# Approach to Sustainable Value Creation

The Kawasaki Group shifts the diverse value, advanced technological capabilities, and other forms of management capital accumulated over its long history to new social issues and markets by enacting corporate transformations. It creates new social value and realizes the sustainable improvement of corporate value by continuing to propose innovative solutions.

**Social issues**
- Remotely connected society
- Declining and aging populations and decreasing birthrates
- Pandemics/disasters
- Global environment
- Energy

**External environment**

## Vision to Achieve by 2030
### Trustworthy Solutions for the Future
A company that goes beyond various confines to take action and tackle challenges with speed and provides innovative solutions to an ever-changing society with timeliness

## Input (Management resources)

(FY2024)

**Financial capital**

Invested capital
¥1,224.9 billion

Share of long-term debt accounted for by sustainable finance
29.0%

**Manufactured capital**

Capital expenditures
¥144.1 billion

**Intellectual capital**

R&D expenses ¥48.9 billion

Number of patents held
Japan: 3,188
Overseas: 4,637

**Human capital**

Employee-related expenses[1]
¥164.3 billion

Rate at which women, foreign nationals, and individuals with mid-career hires are promoted to senior manager or above[2] 8.7%

**Social and relationship capital**

Number of major suppliers responding to our sustainable procurement survey
200 companies

Number of IR meetings held
461 times

**Natural capital**

Total non-renewable energy consumption
1,392,256 MWh

Water withdrawal[2]
5.704 million m³

1 Total salaries, bonuses, and welfare expenses
2 Kawasaki Heavy Industries, Kawasaki Railcar Manufacturing, and Kawasaki Motors

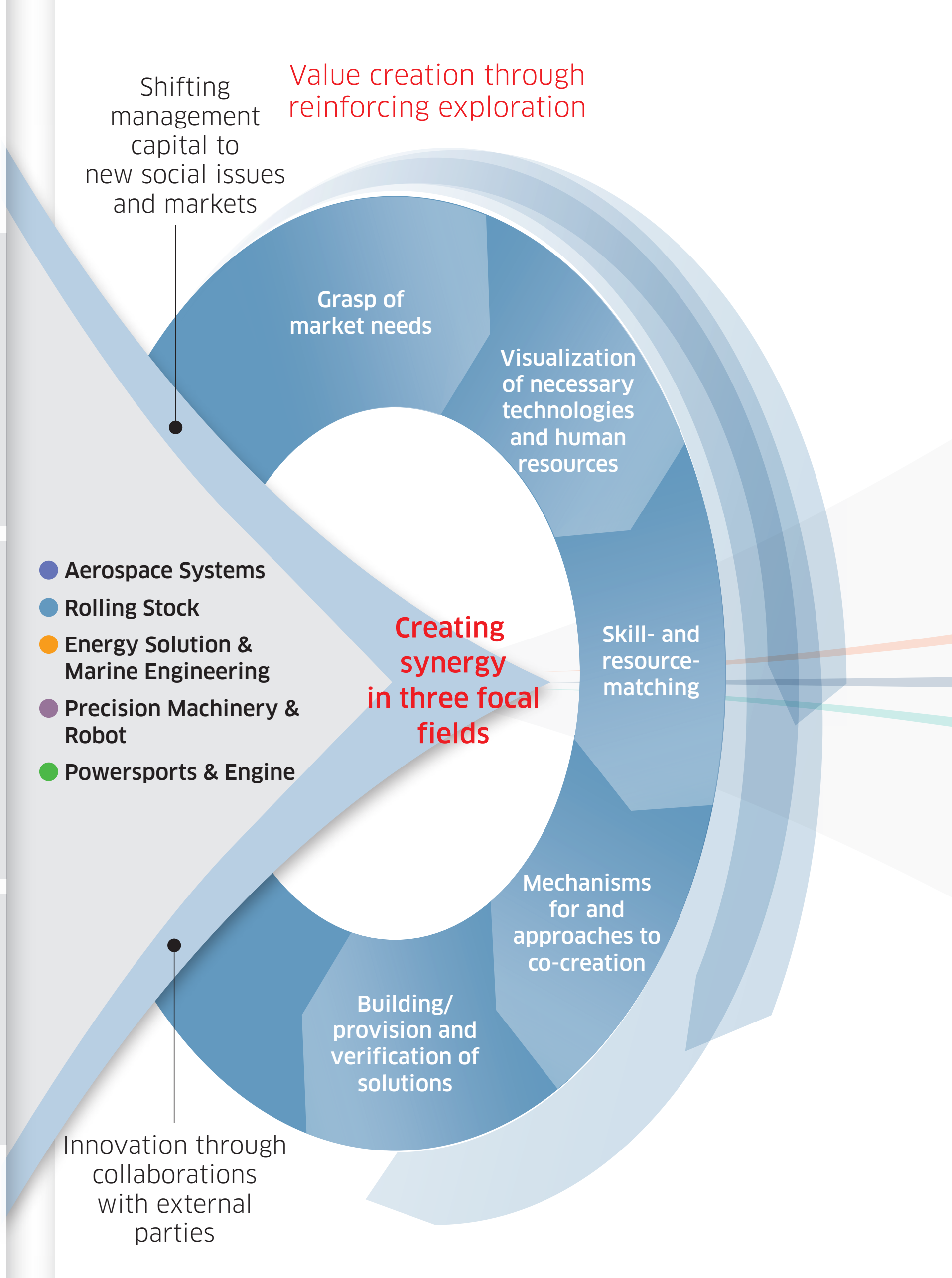
Management capital that forms our strength which we leverage in order to create value

**Organizational capital**
- Diverse product and service technologies and expertise cultivated over more than 125 years
- A challenger's DNA of constantly creating solutions to address the social issues of each era

**Human capital**
- Human resources that take on the challenge of loftier goals and tackle them with resolve and a sense of speed
- Organizational culture in which anyone can play an active role while demonstrating their personal strengths

**Relationship capital**
- Trustworthiness gained by being in close proximity to customers and making full use of advanced coordination techniques to provide proprietary solutions

## Management strategies and business activities




The foundation of our business activities (materiality)

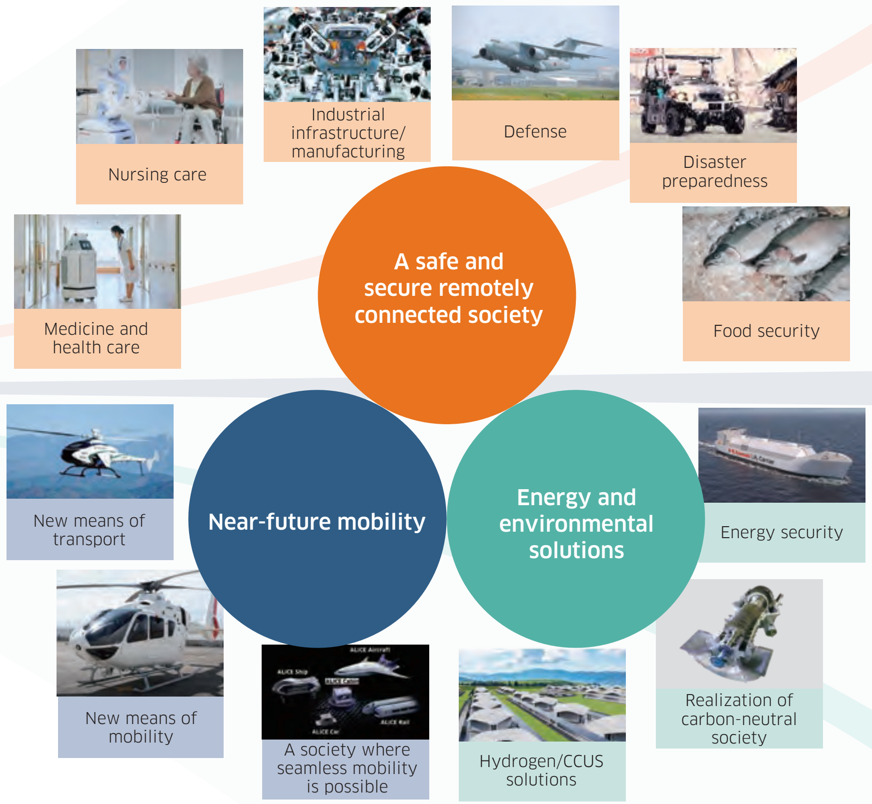
## Key outputs (Results of business activities)

**Financial KPIs**

| | Fiscal 2030 target | Fiscal 2024 result |
|---|---|---|
| Business profit margin | Above 10% by fiscal 2030 | 6.7% |
| After-tax ROIC[3] | 3% or more higher than WACC | 8.0% |

3 After-tax 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)

**New businesses that solve social issues**




**Non-financial KPIs**

| | Fiscal 2030 target | Fiscal 2024 result |
|---|---|---|
| Ratio of employees for whom both "engagement (job satisfaction)" and "enablement (productive work environment)" are high | Fiscal 2030: Over 50% | 31% |
| $CO_2$ emissions from business activities | Achieve net zero for the entire value chain by 2050 | Scope 1 142 kt-$CO_2$<br>Scope 2 304 kt-$CO_2$[4]<br>Scope 3 Total of 32,615 kt-$CO_2$[5] |

4 Market-based
5 Regarding Scope 3, the calculation method has revised and the boundary of aggregation expanded in recent years to ensure more accurate emissions data.

## Outcomes (Creation of social value)

**A safe and secure remotely connected society**
Creating new value emphasizing safety and security

**Near-future mobility**
Transforming the movement of people and freight with new transportation systems

**Energy and environmental solutions**
For stable supply of clean energy