Coexistence with Communities

Firmly adhering to the belief that "an enterprise must be a member of communities," we encourage every Kawasaki worker not only to abide by communities' rules but to also maintain a firm commitment to information disclosure and to making positive contributions to communities.

Contributions to Communities

■International Humanitarian Aid Using Our High Technology

More than 100,000,000 anti-personnel mines have been placed in about 90 countries around the world, including Iran and Afghanistan, claiming more than 20,000 casualties including noncombatant citizens. Manual removal of these existing mines is estimated to take more than 1,000 years, which poses a great problem for humanity. We have developed the world's first mine detection vehicle and anti-personnel mine clearance vehicle that increase the efficiency of mine removal by several hundred times.

These vehicles underwent a demonstration test at a proving ground

in northern Japan with witnesses from the Japanese and foreign governments last year.

The real test of these vehicles will commence in the middle of August 2004 in the actual minefields of Afghanistan.



Mine detection vehicle
—MINE DOG



Mine clearance vehicle
—MINE BULL

■Kawasaki Donates Portable Generators to Quake-hit Southeast Iran

To help the victims of the earthquake that hit the southeastern part of Iran in December 2003, Kawasaki donated 80 portable power generation units to Iran's Red Crescent through the Iranian Embassy in Japan.

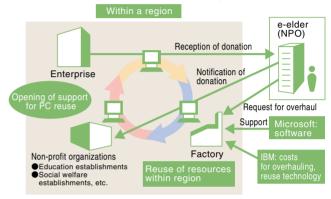
These portable generators with generalpurpose gasoline engines can be installed individually wherever needed and used as power sources for lighting, water pumps, machinery and many other applications. We made this donation in the belief that the generators would enhance the lives of the victims and support reconstruction.



■Donation of Used Personal Computers

Our Gas Turbines & Machinery Company is a member of the "Reused PC Donation Program" sponsored by IBM Japan, Microsoft Japan and "e-elder", a non-profit organization. Through the program, we give used personal computers to schools and other public institutions, donating 55 computers in FY2002 and 30 computers in FY2003.

Reuse Flow of Used Personal Computers



■Clean-up Activities

During the May 2003 holiday season, we offered our Kawasaki Beach Cleaner, a machine that can recover and sort out wastes, for a beach cleanup event held at Odaiba Beach Park in central Tokyo.

At this event, the Kawasaki Beach Cleaner not only cleaned up the beach but also towed our Beach Stamp roller that stamped beach cleanup messages and company logos, and appealed to visitors to join in the beach cleanup.



Our Beach Cleaner cleans the beach of Odaiba



Our Beach Stamp roller stamps messages on the beach

Information Disclosure and Environmental Communications

In addition to this Environmental Report, we disclose information about our environmental management and environmental protection activities through various media, including in-house publications and our web site.

We took part in an experiential class for environmental communications held in Osaka and introduced our environmental protection activities to other participants.

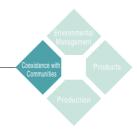








Experiential class for environmental communications



Compliance Management

■Establishment of Compliance Reporting and Consultation Program

Kawasaki recognizes that "antisocial conduct can endanger the very existence of a corporation" and is vigorously pursuing compliance management. Kawasaki's corporate policy has always been that "no employee shall ever be involved in any unlawful activities."

In line with this policy, in June 2003, we established the Compliance Reporting and Consultation Program. This program enables employees who become aware of any potential compliance violation within the company to report such violation to outside counsel. The outside counsel then forwards this information to Kawasaki's in-house Compliance Committee, which, if deemed necessary, will form an in-house

investigation team to investigate the reported issues. If the Compliance Committee determines that there was a compliance violation, then it will take appropriate action to deal with it.

The "Compliance Guidebook," which outlines the new system and introduces examples of violations, has been developed and distributed to all employees.



In this day and age, it is critical that employees of every level within the company have a strong ethical standard. To achieve this goal, we at Kawasaki have always been striving to form an open and frank working environment where employees can speak out and openly discuss matters related to work which trouble them with their superiors. To further this effort, we have established this Compliance Reporting and Consultation Program.

Flowchart for Reporting and Consultation



Relations with Employees

■Personnel Affairs System

Our personnel management system seeks to provide our employees with a working environment that helps them have fulfilling and successful work and personal lives. With this goal in mind, we have adopted a professional ability qualification system as the core for our personnel affairs system. This system is the basis for motivating employees at work and helps guide human resources cultivation.

With this professional ability qualification system at the core, the framework for our personnel affairs system consists of closely interlinked systems for human resources cultivation, performance evaluation and personnel handling.

For example, performance targets provide evaluation criteria for our personnel evaluation system. This target encourages human resources cultivation by making it easier for employees to clarify their roles and

Overview of personnel affairs system



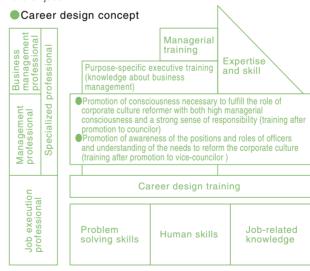
■Industrial Safety and Hygiene

In order to ensure the safety and health of our full-time and part-time employees and provide a comfortable work environment, we are committed to safety and hygiene promotion activities based on our philosophy of "respect for people," which includes respect not just for human life but also for the humanity of each individual.



responsibilities and measure their progress toward these goals.

We believe that the ideal situation is when the company is able to help every employee maintain motivation for their work by keeping a balance between the abilities of the employees and the abilities needed for their jobs.



Putting safety and health first



In-house education news

