed for the medium to long term (2040 and later).

(4°C scenario)

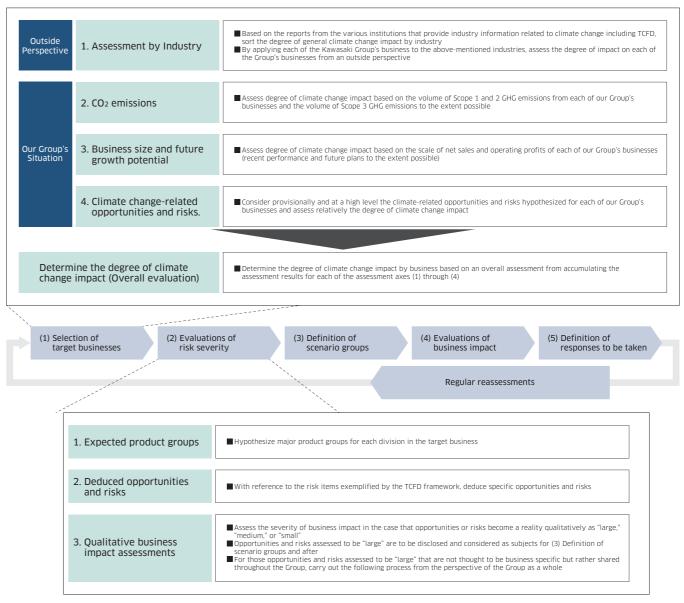
Damage to production sites caused by natural disasters under the 4°C scenario was identified as an item with high-risk severity among those risks common to the entire Group. We assessed the financial impact of these risks and investigated countermeasures.

Among our production sites (26 domestic and 16 overseas), we used various hazard maps and past damage reports to identify high-risk sites and calculated expected damages for 2030. At the Kobe Works, which was identified as a high-risk site, we raised the siting of electric facilities as a countermeasure against flooding.

The business impact of the 1.5° C and 4° C scenarios and the results of the considerations on the measures to be taken are described on the tables on the following and subsequent pages.

Going forward, we will regularly conduct reviews and advance the sophistication of the scenario analysis.

Process for Scenario Analysis (1.5°C Scenario)



Climate Change Scenario Analysis

1.5°C	. Scenario (As of	f 2030) When the Group Vision 2030 policy is implement	ea	· · · · · · · · · · · · · · · · · · ·	*1 Financial impact★: less than ¥10 billion;★★: ¥1	LO billion or more, less than ¥100 billion; $\star\star\star$: ¥100 billion or mo
Βu	siness Segment	Energy Solution & Marine Engineering Segment	Aerospace Systems Segment	Powersports & Engine Segment	Precision Machinery & Robot Segment	Rolling Stock Segment
		 Decarbonization of energy will progress rapidly worldwide, and energy second progress rapidly worldwide, and energy second progress rapidly worldwide, and energy second progress rapidly be built for hydrogen and amminiate placement of hydrogen stations advances. Energy security will become increasingly important in Japan. 				
SSU	mptions	 At power plants and the like, carbon reduction and decarbonation (through the use of hydrogen fuels, biofuels, and e-fuels [i.e., synthetic fuels]) will advance. 	 Global air passenger traffic will increase as the middle class grows in emerging economies. The use of sustainable aviation fuel (SAF), such as biofuels, and hydrogen will advance. 	 For motorcycles and four-wheelers, electrification will advance, as does carbon reduction and decarbonation (through the use of hydrogen fuels, biofuels, and e-fuels [i.e., synthetic fuels]). 	 For construction machinery and industrial machinery, electrification will advance, as does carbon reduction and decarbonation (through the use of hydrogen fuels, biofuels, and e-fuels [i.e., synthetic fuels]). 	 For rolling stocks in non-electrified regions, carbon reduction and decarbonation (through the use of hydrogen fuels, biofuels and e-fuels [i.e., synthetic fuels]) will advance. In keeping with the realization of a hydrogen-based society, th need for hydrogen transport using railroads will grow.
	Hydrogen- related	 Demand will increase for liquefied hydrogen plants, liquefied hydrogen storage tanks, liquefied hydrogen carriers, hydrogen gas turbines, hydrogen gas engines and marine hydrogen engines, etc. 	• Efforts to develop aircraft that use hydrogen as fuel will progress toward 2040.	Demand will increase for motorcycles and four-wheelers, etc. equipped with hydrogen engines.	 Demand for construction machinery equipped with hydrogen engines and fuel cells will increase. Installation of hydrogen stations will also advance. 	•Demand for rolling stocks that use hydrogen for fuel will increase. •Demand for liquefied hydrogen container freight cars as the means for transporting hydrogen will increase.
Onr	CCUS and alternative fuels	 Demand will increase for CO₂ recovery plants/equipment and use of CO₂. Demand for plants that use biomass will increase. 	Demand for sustainable aircraft fuel (SAF) will increase.	 Demand for motorcycles and four-wheelers, etc., that use biofuels and e-fuels (synthetic fuels) will increase. 	-	-
ontunities	Electrification	• Demand will increase for marine electric propulsion systems and marine fuel cell and storage batteries.	•Development of electric aircraft will advance.	•Demand for electric and hybrid motorcycles and four-wheelers will increase.	Demand for the electrification of construction machinery will increase. Accompanying electrification, demand for semiconductor manufacturing robots will increase.	•Demand for rolling stocks powered by storage batteries will increase.
	Other	• Demand will increase for reduced GHG vessels, marine LPG/LNG engines and ammonia transport.	Demand will increase for fuel efficient engines.	•Demand will increase for fuel efficient engines.	 Demand for hydraulic advanced electronic control systems to improve fuel economy will increase. 	•Modal shift from internal combustion means of transportation (automobiles, aircraft, etc.) will advance particularly for freigh traffic, and demand for electric locomotives will increase.
		 Demand for such solutions businesses as digitalization and robot of factories and facilities will increase. 	ics that improve the productivity and energy-saving performance		·	
	Products and services	Demand for LNG power generation facilities will decline.	•Demand for aircraft will decline (modal shift to rail cars, etc.).	Demand for gasoline-powered vehicles will decline.	Demand for diesel construction machinery will decline.	-
Dicke	Development investment	 R&D and capital investments related to hydrogen-based products and services will increase. 	•R&D and capital investments in new types of aircraft and engines will increase.	 R&D and capital investments in EV/HEV will increase. R&D and capital investments in solving battery issues (durability, output), e-fuel and use of hydrogen technology will increase. 	 R&D and capital investments directed toward the use of hydrogen technologies and the development of hydrogen-related machinery will increase. 	•R&D and capital investments toward hydrogen-powered rollin stocks and storage battery-powered rolling stocks will increas
		• R&D and capital investments in productivity improvements and e increase.	nergy saving such as through digitalization and robotics will			1
	Other	•Due to delays in infrastructure development, etc. widespread add	ption of hydrogen may fall behind our assumptions.			
		•Carbon neutrality-related net sales, including hydrogen: ¥600 bill	ion (FY2030)			
Linancial	Net sales	★★★ (Sales of hydrogen-related products will rise)	(Creation of hydrogen aircraft will come around 2040 or later)	★★★ (Move first with the shift from gasoline-powered vehicles to EV/HEV, and shift to e-fuel and hydrogen will progress)	**	*
		•Carbon neutrality-related investments: ¥350 billion (FY2020-FY2	2030)			
n+*1	Investment amounts	★★★ (Including use of GI Fund)	★★ (Including use of GI Fund with respect to the development of hydrogen aircraft)	★★★ (Investment of ¥150 billion for the period FY2023-FY2027)	**	*
Kawaca	Hydrogen- related	•With an eye toward commercialization, we have promoted the GI Fund's commercialization demonstration projects to achieve greater scale at lower cost. We are actively promoting alliances with relevant companies to realize an international supply chain.	 Kawasaki is also promoting R&D in hydrogen aircraft core technology. We are advancing studies of airport infrastructure, etc. utilizing the hydrogen supply chain. 	 Stimulate demand by encouraging the development of mobility and general-purpose engines utilizing hydrogen engines. 	 Bring to market energy saving-type hydrogen compressors for hydrogen stations. Improve development efficiency and cut development costs by collaborating with other companies and moving to outsourcing on such projects as hydrogen supply systems. 	 Promote the development of hydrogen-powered rolling stocks Promote the development of liquefied hydrogen tank containe freight cars.
	CCUS and alternative fuels	 Kawasaki has completed a demonstration of a CO₂ recovery plant under NEDO^{*2} and Ministry of the environment projects based on the strength of our submarine technology, and are advancing efforts to scale up and strengthen cost competitiveness of the plant toward commercialization. We are investigating a wide range of possibilities for utilization of CO₂, including synthetic fuels. *2 New Energy and Industrial Technology Development Organization •Expand sales of boilers compatible with a wide variety of biomass fuels. 	•Advance development of SAF-compatible engines.	Promote development of motorcycles, four-wheelers, etc., that e-fuel compatible.	_	_
opportunitio	Electrification	•Expand sales of hybrid/electric propulsion systems, etc.	•Advance development of electrification.	•Deploy EV/HEV in at least 10 models by 2025, and replace major models with EV/HEV by 2035.	 Advance responding to electrification, including with the K-Axle[™] electric hydraulic pump unit. Develop and bring to market further low power consumption technologies for the robots we manufacture. 	Promote the development of storage battery-powered rolling stocks.
or and ricks	Other	 In addition to meeting immediate transport demand with ammonia carriers, provide hydrogen engines and hydrogen supply systems for coastal vessels, which are the primary target ship types for our marine LNG gas engines. Meet demand for LNG power generation from an energy security perspective, while also promoting a conversion to hydrogen gas turbines and hydrogen gas engines. 	 Promote R&D in composite materials and high-efficiency systems. To cope with rising research and equipment costs, promote R&D in low-cost production technology using robot technology and IOT. Also increase development efficiency through alliances with other companies. 	•With regards to development costs and capital investments, we will control costs by standardizing components and outsourcing, including through collaboration with other companies.	 Introduce energy-saving systems for construction machinery and expand the application of failure diagnostic systems for energy-saving purposes Provide operational energy estimates and real-time monitoring services for robot systems. Promote the development of surgical robot system and remote robot systems. 	Improve our ability to respond to increased demand for electr locomotives.

Note: GI Fund(Green Innovation Fund); EV(Electric Vehicle); HEV(Hybrid Electric Vehicle); GHG(Green House Gas)

Climate Change Scenario Analysis

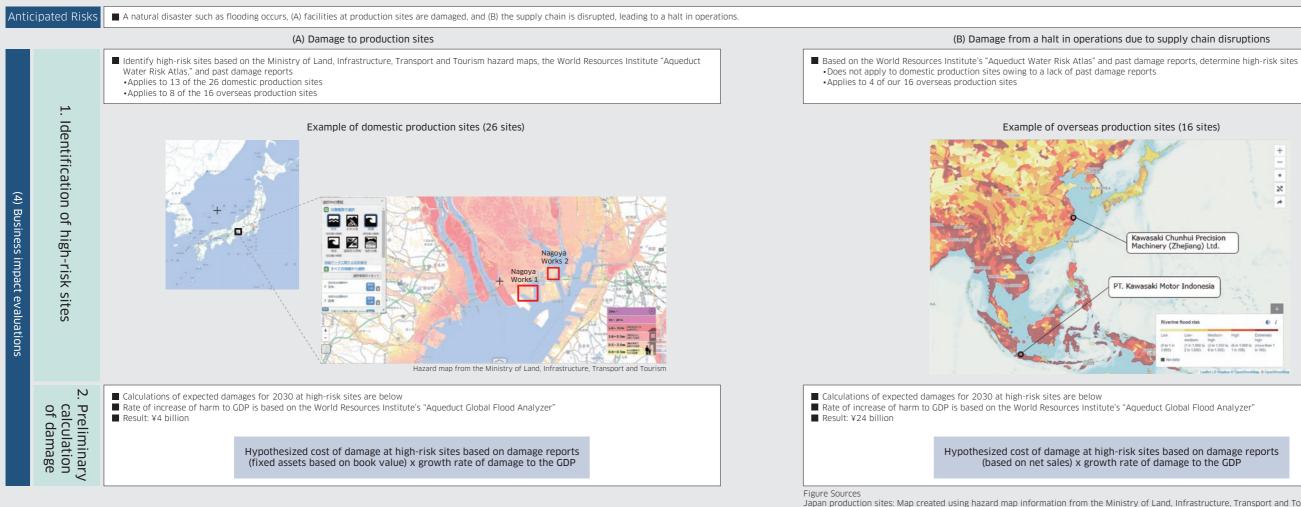
4°C Scenario (as of 2030) As shown below, the 4°C scenario will invite a worsening of the global economy, and so we will make every effort to contribute to the early realization of decarbonized society (Group Vision 2030).

	1	· · · · · · · · · · · · · · · · · · ·			
Business Segment	Energy Solution & Marine Engineering Segment	Aerospace Systems Segment	Powersports & Engine Segment	Precision Machinery & Robot Segment	Rolling Stock Segment
Assumptions	rise in death rates.	mperatures are left to take their course. Japan also fails to impleme d intensify. Food shortages, water shortages and so forth due to clin nies advances, and crime as well as international conflicts also incre	nate change become chronic. This invites an increase in epidemics ar	nd a	
Opportunities	-				
	•The frequent occurrence of natural disasters may increase damage	e to power generation and transmission equipment, and increase the	e occurrence of delays in parts procurement and delivery due to sup	ply chain disruptions.	
Risks	 Lack of progress in adoption of hydrogen and CCUS may cause delays in return on investments and require reevaluation of business plans. 	_	• Temperature changes may reduce lawn growth and shrink the general-purpose engine market.	•With the spread of hydrogen not advancing because investment recovery is delayed, and a review of business plans may become necessary.	 Modal shift from internal combustion means of transportation (automobiles, aircraft, etc.) may not advance.
Financial Impact (Net sales, physical losses)	 Physical losses: Based on the estimates shown below, minimum lo 	nents related to hydrogen projects, hydrogen aircraft development,	and EV/HEV motorcycles) I assets) and ¥24 billion for damages from a halt in operations due to	o supply chain disruptions (sales decrease)	·
Measures to address opportunities and risks	 Work to deliver at an early date our decarbonation solutions, and construction machinery, and robots. To address physical losses that can become major losses, work to 			gh, for example, distributed power sources, emergency power genera	ators, disaster response helicopters and related systems,

Note: EV(Electric Vehicle); HEV(Hybrid Electric Vehicle); GHG(Greenhouse Gas)

Process and Results for Scenario Analysis (4°C Scenario)

With regard to damage to production sites caused by natural disasters under the 4°C scenario, we have evaluated the business impacts as shown on the tables below as risks shared in common throughout the Kawasaki Group.



Japan production sites: Map created using hazard map information from the Ministry of Land, Infrastructure, Transport and Tourism <https://disaportal.gsi.go.jp/hazardmap/maps/index.html>. Production sites outside of Japan: Map created using information from WRI Aqueduct Water Risk Atlas <https://www.wri.org/data/aqueduct-water-risk-atlas>.

	•
- net	*
	saki Chunhui Precision nery (Zheijano) Ltd.
	saki Chunhui Precision nery (Zhejiang) Ltd.
Machi	nery (Zhejiang) Ltd.
Machi	
Machi	ki Motor Indonesia
Machi	nery (Zhejiang) Ltd.