

# Feature Report

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## “A Stakeholder Meeting to Discuss the Kawasaki Report - Environmental and Social Responsibility”

Reading the 2008 edition Meeting held June 4, 2009

For the purpose of receiving a wide variety of feedback about the CSR activities of the Kawasaki Group

We invited professors and students from Kobe University to participate in a stakeholder meeting to discuss our report. Since the university and many of our business bases are located around Kobe, this allowed us to hear frank opinions and questions from nearby stakeholders. We want to use their feedback to not only improve future reports, but also to further advance our CSR activities.

### Theme 1 The Kawasaki Report - Environmental and Social Responsibility as a Whole

#### Opinions from Kobe University scholars 1

A student questioned whether, “The report might contain a lot of uncommon foreign vocabulary that ordinary Japanese readers cannot understand easily, such as ‘compliance’ and ‘corporate governance.’” The student further noted, “I also heard from a friend that it would be easier to understand if ordinary Japanese was used instead.” A professor also noted, “Depending on their fields of study, even university students do not have many opportunities to learn about ideas such as ‘compliance’ and ‘corporate governance.’ Even after graduation, many people live their lives without having much involvement with corporate activities. I think it is necessary to think about people like these too, and investigate how to transmit information.”

Another student said, “The first pages have the ‘Corporate Profile’ and the ‘Overview of Business,’ and the net sales and operating income appear. This creates the incongruous sense that this report is a brochure for investors.” A professor further added, “This is because the connection with the environmental report is difficult to understand.”

#### In response to these opinions

Regarding the use of vocabulary, we believe that this depends on whom we expect the stakeholders that will read this report to be. Given the circumstances of our business, it is unavoidable that the core of our readership will be members of society who are active in business fields. Preparing a report that every person could understand would be very difficult, but we did create it with the desire to make it understandable to university students and people with equivalent or greater levels of knowledge.

Furthermore, the Corporate Profile and the Overview of Business are important elements of this report. The amount of environmental impacts caused by a corporation’s business activities and its business scale are important indicators for evaluating that corporation.

### Theme 2 Management Approaches

#### Opinions from Kobe University scholars 2

One student said, “I think that it is good that the stance of Kawasaki Group is made clear in the ‘Mission Statement,’ but the relationship between ‘Material well-being,’ ‘Psychological well-being’ and the ‘Earth’ in the diagram is very difficult to understand.” A professor commented, “There are terms such as ‘Psychological well-being’ and ‘Creating new value,’ but what do these mean in terms of how contributions are being made to society now?”

In addition, a student asked, “In the medium-term business plan there is the expression ‘to become a highly profitable, globally recognized enterprise’ and quantitative targets in the business plan are noted, but isn’t the purpose of this report different?” A professor suggested, “University students are in the process of learning about corporate management and economic value, so I think that this opinion is natural. It is possible that people who live lives that are distant from corporations would have the same kinds of opinions.”

#### In response to these opinions

The fundamental concept of our Mission Statement is “Kawasaki, working as one for the good of the planet.” This statement aims to promote not only “material well-being” but also “psychological well-being.” When every one of our employees acts with this idea always in mind, our products and business operations are transformed to align with the intentions of our Mission Statement. We believe that this, therefore, links to contributions to society.

Regarding the discussion of the medium-term business plan, the economic sustainability of the corporation is a prerequisite to allowing us to make contributions to the environment and society. We believe that economic activities themselves are extremely important because they generate products that are necessary for society as well as create employment opportunities.

### Participants from Kobe University

Naoto Hashimoto	Associate Professor <sup>1</sup>
Masayuki Itoh	Professor <sup>1</sup>
Takuya Iwasa	Associate Professor <sup>1</sup>
Atsushi Fujiki	Third year of Doctoral Course <sup>2</sup>
Hiroataka Kondoh	First year of Doctoral Course <sup>3</sup>
Takeshi Matsuoka	First year of Master's Course <sup>3</sup>
Yuki Matsuoka	First year of Master's Course <sup>3</sup>
Kazutoshi Akiyama	Third year of Department of Human Environmental Science <sup>1</sup>
Haruka Yoshinuma	Second year of Department of Human Environmental Science <sup>1</sup>

<sup>1</sup> Faculty of Human Development    <sup>2</sup> Graduate School of Humanities  
<sup>3</sup> Graduate School of Human Development and Environment



### Employees attending from Kawasaki Heavy Industries

Sadao Fujii	Senior Manager, Environmental Affairs Dept., CSR Div.
Atsuko Kakihara	Manager, CSR Planning Sect., CSR Dept., CSR Div.
Kanji Tetsu	Senior Staff Officer, Environmental Affairs Dept., CSR Div.

Taketoshi Hara	Senior Staff Officer, Environmental Affairs Dept., CSR Div.
Hiroshi Tsuji	Senior Staff Officer, Environmental Affairs Dept., CSR Div.

## Theme 3 CSR Activities

### Activities for society

#### Opinions from Kobe University scholars 3

Students also made the following suggestions. “From the perspective of confirming the practical effects of compliance, I want to know how many cases of consultation using the Compliance Report and Consultation System there were, and how many among them were resolved.” “I understand CSR to include efforts to contribute to society through the resolution of poverty and other social problems. I want you to become more involved in efforts that contribute to society such as the Collaborative Forest Restoration Project.”

#### In response to these opinions

Just starting the Compliance Report and Consultation System did not assure that it would function well. For example, there might have been people who were concerned that if they used the system, they would destroy the mutual trust that they have with other employees. By undertaking a variety of forms of public relations to promote the system, however, we have greatly enhanced awareness throughout the group about the arrangements that have been made to “keep the names of people who report or seek consultation completely confidential,” and the number of consultations has been increasing. Last year there were 17 consultations, and we were able to reach a solution that was desirable for both the company and the person seeking the consultation in every case.

Moreover, since we have business bases in many places in Japan and abroad, we are undertaking efforts to harmoniously coexist with each location by incorporating their local characteristics. In the future, we want to put more emphasis on these types of efforts in our reports.

### Activities for the environment

#### Opinions from Kobe University scholars 4

Students suggested the following. “Looking at the graph of energy saving activities, they do not seem very successful. Are your efforts to reduce environmental impacts not making progress, or are there results that cannot be seen in a graph?” “I am concerned about the item that states ‘administrative measures and warnings occurred.’ Are corporate policies not reaching the worksite level?”

#### In response to these opinions

Due to increases in our business scale, our total amount of energy consumption has also increased, but by basic unit\*, which is another index, it has decreased. For CO<sub>2</sub>, we also use a basic unit, which is easy to understand, as an index for manufacturing workplaces, and we are seeking to reduce the total amounts by doing whatever is possible. Moreover, we are now advancing investigations for an action plan for the medium and long term to 2020 as our next step.

Regarding the administrative measures, the concentration of nitrogen oxides (NOx) in the exhaust gas emissions from one of our power generation facilities exceeded the standard legal values in February of this year, so we were reprimanded by the government. Each plant has established a system to check and manage, but its measures to prevent human errors, including those caused by habit were insufficient. Currently, we have started an Environmental Investigation Team to check compliance from a third-party standpoint, and we are making thorough efforts for measures to prevent recurrence.

\* Amount of energy consumption per unit of net sales

#### “Meeting of stakeholders who work for our company” (held February 10, 2009) to exchange opinions about the Kawasaki Report 2008 - Environmental and Social Responsibility

Twelve employees from various divisions, including those related to the environment, technology and office work, participated in this meeting sponsored by the Environmental Affairs Department and CSR Department. They exchanged opinions about the contents of the report, including items about environmental and CSR activities.



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# Efforts to Contribute to Society by Our Business Bases in Japan and Abroad

Striving to form a more abundant future with the coexistence of people, society and the environment

Each Kawasaki Group business base in Japan and abroad is conducting independent efforts to contribute to society and undertaking efforts for symbiosis with society. In various ways, they are realizing the Kawasaki Group Management Principles in our Mission Statement of "Harmonious coexistence: 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." (Please see "Coexisting with Communities and People" on page 20 also.)

The businesses of the Kawasaki Group are in fields of the enhancement of social infrastructure related to transportation equipment as well as the environment and energy. This means that our businesses themselves contribute to society. In addition, our business places and production bases in Japan and abroad are making contributions to their local communities according to their resources and environments and promoting the realization of "well-being."

We expect that the efforts to make social contributions will enhance employee morale and pride in their companies and will increase their sense of corporate citizenship, and that this will lead the Kawasaki Group to act in accordance with its "social responsibilities," generating a cycle that raises corporate quality.



*in U.S.A.*

## Kawasaki Good Times Foundation

### Establishment of a Fund for Contributions to Society in the United States of America

The Kawasaki Group has established business bases for motorcycles, rolling stock, robots and construction machinery. Both independently and working in cooperation with each other, these bases are conducting efforts that are rooted in American society.

One of these is the Kawasaki Good Times Foundation (KGTF), which was established in 1993.

Several bases contributed funds to establish this foundation, and some of the profit is also added to the foundation every year. This foundation is managed and operated by KHI (USA), which is the headquarters organization for Kawasaki Heavy Industries in the USA. The operating funds are donated to the Metropolitan Museum of Art and other arts and cultural facilities, various philanthropic projects and activities that support education, medical treatment and science.

The culture of making contributions to society is well-established in the USA, and volunteerism, monetary contributions, the donation of goods, and various other types of approaches are applied naturally and on a broad basis. We respect this culture and are learning this spirit of coexistence with society.



# in Japan

## Efforts by Kawasaki Precision Machinery to cultivate rice using green manure

### The Origins and Roots of Manufacturing Are Agriculture

Kawasaki Precision Machinery Ltd. (Nishi-ku, Kobe), which boasts of its production facilities and having the largest scale in the industry, is a company that produces hydraulic equipment for diverse types of machinery and plants. From the perspective that “the origin of manufacturing is agriculture,” we seek to educate newly hired employees at this company about the fact that manufacturing is not limited to automated production processes. For this purpose, we have borrowed a paddy field adjacent to our manufacturing plant and we are undertaking rice cultivation in collaboration with the University of Hyogo and with the cooperation of local agricultural groups.

We have adopted a “green manure rice cultivation” method for this agriculture project. First, we plant flowers in the field, and then we plow these back into the soil of the field as fertilizer. Unlike agricultural methods that use chemical fertilizers to promote growth, this approach allows employees to experience the cultivation of rice through various processes. Furthermore, by receiving guidance from nearby farmers and employees who are also part-time farmers, we also have an opportunity to exert ourselves alongside our neighbors from the local community. In addition, we can enjoy picking the flowers, which is a stage when family members can also participate.

In addition to distributing the harvested rice to participants, we also plan to provide it to the cafeteria in the plant so that it can be shared by all employees.



Group of flowers that will become fertilizer



Rice planting with newly hired employees also participating

## KCM efforts to purify a reservoir

### Providing Something Good for the Corporation to the Local Community

The Banshu Plain of Hyogo Prefecture is one of the few areas in Japan that has numerous reservoir ponds. At KCM Corporation, which is located in this Banshu Plain, we manufacture wheel loaders and other construction machinery. We are also cultivating “effective microorganisms” (EM) that we use to purify the ponds that are on corporate property.

In the area where the plant is located, there is a shrine where people, including those who have connections to KCM, go to pray for safety every New Year. A pond that parishioners jump into for purification during one of this shrine’s festivals had begun to give off a slimy odor, so KCM provided effective microorganisms in response to requests from the community.

The EM culture fluid that KCM contributed was mixed with the mud in the pond, and nearby elementary school students and neighborhood organizations formed “EM balls.” As a result of spreading the EM around the edge of the pond, parishioners who entered afterwards said, “This year there was no slimy smell at all,” and expressed their gratitude for the benefit from the EM.



Shrine ceremony



Certificate of appreciation