

**Tadaharu Ohashi**

President
Kawasaki Heavy Industries, Ltd.

A handwritten signature in black ink that reads "T. Ohashi". The signature is written in a cursive style with a long horizontal stroke at the end.

Global Kawasaki Contributing to the Sustainable Development of the Planet

Launching the Kawasaki Group Mission Statement

The world is confronting great tides of change in numerous aspects of the environment, society and economy.

Particularly regarding our global environment, according to a series of reports by the Intergovernmental Panel on Climate Change (IPCC) that were made public in 2007, global warming has come to be recognized worldwide as a serious problem. Moreover, the first commitment period of the Kyoto Protocol, which requires advanced countries to reduce greenhouse gas emissions, starts in 2008.

In May 2007, the Kawasaki Group formulated the Kawasaki Group Mission Statement that sets Kawasaki, Working as One for the Good of the Planet as our Group Mission. Our diverse business fields range from transportation systems for land, sea and air to various types of industrial plants, power generation systems and industrial machinery. At our Group, which

has supported the fundamental infrastructure of societies around the world, we believe that we must fulfill two duties, in particular, to help conserve the global environment.

One is to confront the problems shared by people everywhere and contribute to the sustainable development of the planet through both our technologies and our products. The other is to respond to environmental concerns in all our corporate activities, including the manufacturing processes for our products.

Our Mission Statement covers both of the two tasks that we believe to be part of our Group's role in society. Since the formulation of the Mission Statement, we have been seeking to make it permeate the consciousness of our employees through various means, including the preparation of training curricula, the distribution of pamphlets and portable cards and the implementation of symposia. We intend to sustain these types of efforts to make the Mission Statement a core component of our corporate culture and a compass for the conduct of all our employees.

Seeking Harmonious Coexistence with the Global Environment

As we seek to conduct business that is environmentally conscious, we are strengthening environmental conservation activities within the Kawasaki Group.

In particular, in addition to establishing a separate budget category for investments in facilities for reduction of CO₂ emissions and other important environmental protection efforts this year, we are thoroughly following up on the implementation of these efforts.

In addition, among our efforts to reduce greenhouse gas emissions at the Kawasaki Group, as a voluntary effort in response to the Kyoto Protocol, we have set a target of a 6% reduction in greenhouse gas emissions in FY2010 compared to FY1990. Achieving this target is not an easy task because the scale of our business has expanded compared to FY1990, but we are sticking to it and pursuing investigations of new measures in our Group to achieve this target.

In order to mitigate environmental impacts using the technologies and products that are the core of our business, we are focusing our efforts on the development of products that contribute to global environmental conservation. We are doing this by applying environmental technologies that we have cultivated, including technologies for the conservation of energy and resources. This is in keeping with the medium-term business plan "Global K" that we are currently advancing, in which our corporate vision is to become "a leading global enterprise that focuses on transportation systems for land, sea and air, and the energy and environmental engineering sectors."

I would like to introduce a few leading examples in three fields from among our efforts. First is our battery-driven low-floor light rail vehicle SWIMO,¹ a new urban transportation system that is receiving much attention. This vehicle can travel more than 10 km without overhead lines using the large-scale nickel-metal hydride battery Gigacell[®] that we have developed. We have also realized a barrier-free, super-low floor that makes it easy for children and the elderly to board. This next-generation vehicle is highly anticipated as good for people and the environment.

Another achievement is a Green Gas Engine² that uses natural gas as a fuel. We have realized this innovative gas engine with excellent environmental performance that includes the highest power generation efficiency in the world at 48.5%, a total energy efficiency of 85.3%, and greatly reduced CO₂ and NO_x emissions.

We have also been advancing the development of technologies that use renewable energy. One example is our commercialization of woody biomass gasification power generation systems.³ Since wood chips are used as the main fuel, resources are used effectively. Moreover, this power generation process is carbon neutral because the CO₂ released into the atmosphere

by these power plants comes from trees that have captured an equal amount of CO₂ during their growth.

We will continue to apply our management resources effectively and work actively to develop new products and technologies that contribute to enriching the future of people and the planet.

Continuous Awareness of Corporate Social Responsibilities

Among the Kawasaki Group Management Principles in our Mission Statement, we have established the provision that "The importance of corporate social responsibility (CSR) permeates all aspects of our business. This stance reflects the Kawasaki Group's corporate ideal of harmonious coexistence with the environment, society as a whole, local communities and individuals." As an enterprise that exists in the 21st century, in addition to environmental problems, we place importance on relationships with every type of stakeholder, including shareholders, customers, employees and local communities, and we seek to conduct management with a broad awareness of our corporate social responsibilities.

To realize this, the most important thing is that every employee thoroughly understands our Mission Statement and strives every day to act according to its spirit. At the same time, however, it is important to increase the transparency of our management and raise its quality even more through the maintenance and enhancement of corporate governance, compliance and internal control systems. As one of the basic targets of the medium-term business plan "Global K," we are endeavoring in our Group to "reinforce CSR organization to enhance corporate quality." In the last fiscal year, in order to investigate the accuracy of financial reports, along with establishing a dedicated organization to supervise the entire Group, we also revised company regulations related to internal control.

Furthermore, we seek to be a corporation that earns the trust of the people of our communities. In addition to cleaning neighborhoods around our business places, cooperating in educational internships for junior high school students and other regular efforts, we contribute to the local community through support of the Vissel Kobe⁴ football team and interactions with people at our corporate museum, Kawasaki Good Times World,⁵ as well as through donations at times of disaster and other financial contributions.

We will continue working to make the quality of our corporation even better by augmenting corporate structures and implementing in-house education to raise the ethical awareness of every employee. We sincerely hope that you will continue to support us in our efforts.

¹ SWIMO: see pp. 13–15 for details

² Green Gas Engine: see p. 10 for details

³ Woody biomass gasification power generation systems: see p. 8 for details

⁴ Vissel Kobe: see p. 28 for details

⁵ Kawasaki Good Times World: see p. 28 for details