

## Social Responsibility

# We Contribute to the Creation of Abundant Lifestyles

The Group Mission of the Kawasaki Group is to continue to be “Kawasaki, working as one for the good of the planet” through our products and technologies. In order to fulfill this mission, we will keep providing society with products and services that offer advanced functionality, high quality and safety.

Moreover, as stated in the basic objectives of our medium-term business plan (Global K), we seek to “Reinforce CSR organization to enhance corporate quality.”

In the Kawasaki Group, we are working in-house to promote the raising of awareness about CSR so that all our employees always work with an attitude of sincerity. This leads to increasing the quality of our companies by realizing a level of work quality that is highly evaluated not only by customers but also by members of society at large.

Furthermore, we are making extensive management and education efforts related to compliance with laws and regulations, environmental preservation, safety and human rights in order to fulfill these fundamental duties that we have as a corporation even more thoroughly.

In addition, as a good corporate citizen, we want to contribute to the harmonious coexistence of the earth, society, communities and people. We also want to increase the realization of well-being by advancing efforts to contribute to society and promote coexistence with local communities in our own ways that utilize our strengths as the Kawasaki Group.



## In Keeping with the Public Trust



Kawasaki aims to be a corporation that continues to have the trust of society by developing and reinforcing its corporate structure to promote corporate governance, internal control and compliance.

### Reinforcement of Corporate Governance

#### Policies of Corporate Governance

Led by our directors and auditors, we are building corporate governance systems that are suitable for our Group and seeking to implement them thoroughly. As a unified Group, our fundamental approach to corporate governance is to conduct management that is highly transparent to stockholders, customers, employees, local communities and other stakeholders. Furthermore, while building harmonious relationships with stakeholders, we seek to improve enterprise value by maintaining efficient and sound operation.

#### Structure of Corporate Governance

In our structure of corporate governance, the directors are in charge of formulating management strategies and supervising the conducting of operations, and auditors, including two outside auditors who have no stake in Kawasaki, conduct auditing, thereby retaining objectivity and neutrality of management monitoring.

We also introduced the internal company system, in which each company autonomously carries out business operations in their own field under the management of each company president assigned by the Board of Directors.

For business operations, executive officers appointed by the Board of Directors are responsible for the conduct of business operations under the executive officer system in order to quickly respond to changes in the operating environment.

#### Promotion of Group Management

Basic goals and policies for conduct of operations are determined by the Board of Directors.

Receiving these directions, the Group Executive Officer Committee, which includes all executive officers, presidents and planning & control division managers of three main subsidiaries, seeks to thoroughly realize these basic goals and policies.

Important business subjects are intensively discussed by the Management Committee, composed of representative directors, and predetermined items are put to review by the Board of Directors. The Management Committee, which also serves as the advisory organ for the President, is responsible for discussing essential management tasks and reviewing management policies and strategies. When necessary, the Committee invites executive officers of subsidiaries to ensure thorough review of the problems.

Incentive salary system is introduced for the directors. On the other hand, the directors are appointed on one-year basis to clarify management responsibility.

#### Reinforcement and Improvement of the Auditing Function

The auditors, including two outside ones, attend the Board of Directors and the Management Committee meetings, check important documents, have periodic meetings with the representative directors, and investigate the operational and financial status through auditing divisions of the Company and subsidiaries.

The Auditing Department, which is responsible for internal auditing, endeavors to improve the capability of compliance, as the department regularly monitors to make sure the business operations in all the fields of the Group's business activities are conducted in compliance with the applicable laws and regulations as well as internal rules. In addition, this department undertakes evaluations related to internal controls over financial reporting and strives to increase the performance of internal controls.

The auditors and the Auditing Department share information on auditing through a monthly meeting to reinforce each auditing function.

Moreover, along with receiving audits of financial reports by external auditors, we receive internal control auditing and conduct suitable reporting.



## Promotion of Internal Control and Compliance

### Fundamental Approach to Internal Control Systems

We are working to review our internal control systems continuously in order to build an even stronger corporate structure by improving the efficiency of our business activities, our compliance with laws and regulations and our risk management.

Furthermore, we have established the Fundamental Philosophy of the Kawasaki Heavy Industries Corporate Ethics Rules as our basic ideas regarding ethical issues, and we are striving to expand understanding of it among all directors and employees in order to enable them to fulfill our social responsibilities as a corporation.

### The Fundamental Philosophy of the Kawasaki Heavy Industries Corporate Ethics Rules

1. **Follow the Code of Ethics as a Corporate Member**  
We should carry out business activities with truth and proper conduct.
2. **Respect Each Other's Personality and Human Rights and Practice No Discrimination**  
We should respect everyone's personality and human rights and refrain from segregation and discrimination, sexual harassment, and bullying in order to create and maintain a comfortable work place.
3. **Promote Environmental Conservation**  
We should cherish the limited resources of mother nature and actively and voluntarily conduct ourselves with an eye to environmental conservation in order to reduce our impact thereupon, including saving resources and energy, minimizing waste, recycling resources, and preventing environmental pollution.
4. **Comply with Laws, Regulations and Social Rules**  
We should realize the importance of legal, social and ethical compliance, and aggressively promote such compliance.
5. **Ensure Appropriate Accounting Procedures and Reliability of Financial Reporting**  
We should carry out recording and accounting of corporate activities correctly and precisely according to the best practice specified by laws, regulations and standards.

### Efforts to Promote Internal Control and Compliance

#### Kawasaki Group Internal Control and Compliance System



\* Three main subsidiaries: Kawasaki Shipbuilding Corporation, Kawasaki Precision Machinery Ltd. and Kawasaki Plant Systems, Ltd.

#### CSR Committee:

Since this is our highest decision-making agency, our president is the chairperson of this committee.

#### Compliance Committee:

Compliance committees are established in each of our internal companies, our three main subsidiaries and other affiliates in order to realize thorough legal compliance, and these committees are undertaking compliance promotion efforts.

#### Export-related Law Compliance Examination Committee:

In order to prevent their use for arms, this committee makes the final determinations about compliance with laws and regulations related to exports of goods and technologies.

## We Have Established a Compliance Report and Consultation System

When employees suspect that there might be a compliance violation in their section, ordinarily, they should first report to and consult with their superiors and the related sections. However, if they suspect that their superiors or that many people in the section might be involved, they might feel that they are isolated, under pressure from those around them or otherwise in a difficult position that makes them wary or afraid to use in-house reporting or consultation. For such situations, we established our Compliance Report and Consultation System.

In this system, an external lawyer consults directly with the people who come to him and listens to their reports. Moreover, with the name of the person who came for consultation kept secret, the situation is reported to the Compliance Report and Consultation System Subcommittee. The Compliance Report and Consultation System Subcommittee, which also has the external lawyer as a member, investigates the situation to determine whether or not there is a violation and decides future measures in response. The external lawyer conveys this directly to the person who came for the consultation.

In order to allow our employees to use this system effectively, we make them aware of how to use it and post the results of its use through numerous means, including articles in the Compliance Guidebook that we distribute, in-house intranet notice boards and in-house magazines.

In FY2008, there were 17 cases of reporting and consultation.

## In 2009, We Conducted a Compliance Consciousness Survey

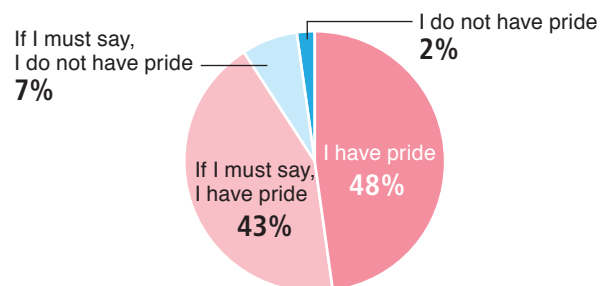
We conducted our first compliance consciousness survey in February 2009 in order to examine the results of the various policies that we had implemented thus far and to use this to guide our future compliance promotion efforts.

This survey was given to 15,052 directors and employees of Kawasaki Heavy Industries, Ltd. and our three main subsidiaries. The surveys were anonymous, and we received responses from 14,504 recipients (96.4% response rate).

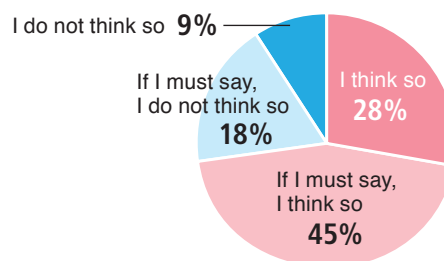
As a result of this survey, we have determined that we must put even more energy into raising awareness and providing education for compliance than we have in the past. For this purpose, we are considering how to further enhance the contents of our educational efforts.

### Compliance Consciousness Survey (selected extracts)

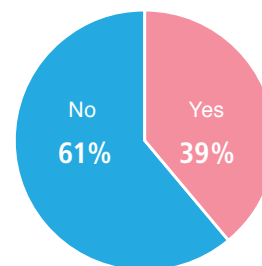
Do you have pride in the fact that you work in the Kawasaki Group?



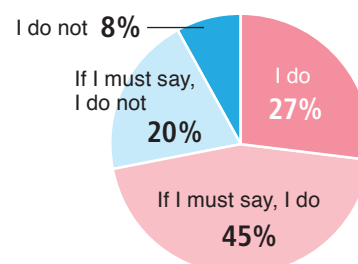
Do you think that your workplace is a “workplace with good communication” where people can say things that need to be said?



At your workplace, have you talked about compliance, and have you received information related to compliance from a superior (or a colleague)?



If you do not understand laws and regulations or company rules related to work, do you immediately try to confirm or inquire about them yourself?



## Contributing to Firefighting Training at Fire Academies Through the Creation of Realistic Fire Environments

According to the 2008 Firefighting White Paper, about 55,000 fires occurred in 2007 in Japan. The national firefighting structure includes 1,706 fire departments and 3,218 branch stations throughout the country with a total of about 158,000 fire department staff members. The firefighters, who are the ones on the frontline in firefighting efforts, must receive education and training established by fire academies. In this education and training, the most important aspect is training that involves fighting actual fires.

Kawasaki Heavy Industries contributes to the training of fire department staff members and improving their skills by providing our Advanced Fire-fighting Training (AFT) System®, which is a very sophisticated firefighting training system that simulates extremely realistic fire environments.



View of a training tower

### Repeated Simulation of Realistic Fire Situations Using Burning Gas

At present, fire academies have been established in all 47 prefectures and 8 ordinance-designated cities, as well as in the Fire and Disaster Management Agency of the Ministry of Internal Affairs and Communications, for a total of 56 schools throughout Japan. Every day, numerous trainees undergo rigorous training at fire academies.

Most of the time, firefighting training with real fires, which is considered to be the most important part of the education and training provided by fire academies, is conducted in the yards and other outdoor areas of these schools by burning scrap wood, heavy oil and other materials. This approach does not allow control over the force of the flames, so there are problems related to safety and the environment.

Since a single training session, including cleaning up afterwards, requires a significant amount of time and expense, providing repeat training for a large number of trainees in a short amount of time is not possible. A large amount of space is also necessary, and we can expect that nearby residents might complain about smoke and soot from the fires.

In contrast to this, our AFT System® can create realistic fire situations using gas as fuel (either city gas or propane) in mockups built indoors that include kitchens and bedrooms. Since the flames, heat and smoke can all be controlled at will by computer, the creation of fire situations for a variety of scenarios can be realized safely and in very short amounts of time. Moreover, firefighting skills can be improved even more through repeated training because the scenarios can easily be prepared as many times as desired.

Through the use of a variety of sensors, including gas concentration detection devices and manual emergency stop buttons, the training environment is always kept safe and training can be provided with peace of mind. In addition, since the training occurs indoors, there is almost no impact on the environment. Furthermore, since the fuel used is inexpensive gas and the mockup can be used repeatedly for many years, these systems are also economical.



Mock smoke generation equipment



Burner control equipment

## With Flames Reaching the Ceiling and Mock Smoke Billowing Out, a Scene Is Created That Is Just Like a Real Fire

As an example, take the case of a fire that has started in a kitchen. In this mockup, a sink, a corner cabinet, a gas range and other kitchen features are simulated and the fire is started through operation of the site control panel. Once the fire starts, the force of the flames steadily increases until the fire finally reaches the ceiling and the room becomes hot all at once. Since the flames created by the gas fuel do not generate smoke, mock smoke is also generated artificially. With the addition of the smoke to the flames further enhancing the sense of realism, the experience is just like an actual fire.

Since a number of different scenarios can be set for this type of fire scene, training under a variety of conditions that are suitable to the firefighting skills of the trainees is possible.

The AFT System® has been constructed to allow the simulation of not only residential fires, but also many other types of fire situations, including fires in buildings, tunnels, aircraft, ships, rolling stock and industrial plants.

At the time of this report, our AFT System® has been installed and are being utilized in seven fire academies and other facilities in Japan.



Full-size mockup of a kitchen



Kitchen during fire generation

### Voice

User Voice

**This is an effective system that allows repeated training that includes “firsthand experiences with flames and smoke.”**

Our school installed the first AFT System® in Japan in 1995. Since then, we have been utilizing this system, which generates real fire in five places including a kitchen, a bedroom and a basement, for firefighting training. The first necessary element in firefighting training for firefighters is that the trainees have “firsthand experiences with flames and smoke.” Since this system can easily simulate a fire, and its flames and smoke can be controlled at will, we can conduct trainings whenever we want. Moreover, we can also generate just smoke, making this perfect for training firefighters to respond to smoky fires, which have been frequent in recent years.



Educational Materials Management Group  
Manager Mitsuo Kondo

Since we use propane gas, which produces flames that are redder compared to those generated by city gas, as a fuel at our school, it truly feels like a real fire. The first time trainees experience it, the realism is so great that they hesitate for a moment, making this training very effective.

Because about 1,000 people receive training at our school every year, roughly 13,000 trainees have experienced this system since we installed it. We will continue to make use of this system and keep working to cultivate fire department staff members that have the advanced skills that are needed by society.



Tokyo Fire Department Fire Academy  
Instructor, Recruit Training Group,  
Training Unit  
Fire Department Assistant Commander  
Hiroshi Yokoo

# Creating a Flexible Working Environment



Kawasaki strives to create a workplace in which each and every one of its employees can work positively while they show off their individuality, and we have introduced a variety of systems for this, and strive to enrich their content.

## Supporting a Balanced Working Life

We are supporting the realization of balanced working lives as a way to create workplaces where people are able to work positively. Among these efforts, we will introduce our Consecutive Vacation Days for Refreshment program and the expansion of our System for Fostering the Next Generation in this section.

### Consecutive Vacation Days for Refreshment

We began our Consecutive Vacation Days for Refreshment program in April 2008. In this program, at the beginning of the fiscal year employees are required to set consecutive vacation days for later in the year. When those days come, they must take a vacation from work in this system. Moreover, until FY2007, one day was provided as an anniversary holiday, but we have now expanded this to a two-day vacation.

The purpose of the Consecutive Vacation Days for Refreshment system is to promote the use of annual paid vacation days. By taking planned breaks, we hope to help employees become refreshed both mentally and physically and to create a balance between work and private life. Moreover, promoting the use of annual paid vacation days is also a goal of the company from the perspective of supporting the fostering of the next generation, which is discussed next.

The actual utilization record of our Consecutive Vacation Days for Refreshment program in FY2008 is shown in this table. We can see that many employees are using this system.

Utilization rate of the Consecutive Vacation Days for Refreshment program

	FY2008
Office and technical workers	87.6%
Production workers	86.4%
Average	86.9%

## System for Fostering the Next Generation

We are providing various forms of support so that all employees are able to continue their jobs when they raise children. We want our employees to be able to continue working positively while balancing it with child-rearing.

In particular, we have received high evaluations from many outside sources, including a Director Award from the Hyogo Prefectural Labor Bureau, for our pioneering efforts with our childcare leave system and other systems that support child-rearing.

In addition to these systems, we implemented new enhancements for systems such as the following in FY2009.

### Enhanced support for childcare through the use of accumulated vacation days for leave

- Leave can be used in increments of one day for the purpose of childcare. (Previously, the minimum leave for this purpose had been one week.)
- This system can be used until the fiscal year that the child graduates from elementary school. (Previously, it had been until entering elementary school.)

Accumulated vacation days for leave is a system that allows the accumulation of up to a certain number of days from annual paid vacation days for leave that are unused at the end of the fiscal year. The reasons allowed for the use of accumulated vacation days for leave are limited, but use restrictions have been relaxed for childcare in FY2009, making this system even easier to use.

We expect that this change will provide even more support for fostering the next generation than before.

## Voice

User Voice

### I enjoyed a trip to Okinawa using Consecutive Vacation Days for Refreshment.

By adding Consecutive Vacation Days for Refreshment to a Saturday and Sunday, I made a four-day weekend and took a trip to Okinawa with my spouse.

We rented a car near Naha Airport and took a scenic drive to Motobu. Encountering a giant whale shark and a manta ray at the Churaumi Aquarium, discovering small colorful tropical fish while snorkeling at Minna Island... just seeing these creatures, I forgot about the passage of time. In Okinawa, the ocean is the best.

It was a refreshing trip.



# Creating Safer and Healthier Workplace



Kawasaki has proclaimed that protecting the safety and health of its employees comes first, and aims to promote the creation of a healthy workplace and foster various activities in safety management and health management to bring this about.

## Safety Management Activities

### 1. Continuous Utilization and Improvement of Occupational Safety and Health Management Systems

We are striving to prevent occupational accidents and create comfortable workplace environments by promoting measures for risk assessment in the workplace. Furthermore, we are planning to continuously improve safety and health management systems by improvements based on the results of system audits.

### 2. Continued Execution of KSKY Activities

Since 2002, the execution of KSKY activities is one of our most important policies for safety. The letters of KSKY stand for the first letters of Japanese words meaning “basic rule” for K, “pointing and calling” for S and “predicting danger” for KY. The purpose of these activities is to ensure thorough compliance with basic safety rules and safety checks, enhance sensitivity to danger and toxicity, encourage every employee to willingly participate in safety actions and create a workplace that is able to promote “mutual cautioning” among employees as a standard practice.

### 3. Promoting Education That Simulates Experiences of Danger

Through the use of simulated experiences of danger that engage the senses of sight, hearing and touch, we make employees understand the dangers in their workplaces. In addition, through education such as simulated experiences of danger that enhance sensitivity to danger, we are seeking to raise safety awareness and striving to prevent occupational accidents that are caused by unsafe behaviors.



Facilities for simulated experiences of danger based on 38 unsafe situations

## Occupational Health Management Activities

### 1. Providing a Variety of Health Classes

As one of our corporate-wide THP\* efforts, we are holding classes on health, including a class to improve the dietary practices of younger people, a class to improve high blood sugar and a class on dental hygiene, in order to promote health management.

These classes are held for new employees, as well as employees that shows signs of having lifestyle diseases based on the results of regular health diagnoses.

\* THP: Total Health Promotion

### 2. Implementation of Stress Checks

During regular health diagnoses, we check the stress level of employees in their daily lives, and industrial physicians interview employees with high stress levels and provide them with individual guidance. Furthermore, this is the second year that we have implemented efforts to improve stress in the workplace using work stress diagnoses, and we have been undertaking efforts related to reforming stressful environments. In addition to these efforts, we began conducting education through E-learning about line-care, self-care and other topics last year.

### 3. Implementation of Fatigue Accumulation Self-diagnosis Checks

We require people who work long hours to conduct Fatigue Accumulation Self-diagnosis Checks. Industrial physicians interview employees with high levels of accumulated fatigue and provide them with individual guidance.



“Health seminar” given by a nutritionist



# Communication with Shareholders and Investors



Besides returning profits to shareholders that are appropriate for our performance, we are proactively making efforts to disclose information to shareholders and investors through briefings and our website.

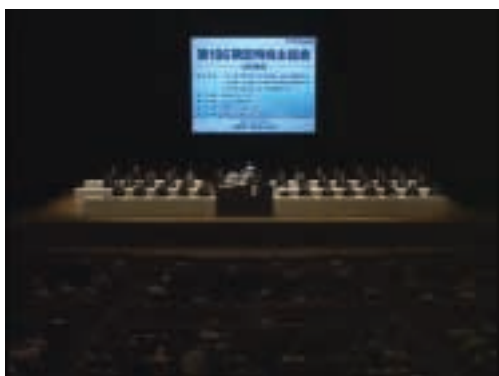
## Meeting of Shareholders

The highest corporate decision-making body for Kawasaki is the Meeting of Shareholders. We believe that this meeting is an important opportunity for communication between our shareholders and the Kawasaki board members.

In order to enable our shareholders to thoroughly consider the important issues that they will decide on at the Meeting of Shareholders, we send out invitation letters at a date that is earlier than what is required by law. Furthermore, for shareholders who are not able to attend the meeting, we have made it possible for them to exercise their voting rights using the Internet and mobile phones.

We explain annual progress and results of our business using images at the site of the Meeting of Shareholders, and we strive to explain the business conditions of the company in a manner that is easy for our shareholders to understand. (You can also see the images used at the Meeting of Shareholders on our website.)

The 186th Ordinary Meeting of Shareholders regarding the fiscal year ended March 2009, was held on June 25, 2009 in the city of Kobe. Approximately 700 shareholders attended and enthusiastically exchanged opinions.



Scene from the 186th Ordinary Meeting of Shareholders

## Distribution of Dividends

Our basic dividend policy is to pay stable cash dividends that are appropriate to our performance while giving careful attention to increasing retained earnings to strengthen and expand the KHI Group's management base in preparation for our future growth.

For FY2008 (fiscal year ended March 2009), we paid an annual cash dividend of three yen per share.

### Change of Net Income (Consolidated Basis) and Annual Dividends per Share

	FY2004	FY2005	FY2006	FY2007	FY2008
Net income	¥7.92	¥11.20	¥18.94	¥21.08	¥7.02
Dividend	¥2.50	¥3.00	¥5.00	¥5.00	¥3.00

## IR Efforts (Information Disclosure)

We endeavor to disclose information on our business performance in a fair and prompt manner through constructive approaches to investor relations (IR) around the world.

For institutional investors and analysts, we hold interim and end-of-year financial performance briefings and one-on-one meetings. Corporate representatives visit institutional investors outside Japan to explain recent business performance and other critical information.

In addition, our website has a section entitled "Investor Relations" with pages for shareholders and investors. These pages include information on our business outlook, our recent business performance, our management policies, our historical financial results by business segment, every type of accounting document and presentation materials distributed at interim and end-of-year financial performance briefings.

Moreover, at the end of June and in the beginning of December, we send our shareholders a "BUSINESS REPORT" to report our business situation.



For more details see Kawasaki Heavy Industries "Financial Highlights" at



<http://www.khi.co.jp/annual/english/highlight/index.html>

## Toward Coexisting with Society and People



As a member of society, we seek to contribute to the growth and well-being of local communities.

We are determined to fulfill our social responsibility as a corporate citizen by promoting coexistence with local communities.

### Efforts at Our Aerospace Company **Sharing Our Products and Our Values**

Our Gifu Works, which is a manufacturing plant for aircraft, is in Kakamigahara, Gifu Prefecture. This city is known as “an aircraft industry and aviation testing town,” and it is home to the Kakamigahara Aerospace Science Museum, which was established “because the city wants to convey to future generations the story of the challenges that Japan’s aerospace engineers have taken on and the products of their endeavors.” The Kawasaki Heavy Industries Aerospace Company has donated a prototype of the BK117, which was the first helicopter produced in Japan, as well as a variety of development parts to this museum.

In addition to displaying a variety of aircraft, the Kakamigahara Aerospace Science Museum offers hands-on events as well as classes on manufacturing for families, especially those with children who are in elementary and junior high schools. Employees and retired employees of our Aerospace Company also support the museum by volunteering. By assisting with conducting and leading events, they are spreading understanding about the aerospace industry and the pleasure of manufacturing.



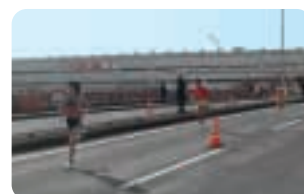
BK117 helicopter parked at our Gifu Works

### Efforts at Our Harima Works **Sharing the Resources of the Plant Location**

Our Harima Works, which is located in the central southern part of Hyogo Prefecture, is on an artificial island called “Harima Nijima.” With the slogan, “From underground to outer space,” we manufacture tunnel boring machines, tanks for liquefied natural gas and other large-scale products, railroad rolling stock bogies, propulsion engines for ships, and rocket parts at this seaside industrial complex.

In order to engage in the manufacture of large-scale products, our Harima Works occupies a spacious 450,000 m<sup>2</sup> property and has a long wharf for sea transport. The Harima Road Race, a running event, is held annually in the town of Harima where the plant is located. The running course through Harima Nijima with its views of the Akashi-Kaikyo Bridge is popular and every year numerous participants join the race.

We provide access to a road through the Harima Works for this race, and about 3 km of the 10 km course passes through our property. In addition, we participate as event committee members, and we provide Kawasaki goods and other prizes to participants in the family division. Furthermore, among our other efforts to promote coexistence with the community, we also contribute to a fund for the installation of outdoor lights in the community, as well as support and participate in the Harima town summer festival.



Athletes running in front of our Harima Works

### Efforts at Kawasaki Shipbuilding **Inviting Members of the Community to Ship Launching Ceremonies**

At the Kobe Shipyard of Kawasaki Shipbuilding Corporation, we build many ships of a variety of types every year. We invite numerous citizens to the naming and launching ceremonies for these ships. Guests include kindergartners as well as elementary and junior high school students from the neighborhood, business partners and the families of Kawasaki employees, and sometimes up to 3,000 people observe these events.

There are many fans who come repeatedly to these ship launching ceremonies, which are especially impressive conclusions to the shipbuilding process. Furthermore, there are also many people who bring along small children. The ceremonies that unfold before the eyes of these small observers must remain deeply in their hearts.

The employees of the shipyard are proud of their products and their craftsmanship, and sharing this wonder with the numerous ordinary people witnessing gives them an added sense of joy.



Ordinary citizens have been invited to this launching ceremony

**Efforts by Kawasaki Plant Systems**

**Supporting and Participating in a “Collaborative Forest Restoration” Project**

Kawasaki Plant Systems, Ltd., together with Kawasaki Heavy Industries, Ltd., has supported a “collaborative forest restoration” project that is being promoted by Kochi Prefecture and the town of Niyodogawa-cho.

In this project, which is one part of an environmental conservation project advanced by Kochi Prefecture, for a three-year period starting from 2007, corporations, communities and local governments are cooperating in efforts to restore forests that have not been cared for due to the decline of the forestry industry.

Moreover, the forest that is the focus of the collaborative project in which Kawasaki Plant Systems is involved is one part of a forest owned by the town of Niyodogawa-cho. We have named this forest the Kawasaki-Niyodogawa Manabi-no-Mori (forest for learning). In the town of Niyodogawa-cho, people are using the wood from forest thinning and timber scraps from forested region (including Kawasaki-Niyodogawa Manabi-no-Mori) as fuel. In addition to generating electricity and providing heat, they are advancing an experimental project sponsored by the New Energy and Industrial Technology Development Organization (NEDO) to produce pellets as an alternative fuel for use instead of heavy oil. We are also participating in this experimental project by supplying the Woody Biomass Fluidized-Bed Gasification Power Generation System that Kawasaki Plant Systems has developed.

During this project, we sent newly hired employees to this “collaborative forest” to experience the actual work of forest thinning. 13 newly hired employees participated in 2007, 10 in 2008 and 29 in 2009. Through interaction with the local people, they have also gained valuable experiences that could not be had within the company.

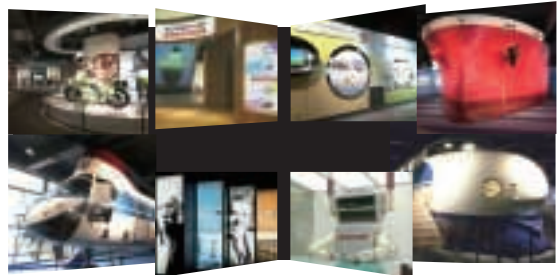


New employees participating in forest restoration

**Efforts at Our Corporate Museum**

**Deepening Communication with the Community at Kawasaki Good Times World**

In May 2006, we opened Kawasaki Good Times World, our corporate museum. The goal of this museum is to allow as many people as possible to experience the “wonders of technology” and the “importance of craftsmanship.” We also established this facility in order to deepen communication with members of the community. Starting with our history that is over 100 years long and accurately showing changes through the eras, we introduce our representative products for the land, sea and air that have contributed to the development of society with our leading-edge technology. Moreover, the museum also holds various events and other programs as a part of our efforts to communicate with the local community.



Kawasaki products that have contributed to the development of society on display at Kawasaki Good Times World

**Sightseeing Flights Through the Skies of Kobe by Helicopter**

In July 2009, we held a Helicopter Festa. About 700 museum visitors, including people who had made reservations in advance, enjoyed a five-minute trip above the port of Kobe during free flights to experience Kawasaki BK117 helicopters. In addition to using video and panels to introduce the helicopters in a variety of situations where they are used effectively, we also exhibited helicopter blades and instruments. Furthermore, we also held a special program of making flying paper popellers.



The Helicopter Festa held in front of Kawasaki Good Times World

**Running a Mini SL That Makes a Big Impression**

In July 2009, we also held a Mini Railroad Festa in Kobe Meriken Park. Model trains, including familiar commuter trains and steam trains that run on real coal, were run through Meriken Park, and about 2,000 museum visitors had rides. They enjoyed the realism of the steam train because coal was fed into the boiler and a steam whistle was sounded as it was running.



A Mini SL running through Kobe Meriken Park

## Participation in a “Corporate Forest Restoration” Project

### What Is a “Corporate Forest Restoration” Project?

As a corporation that declares contribution to the global environment in our Group Mission, we seek to advance coexistence with local communities and contribute to the prevention of global warming. In December 2008, Kawasaki participated in a corporate forest restoration project promoted by Hyogo Prefecture.

Corporate forest restoration projects are one aspect of efforts to promote forest restoration that the citizenry of Hyogo Prefecture is participating in as a whole. This is an effort that corporations, communities and local governments are pursuing cooperatively. For the next five years, we will plant trees, clear undergrowth, thin forest, and conduct environmental education for employees at a forest of approximately 140,000 m<sup>2</sup> located in Taka-cho, Hyogo Prefecture. We have named this forest the Kawasaki Heavy Industries Saidani Nagomi-no-Mori. Through these efforts, we will also contribute to reducing CO<sub>2</sub> emissions.

(The amount of reduction is equivalent to the CO<sub>2</sub> absorbed by 8,000 trees in a plantation forest\*.)  
\* Calculated using materials presented by the Forestry Agency

### First Forest Restoration Efforts

We conducted our first forest restoration efforts on April 12, 2009. As they perspired with their labor, employees and their family members, numbering about 80 people in total, had the opportunity to “experience” forest restoration efforts including tree planting and trimming.

After listening to a lecture on the topic of “the status of efforts to conserve the forest in Taka-cho,” families who had brought children, about 20 people, planted mountain maples. Meanwhile, the other 60 or so participants trimmed Japanese andromeda and other evergreens in an effort to create a forest with more sunlight.

Our employees will continue to work to restore the forest, undertaking forest restoration efforts in our “Nagomi-no-Mori” at a pace of about two times per year.



Participants in our first forest restoration efforts

### We Also Conducted Forest Restoration Training Activities for Our New Employees

On April 24, following our first forest restoration efforts, the new employees assigned to our Corporate Technology Division this year participated in forest restoration training activities in the Saidani Nagomi-no-Mori.

They listened to a lecture on efforts to conserve the forest and were made aware of the current situation and issues, then they experienced forest restoration activities by undertaking forest thinning work.

## The Start of Forest Restoration Efforts in Kawasaki Heavy Industries Saidani Nagomi-no-Mori



Agreement signing ceremony:  
from the right, Mayor Toda of Taka-cho, Governor Ido of Hyogo Prefecture, Kawasaki Vice President Matsuzaki (at the time of the photograph)



Planting a mountain maple by the side of a stream



Forest restoration training activities by new employees