Approach to Sustainable Value Creation

The Kawasaki Group consistently creates new value by drawing on diverse, sophisticated technological capabilities to contribute to solutions to social issues around the world.

Group mission

Kawasaki, working as one for the good of the planet

“Global Kawasaki”

- Global warming
- Decarbonization
- Energy problems
- Responding to changes in the movement of people and freight
- Pandemic countermeasures
- Shortage of and increasing burden on doctors
- Increase in diverse work styles, including remote work

Global social issues

External environment and risks

- Changes in industrial structures
  Technological innovation / The evolution of AI and IoT
- Climate change
  Global warming / Major natural disasters
- Currency fluctuations
  Impact on revenue due to the Group’s large proportion of overseas sales
- Economic trends
  Impact via capital expenditure / Impact of pandemics / U.S.-China trade friction

Management Resources

(FY2023)

Financial capital

Invested capital **¥1,108.8** billion

Share of long-term debt accounted for by sustainable finance **19.1** %

Manufactured capital

Key Production sites
Japan: **17** locations
Overseas: **24** locations

Capital expenditures **¥133.7** billion

Intellectual capital

R&D expenses **¥53.3** billion

Number of patents held
Japan: **3,049**
Overseas: **4,511**

Human capital

Number of employees **39,689**

Rate at which women, foreign nationals, and individuals with mid-career hires are promoted to senior manager or above[4] **8** %

Education and training expenses per employee[4] **¥31,500**

Social and relationship capital

Number of major suppliers responding to our sustainable procurement survey **533** companies

Number of IR meetings held **290** times

Natural capital

Total Non-renewable energy consumption **1,363,002** MWh

Water withdrawal[4] **5.496** million m³

Raw material input (steel)[4] **110** kt

Business Activities and Strategy (Group Vision 2030)

Strategy

Transform business style

Visualize diverse values and hidden values accumulated over a long history as being equivalent to capital, and orient these towards new societal challenges and markets

- **Corporate transformation**
- **Portfolio management**
- **Innovation through the promotion of ties with other companies**

Business Activities

Social and environmental value created through business

The foundation of our business activities (ESG initiatives)

For more details, refer to pp. 15–16 and pp. 71–80.

- Energy and environmental solutions (value chain)
- Business and human rights
- Promotion of human resource activities
- Technology development and DX
- Product liability/safety
- Compliance
- Occupational safety and health
- Information security

Key Outputs

(FY2023)

Financial capital

Cash flows from operating activities **¥31.6** billion

Business profit margin **2.5** %

After-tax ROIC[1] **2.8** %

1 ROIC = {Profit attributable to owners of parent + interest expense x (1- effective tax rate)} ÷ invested capital (average NET interest bearing debt at the beginning and at the end of the period + average shareholders’ equity at the beginning and at the end of the period)

Manufactured capital

Number of products and cases of commercialization in three focal fields of the Group Vision 2030 **22**

Kawasaki Ecological Frontiers (internal system for certifying environmentally conscious products)

Number of registered products[4] **68**

Revenue[4] **¥242.9** billion

Intellectual capital

Included in Clarivate’s Top 100 Global Innovators[3] for eight times (2015–2024)

3 A selection of the world’s top 100 innovative companies and institutions based on an analysis of intellectual property and patents using data about patent holdings.

Human capital

Ratio of employees for whom both “supportive environment” and “employee engagement” are high **29** %

Social and relationship capital

CDP Climate Change Survey A List company (2nd consecutive year), selected for inclusion in the DJSI Asia Pacific Index (11th consecutive year)

Natural capital

CO_2 emissions from business activities (Scope 1, 2) **416** kt-CO_2 (market-based)

Reduction of CO_2 emissions through product-based contributions[4] **16,300** kt-CO_2

Water consumed[4] **1.313** million m³

4 Total for Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors

Financial targets

- Business profit margin
  ⇒ Above 10% by fiscal 2030
- After-tax ROIC
  ⇒ 3% or more higher than WACC[2]

2 Current weighted average cost-of-capital (WACC) estimated to be in the 4–5% range

Major products and services

A safe and secure remotely connected society
New value creation using remote technology

Existing businesses
- Industrial robots
- Disaster prevention products (stand-by gas turbines, doctor helicopters/disaster relief helicopters, off-road motorcycles/off-road four-wheelers
- Development of “Successor®” robot system/humanoid robots

New businesses
- The *hinotori*™ surgical robot system
- Nursing care support service business
- Addressing societal challenges through the Remolink platform
- The mapxus Driven by Kawasaki™ indoor positioning information service

Near-future mobility
Transforming the movement of people and freight

Existing businesses
- Rail cars • Ships • Airplanes • Motorcycles
- Off-road four-wheelers

New businesses
- K-RACER unmanned VTOL Aircraft
- FORRO indoor delivery robot
- Z-Leg™ helicopter arrangement service
- Mobility to support smart cities
- Logistics solutions

Energy and environmental solutions
Working toward the stable generation of clean energy

Existing businesses

Solutions for low environmental burden
- Rail cars • Motorcycles • Airplanes
- CCPP[5] / Industrial plants
- Hydraulic Components & Systems

New businesses

Decarbonization solutions
- Hydrogen supply chain • Making use of hydrogen fuel
- Electrification • Green power grids • DAC[6]
- CCUS • Alternative fuels

5 Combined cycle power plants
6 Direct Air Capture

Outcomes

Creation of Social Value

A safe and secure remotely connected society

New value creation using remote technology

For more details, refer to pp. 55–56.

Near-future mobility

Transforming the movement of people and freight

For more details, refer to pp. 57–58.

Energy and environmental solutions

Working toward the stable generation of clean energy

For more details, refer to pp. 43–54.