

Theme 4 Environmental activities

We will pursue "manufacturing that makes the Earth smile."

Global Environment: We aim to realize a low-carbon society, a sound material-cycle society, and a society coexisting with nature.

Promoting Environmental Management

Establishment of 2020 Environmental Vision

In fiscal 2011, we drafted 2020 Environmental Vision, which seeks to define what the Group should be in 2020 from an environmental perspective under our Group Mission: "Kawasaki, working as one for the good of the planet (Enriching lifestyles and helping safeguard the environment: Global Kawasaki)." Realization of this vision will be supported by environmental management activities plans, which run for three years. We embarked on the 7th Environmental Management Activities Plan in fiscal 2011, at the same time that 2020 Environmental Vision was launched, with targets to achieve during this three-year period and key strategies to implement in each year of the plan. Based on the environmental philosophy described in our Environmental Charter, 2020 Environmental Vision will underpin the establishment of three types of societies—a low-carbon society, a sound material-cycle society, and a society that coexists with nature. A fourth component—the establishment of

environmental management systems—forms the cornerstone of such societies. Through our 2020 Environmental Vision, we aim to contribute to integrating business management and environmental management activities and contribute to a sustainable society.

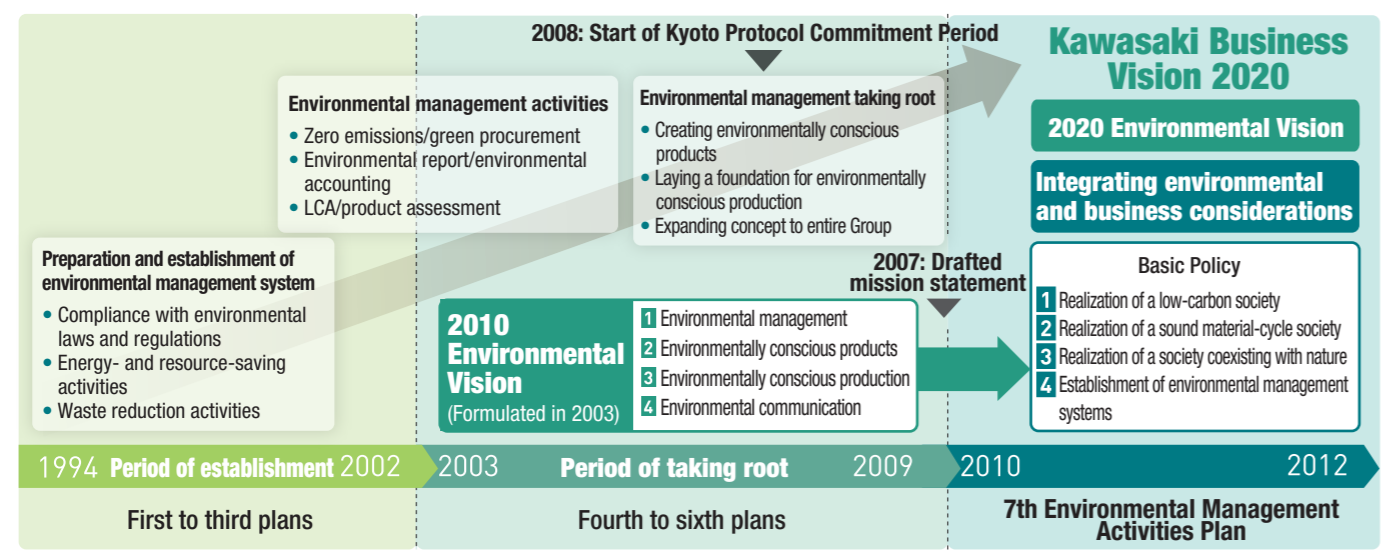


Achieving 2020 Environmental Vision

The 7th Environmental Management Activities Plan, which inaugurated the 2020 Environmental Vision, runs from fiscal 2011 through fiscal 2013. This plan sets out four themes—the realization of a low-carbon society, the realization of a sound

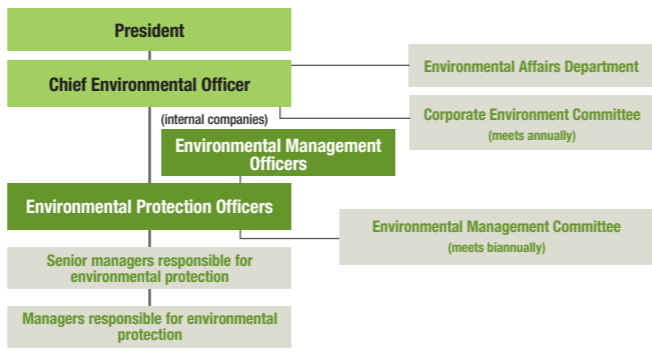
material-cycle society, and the realization of a society coexisting with nature, as well as the establishment of environmental management systems to serve as a foundation for environmental management—that will enable us to realize our vision.

Flow of Environmental Management



Environmental Management Organization

The director for environmental issues at KHI is appointed Chief Environmental Officer and in this position chairs the Corporate Environment Committee, which deliberates and decides on operations of a variety of important matters related to the environment. To enable each internal company to independently promote the environmental management activities plan as designed, environmental management officers, environmental protection officers, and managers responsible for environmental protection are appointed to match the structure of each internal company with such activities. Furthermore, organization systems are in place to facilitate a coordinated effort among all employees to implement environment-oriented initiatives.



7th Environmental Management Activities Plan (Fiscal 2011–Fiscal 2013)	Priority Initiatives for Fiscal 2012
<p>Realization of a low-carbon society Contribute to the prevention of global warming through our products and manufacturing that use energy without waste</p> <p>(1) Global warming prevention measures</p> <p>A) Reduce CO₂ emissions from our own production activities</p> <ul style="list-style-type: none"> Make CO₂ more tangible to promote energy-saving activities Groupwide; create a verification system Undertake Groupwide CO₂ reduction measures (energy-saving capital investment) Promote energy savings from logistics as a specified consignor <p>B) Acquire emissions credits with KHI Group products and technologies</p> <ul style="list-style-type: none"> Create a system to acquire emissions credits with KHI Group products and technologies in Japan and abroad (e.g., CDM) <p>C) Purchase emissions credits from trading market</p> <ul style="list-style-type: none"> Take precautionary measures in the event we do not meet CO₂ reduction targets <p>D) Acquire emissions credits by endowment or donation</p> <p>Group target: By fiscal 2013, reduce our average amount of CO₂ basic unit (= CO₂ emissions per net sales) for fiscal 2009 through fiscal 2013 by 10%, compared with fiscal 2008</p>	<p>1. Global warming prevention measures</p> <p>A) Reduce CO₂ emissions from our own production activities</p> <ul style="list-style-type: none"> Introduce system to make CO₂ emissions tangible (includes response to Revised Energy-Saving Law); operate system at pilot plant and collect and distribute energy-saving know-how in-house; operate corporate data system and promote tangible system at factories Undertake Groupwide CO₂ reduction measures (energy-saving capital investment) Implement energy-saving capital investment (factory and office lighting, energy-saving inverters) and verify the results of such energy-saving measures Strengthen energy-saving activities in each segment and follow through on plans Establish corporate energy-saving promotion structure <p>B) Acquire emissions credits with KHI Group products and technologies</p> <ul style="list-style-type: none"> Consider responses to new measures that fight global warming <p>C) Purchase emissions credits from trading market</p> <ul style="list-style-type: none"> Examine burden of purchasing portion of reduction targets not achieved <p>D) Acquire emissions credits by endowment or donation</p> <ul style="list-style-type: none"> Study forest conservation activities, use of green electric power, etc.
<p>Realization of a sound material-cycle society Engage in manufacturing that uses resources without waste in order to recycle and fully utilize limited resources</p> <p>(1) Activities to reduce total waste emissions</p> <p>i) Promote resource savings and 3R (reduce, reuse, recycle)</p> <p>ii) Zero emissions activities, increasing recycling rate</p> <p>Group target: By fiscal 2013, reduce waste basic unit (= waste emissions per net sales) by 12%, compared with fiscal 2003; maintain zero emissions</p> <p>(2) Decide on proper treatment plan for PCB wastes and follow through with appropriate measures</p>	<p>1. Activities to reduce total waste emissions</p> <p>1) Activities to reduce three substances with greatest waste emissions (metal scrap, waste oil, wood scrap)</p> <p>2) Promote resource saving, 3R</p> <p>3) Maintain and enhance zero emissions status</p> <p>4) Promote implementation of electronic manifests</p> <p>5) Establish and operate waste management system (incorporated into electronic manifests)</p> <p>2. Decide on proper treatment plan for PCB wastes and follow through with appropriate measures</p> <p>1) Follow through on JESCO commissioned processing</p> <p>2) Follow through on processing trends and number of processed units of equipment containing low-density PCBs</p>
<p>Realization of a society coexisting with nature Contribute to reduced environmental impact and conservation of the ecosystem through manufacturing that is in harmony with the global environment</p> <p>(1) Activities to reduce chemical substances</p> <ul style="list-style-type: none"> Set reduction targets and promote activities (both design and production initiatives) <p>Group target: Set controlled chemical substances reduction target for fiscal 2011 through fiscal 2013, compared with average for fiscal 2004 through fiscal 2006</p> <p>(2) Environmental contributions through products and technologies</p> <p>i) Activities to reduce environmental impact over product life cycle</p> <ul style="list-style-type: none"> Prepare foundation for performing product life cycle assessment <p>ii) Make products greener</p> <ul style="list-style-type: none"> Promote environmental consciousness in products <p>(3) Reduce impact on and conserve biodiversity</p> <p>i) Decide on biodiversity action guidelines and promote conservation</p>	<p>1. Activities to reduce chemical substances</p> <p>1) Perform critical point follow-through in departments stepping up reduction measures in 7th Plan</p> <ul style="list-style-type: none"> Acknowledge and organize usage status, clarify issues and set targets <p>Promote implementation and follow through with low-VOC paints as well as heavy-metal-free painting and surface-processing technologies</p> <p>2. Environmental contributions through products and technologies</p> <p>1) Activities to reduce environmental impact over product life cycle</p> <ul style="list-style-type: none"> Assess CO₂ reduction effects on products related to energy and transportation Consider evaluation techniques for life cycle assessment Report environmental contributions from products and technologies <p>2) Make products greener</p> <ul style="list-style-type: none"> Respond thoroughly to laws and regulations (RoHS Directive, REACH Regulations, etc.) Set standards for green products and boost sales of such products <p>3. Activities to protect biodiversity</p> <p>1) Set corporate policy on initiatives and follow through with appropriate measures</p>
<p>Establishment of environmental management systems Build a foundation for environmental management that will realize the 2020 Environmental Vision</p> <p>(1) Build EMS for KHI Group</p> <p>Group target: Finish building EMS at consolidated subsidiaries in Japan and abroad that are key production bases by fiscal 2013.</p> <p>(2) Thoroughly comply with environmental laws and regulations</p> <ul style="list-style-type: none"> Prevent recurrence of environmental accidents, etc. <p>(3) Practice environmental communication</p> <ul style="list-style-type: none"> Promote environmental dialog with all stakeholders 	<p>1. Build EMS for KHI Group</p> <p>1) Devise and promote a plan for building EMS at consolidated subsidiaries in Japan and abroad</p> <ul style="list-style-type: none"> In fiscal 2012, introduce EMS at five domestic subsidiaries and five overseas subsidiaries <p>2) Collect major environmental data for entire Group (energy, waste, chemical substances, etc.)</p> <ul style="list-style-type: none"> Collect information from Group companies on energy/CO₂ emissions and disclose data to public In fiscal 2012, collect environmental data from 46 domestic subsidiaries and 24 overseas subsidiaries <p>2. Thoroughly comply with environmental laws and regulations</p> <p>1) Activities of Environmental Law and Regulation Compliance Status Review Committee</p> <p>2) Follow up on environmental law revisions, etc., and implement throughout the Group</p> <p>3. Practice environmental communication</p> <p>1) Awareness-raising activities for KHI Group employees (environmental education)</p> <p>2) Disclose environmental data within and beyond Group (issue environmental news, CSR Report, etc.)</p> <p>3) Company forest restoration program</p>

Theme 4 We will pursue "manufacturing that makes the Earth smile."