

Message from the President

In Pursuit of Sustainable Growth

— Coexistence with Communities, Symbiosis with Our Earth —



A handwritten signature in black ink that reads "Masamoto Tazaki". The signature is fluid and cursive.

Masamoto Tazaki
President and CEO

Seeking Sustainable Development through "Quality Followed by Quantity Management"

—Not Producing Unnecessary Things—

During the high economic growth period of the past, during which industry consumed a vast quantity of resources, industries strived to improve the material convenience and comfort in our daily lives. This type of economy, however, has led to excessive impacts on the global environment beyond the Earth's ability to purify and regenerate itself, and has caused a multitude of environmental problems.

Society now expects industry to take an active role in addressing the environmental problems, and an enterprise that fails to fully commit itself to realizing symbiosis with the global environment may not survive. In this so-called "Environment Century," satisfying people's material needs, while utilizing greatly reduced amounts of resource and energy has become the new mission for manufacturers. I can see that technologies that promote a sustainable society will become the focus of attention, replacing technologies based on high-energy consumption.

The shortsighted approach of simply lowering costs through mass production in order to create new demand has resulted in an oversupply of merchandise. We should not produce wastes and other things that society judges to be "unnecessary." Products manufactured by consuming precious resources and energy must satisfy the real needs of customers.

Since the day I became president of Kawasaki, I have been promoting a shift to the policy of **"Quality Followed by Quantity Management."** Valuing quality over quantity basically means making effort to satisfy customers through high-value-added products and services, but I believe this policy

should be extended to environmental management as the principle of **"Not Producing Unnecessary Things."** Following this management policy, Kawasaki has been pursuing its various business activities and steadily fulfilling its requirements. By further promoting this policy, we will contribute to the development of the sustainability of society and enhance our value to that society.

Technological Innovation that Enriches the Spirit

—Proactive Attitudes Overcome High Hurdles—

When applying the **"Quality Followed by Quantity"** policy to manufacturing, the consumption of resources and energy must be minimized while the satisfaction provided by products must be maximized. These requirements pose a difficult-to-solve equation, but there should be a key to its solution. That key is to incorporate "environment parameters" in the products being manufactured, and to create valuable products and services at reasonable costs by best harmonizing with the benefit provided by nature. The processes of realizing this key also gives birth to "technological innovation" that contributes to competitiveness.

Japan, a country with few natural resources and a high population density, has a tradition of living in harmony with nature and optimizing our consumption of those limited resources. I believe that Japanese today continue to carry this tradition in their genes.

I believe that we can create a new competitive edge that differs from that fostered during the resource consumption-oriented economic growth period, and gain a vision of our future growth by fully utilizing the wisdom that has been nurtured by Japanese tradition.

For example, new technologies that will change people's lives include techniques for optimally and more efficiently utilizing electricity and heat generated from petroleum, coal and the other fossil fuels that we inherited from the ancient Earth, and new power generation methods using biomass, wind power, and virtually inexhaustible solar energy. These are the fields to which Kawasaki's total technological infrastructure can contribute.

In addition, the use of hydrogen will be one of the most important keys to solving the environmental problems. Although there are many issues to be resolved in the use of hydrogen as one main energy source, I would like all of Kawasaki's employees to see this as the perfect opportunity to tackle this worthy theme, believing that these challenges are our chance to achieve even greater competitiveness. We can make it a reality with Kawasaki technology.

We have already entered an era where the growth of an enterprise rests heavily on its attitude toward environmental issues. Creating products and technologies that reduce energy consumption is already a Kawasaki strong point, and we want to contribute to the creation of a sustainable society by promoting technologies in the environmental field, offering products that directly contribute to environmental protection, and providing products with environmentally conscious product life cycles.

What We Must Do to Maintain Trust in the "Kawasaki" Brand

—"Think Globally, Act Locally" to Start a Consistent Effort from the Ground up—

In addition to creating high-value-added products while aiming to achieve "harmony with the global environment" through ceaseless technological innovation, it is also very important to help customers understand the value and application of the products we produce.

Recently, attention has focused on the concept of "life cycle costs," in which the sum of initial costs and running costs for a product are assessed. This represents a move by industry to pursue longer product service life and reduced energy usage during total service life—the result of reflecting on the unsustainable resource consumption-oriented culture that had dominated previously. This approach to manufacturing benefits customers by reducing operating costs, CO₂ emissions and other environmental impacts. We need to gather supporting data and make proactive proposals based on the **total energy management principle** so that our customers will understand these benefits. I want to maintain our customer's strong trust in the "Kawasaki brand" by actively improving the performance, quality and service of our products as well as by presenting powerful support of their merits.

One of my mottos is "**Think Globally, Act Locally.**" This expression means our view should be broad, but we must start by acting on issues close to us. This concept applies to our environmental protection activities as well. As a corporation, Kawasaki will faithfully endeavor to achieve the goal of "harmony with the global environment" through its business activities. At the same time, I would like to ask you to start with little things in your daily lives by adopting a lifestyle that reduces the environmental impact of your businesses and local communities and in your homes as well. There is no instant method to achieve a sustainable society. It is important to start out with something we can make effort with every day.

Enterprises exist and survive thanks to society. Considering the great impact of business activities on society, it is quite appropriate that every enterprise sincerely commits to environmental protection efforts. Furthermore, in recent years society has been keeping a careful eye on how well enterprises fulfill their social responsibilities in their various business activities. This is an era when acts that go against the interests of society can jeopardize the reason for existence of an enterprise. We must be prepared, formulating countermeasures against all sorts of foreseeable risks, including environmental issues. One of the most important issues to consider, in that sense, is our compliance with existing laws and regulations. We must realize that an enterprise is also a member of society, and we will make strong efforts to make sure our business activities are highly transparent.

I believe that our dedication to making products that society needs, and the positive activities in harmony with society of both the enterprise and its employees will certainly result in the lasting growth and progress of Kawasaki.

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