

# 3 Employees

We will all create a workplace where everyone wants to continue working.

As part of our efforts to fulfill the KHI Group's mission and operational goals, we consider our employees to be our most important resource. We engage in initiatives to build a supportive work environment where employees feel safe and comfortable and can show their full potential.

Categories	
Safety and health	Human resource development
Human rights	Labor

## Overview of Activities during the Medium-term Business Plan 2010 (FY2011-2013)

During the period of the Medium-term Business Plan 2010, we continued to promote diversity and created an information database covering our human resources in administrative and technical positions. These were among our initiatives to make the work environment even more supportive of employees seeking to demonstrate their

potential. Going forward, a particularly important task is awareness of child labor, forced labor, and other human rights issues. In this regard, we plan to ensure that employees both in Japan and overseas are fully informed on these issues as part of concrete initiatives to promote employee human rights awareness.

### Self-Assessment of Activities

Category	Action	Annual self-assessment (average)		
		FY2011	FY2012	FY2013
Safety and health	Operation of management system and continuous improvement	★★★★★	★★★★★	★★★★★
	Operation of health protection system for staff working overtime	★★★★★	★★★★★	★★★★★
	Action in excess of legal requirement in safety, health, mental healthcare, etc.	★★★★★	★★★★★	★★★★★
Human resource development	Publication of employee education policies and goals taking account of business strategy	★★★★★	★★★★★	★★★★★
	Publication of education policies and goals taking account of careers up to retirement	★★★★★	★★★★★	★★★★★
Human rights and labor	System of fair evaluation reflected in employment conditions	★★★★★	★★★★★	★★★★★
	Measures for promotion of women to managerial positions	★★★★★	★★★★★	★★★★★
	Measures for employment of people with disabilities	★★★★★	★★★★★	★★★★★
	Action to support staff combining work with childcare	★★★★★	★★★★★	★★★★★
	Dialogue with labor unions and employees	★★★★★	★★★★★	★★★★★

★ Will take action going forward   ★★ Some action taken   ★★★ Robust action taken   ★★★★★ Sufficient action taken but further improvement targeted

## Measures during the Medium-term Business Plan 2013 (FY2014-2016)

Target profile	Measures
Appropriate operation and continuous improvement of occupational safety and health management system with due consideration to employee safety and health	<ul style="list-style-type: none"> <li>Implement safety awareness education</li> <li>Strengthen mental healthcare</li> </ul>
Measures to maximize the personal value of employees	<ul style="list-style-type: none"> <li>Strengthen education for global human resources and put in place relevant systems and conditions</li> <li>Roll out human resources development programs to the entire Group</li> </ul>
Initiatives to promote employee human rights awareness	<ul style="list-style-type: none"> <li>No child labor or forced labor Group-wide</li> </ul>
Positive action for equal opportunities and diversity	<ul style="list-style-type: none"> <li>Support activities aimed at all female employees (4U (for you) Network)</li> <li>Recruit employees of overseas nationality, create employment promotion network for overseas nationals, etc.</li> </ul>
Strengthen initiatives to create a supportive work environment for employees	<ul style="list-style-type: none"> <li>Reinforce support for employees with childcare and care responsibilities</li> </ul>

## Topic 1 Strengthening Our Safety Management System

Guided by a spirit that calls for “respect for humanity” and “health first,” we strive to build a workplace atmosphere that gives foremost priority to safety and health, creating a safe and comfortable workplace environment that promotes both physical and mental health. Unfortunately, however, three serious accidents were recorded in 2012. This figure, the first since 1999, is a cause of great concern to us. To remedy the situation, we have formulated a safety reinforcement strategy to be implemented going forward. The key points are listed below.

1. Based on the view that the serious accidents arose from unidentified risk, we will seek to prevent accidents in advance by constantly strengthening the ability to identify

risk and carrying out risk assessment of each work procedure at every workplace, to comprehensively reduce latent risk in the workplace.

2. Instead of leaving safety management to veteran employees, we will enforce a set of rules whereby managers and supervisors are responsible for establishing a systematic safety management system based on observation of workplace procedures and for carrying out regular patrols and other measures.
3. We will seek ways to enhance mock training facilities to raise awareness and thereby encourage employees to take the initiative in avoiding unsafe practices.

## Topic 2 Opening of the Skills Academy Training Center at the Harima Works

The Skills Academy Training Center opened in March 2012 as an education and training facility for the Plant & Infrastructure Company located within the Harima Works. The center consists of a two-story building that houses on its first floor a welding training workshop, a practical training workshop for machine processing and finishing, an intensive training room, and an accident simulation training classroom. On the second floor are a lecture room with capacity of more than 90 students and other facilities including a small classroom and a stack room. This comprehensive educational facility stands amid a rich, green setting.

We have entered an era marked by a change in age structure, with few mid-level employees, and the retirement in large numbers of a generation of highly skilled employees. This means that passing on technical skills has become a difficult challenge for our manufacturing workplaces. Through synergies

with the existing skills academy-type training system, the Skills Academy Training Center is achieving results as a center for transmission of existing technical skills, cultivation of new technical skills, and accelerated training in technical skills and instructor skills.



The Skills Academy Training Center

## Topic 3 Enhanced Nursery Provision at Workplaces

A nursery opened at Kawasaki Motors Enterprise (Thailand) Co., Ltd., in April 2010. The nursery is available to care for employees' children aged between 1 and 4 years. As of March 2013, it is providing regular care for approximately 20 children. An additional 15 or so children are registered and are looked after when the need arises. The nursery is generally open from 7:30 to 17:15 to coincide with regular working hours, but if requested by more than a fixed number of employees, it is also made available during overtime or holidays.

The opening of the nursery means that parents can continue working with complete peace of mind, having left their children to be cared for nearby. From the employer's viewpoint as well, the loss of skilled human resources due to

childbirth or childcare is avoided, promoting a stable and committed workforce. The opening of the nursery has thus proved to be a measure with mutual advantages.

In Japan, meanwhile, from fiscal 2013, we began providing nursery facilities at the workplace on supplementary work days to offer childcare for limited periods.



The nursery of Kawasaki Motors Enterprise (Thailand) Co., Ltd.

## Developing Human Resources

### Thoughts on Personnel

Group Management Principle No. 3 reads "People: The KHI Group's corporate culture is built on integrity, vitality, organizational strength and mutual respect for people throughout the entire Group. We nurture a global team for a global era." This provides the foundation for a corporate culture and environment in which our employees can maintain a positive outlook as they go about their work. We have introduced a variety of systems to achieve this goal and strive to enrich associated content.

#### Composition of Workforce (Non-Consolidated)

Number of employees 15,067 (14,237 men, 830 women)	<b>Breakdown by type of contract</b>	
	Full-time employees	14,195 (13,395 men, 800 women)
	Temporary employees	872 (842 men, 30 women)
	<b>By employment grade</b>	
	Managerial staff	3,150 (3,138 men, 12 women)
	General employees	11,917 (11,099 men, 818 women)

### Education and Training

KHI's ideal human resources fall into six categories, based on the Company's mission statement. The categories are (1) actively involved around the world; (2) solving issues for customers and the community; (3) leading reforms and innovation; (4) taking technology to new heights; (5) demonstrating comprehensive capabilities; and (6) always maintaining a profitability perspective. Aiming to cultivate human resources with these qualities, we promote comprehensive training and skill development for all employees regardless of rank.

#### 1 Reinforce the management and business execution capabilities of employees (administrative and technical training)

During their first three years of employment, employees in administrative and technical positions receive a combination of structured on-the-job training, facilitated by a mentoring system, and a range of training content to help young professionals shoulder new responsibilities as quickly as possible.

In addition to training for managers, including section managers, general managers and board members, we regularly conduct multifaceted observation surveys that provide feedback (opinions and evaluations) from supervisors, subordinates and colleagues to managers on their strong points and areas in need of improvement. Such initiatives serve to strengthen middle management and develop the skills of candidates for management positions.

In the execution of routine duties, we utilize communication opportunities, especially the operational goal sharing program GMK—which takes its name from the Japanese *gyomu mokuhyo kyoyuka* (sharing business targets)—and semiannual one-on-one meetings between supervisors and subordinates, to foster skill development through the achievement of operating goals.

#### Record of Main Grade-Specific Training Organized by the Head Office (Fiscal 2013)

Grade-specific training type	New employee training	Training for section managers	Training for general managers	Training for board members
Number of participants	290	82	30	215 in total
Total number of man-hours	13,920	7,872	1,680	2,472

#### 2 Strengthening of on-site capabilities (Training for production specialists)

We encourage young employees in production positions to enhance their skills and older employees to share their acquired expertise. To this end, we have put in place a system for young workers to obtain technical qualifications



Technical Skill Grand Prix

early in their careers and a traditional skill masters' system whereby experienced workers with sophisticated, specialized capabilities are designated "traditional skill masters" after which they impart their hands-on knowledge to younger colleagues.

In fiscal 2014, 20 new traditional skill masters were designated. When added to the existing body, this brings to 73 the total number of active masters.

We also participate wholeheartedly in Technical Skill Grand Prix events and other external skill competitions. In a Technical Skill Grand Prix held in February 2013, three employees won awards for "brave efforts," two in the lathe category and one in the machine assembly category.

### Securing Human Resources

When recruiting human resources, rather than simply filling posts as they become vacant, we seek to recruit human resources with the necessary skills in the required numbers based on a medium- to long-term view. The concrete result is that to secure a supply of outstanding human resources which will remain stable despite fluctuations in the employment market, we are moving to a system of recruitment plans that meet the staffing needs of a number of fiscal years at a time.

From fiscal 2012, we began global recruitment of new graduates, targeting not only Japanese nationals who have studied at overseas universities but also non-Japanese graduates from overseas universities. As a result, in fiscal 2013, seven overseas nationals joined KHI.

#### New Graduate Recruitment

	FY2012		FY2013		FY2014	
	Men	Women	Men	Women	Men	Women
Administrative and technical positions	246	23	266	23	257	24
Production positions	176	2	210	4	183	3
Total	422	25	476	27	440	27

Staff turnover: of the 539 staff who joined KHI on April 1, 2009, 36 had left the Company three years later.

## Developing Global Human Resources

With the aim of developing human resources to support global business expansion, we are working to enhance training programs. These include language training in English and Chinese, practical overseas business training to foster a global perspective in the workplace and teach skills useful in overseas business, preparatory training for staff on overseas postings that provides region-specific training in cross-cultural communication, and overseas programs in which staff are sent overseas for training.

Record of Main Training Related to Global Human Resource Development Organized by the Head Office (Fiscal 2013)

	Overseas business training	Language training (English)	Language training (Chinese)
Number of participants	48	10	20
Total number of man-hours	4,608	420	960

Note: Language training is also carried out at other operating sites.

## Matching the Right Person to the Right Job

When transferring personnel, we take account of factors such as suitability, skills, personnel distribution, and issues relating to staff replacement to achieve a human resources profile that matches the right person to the right job.

As part of our effort to achieve this profile, we seek to boost employee motivation and engagement by operating a number of systems that give weight to the aspirations of the individual employee. One of these is the self-report system, which gives employees the opportunity once a year to report on their job satisfaction, strengths, suitability to their present post, and transfer requests. We have also put in place a rotation system aimed at cultivating staff with a wide range of specialist knowledge, and an in-house recruitment system (job challenge system) designed to respond to special human resources needs.

In fiscal 2013, these were supplemented by two new systems, the "free agent" system, whereby any employee who fulfills the application criteria can apply for vacant in-house positions, and the inter-company human resource exchange system (in-house exchange study system). These will serve the aims of more appropriate distribution of human resources and human resources development.

As a foundation of support for these systems, we also established the DRAGON human resources information management system, which begins full operation in fiscal 2014. This is a system that links existing basic personnel data with supplementary information on professional experience, assigned duties and skill level to provide an objective picture. Operating this system enables us to know, for instance, the amount of human resources we have covering specific assigned duties at specific skill levels, and the division in which the required human resources are located. This allows flexible allocation of human resources to match current work conditions.

## Respect for Diversity

### Promoting Diversity

In the Kawasaki Business Vision 2020, we affirm our aim to "create a corporate culture that emphasizes diversity and a good work-life balance, gives employees confidence in their employer and colleagues, fosters pride in their work, and enables them to enhance their skills and demonstrate their full potential." Our Diversity Promotive Section takes the lead role in implementing a range of relevant strategies that center on introducing varied work patterns to help all employees achieve a good work-life balance, promoting active roles for women, promoting the employment of people with disabilities, supporting the next generation and other care responsibilities, and creating elder-friendly workplaces.

Since 2011, a message from the Company president on the subject of promoting diversity has been distributed to all employees in June each year. In 2012, the message was entitled "Diversity in human resources: turning differences into strengths" and called for "differences at the individual employee level to be turned into strengths to overcome the competition" and for employees to "reach a higher dimension of motivation by balancing work and life."

On our corporate intranet, we have set up a diversity promotion website titled *Hibikiau Chikara* (Strength in Synergy), whose content includes an outline explanation of the concept of diversity, presentation of examples from the workplace, and information on systems to promote work-life balance.

### Promoting Active Roles for Women

Currently in our efforts to promote active roles for women in our organization, our first priority is to hire them, taking an enthusiastic approach to such recruitment. The number of women hired and the number of women in managerial positions has increased annually, and in the area of hiring in particular, about 30% of the university graduates taking administrative positions with us are women.

Number of Women in Managerial Positions  
(Section Head or Above; as of April 1 for Each Year)

FY2010	FY2011	FY2012	FY2013	FY2014
12	13	13	14	15

Note: Figures include staff on external postings and staff on leave.

In 2012, we held a Forum on Work Options for Women in Administrative and Technical Positions, attended by approximately 200 staff members, and featuring lectures by external speakers and group discussions.

We have also begun a program of activities under the banner of the 4U (For You) Network, which aims to boost participation by women through female cooperation in self-development. Among its activities are identifying role models among senior employees and sharing tips on how to establish a balance between life events and work.



4U (For You) Network

## Promoting Active Roles for the Disabled

We also strive to hire more people with disabilities, and people with physical challenges are thriving in a range of office environments. Going forward, to maintain and increase the rate of employment of people with disabilities, we will undertake active recruitment and work energetically to achieve barrier-free workplaces, creating an environment in which people with disabilities can develop their potential to the full.

Percentage of Disabled Employees (As of April 1 for Each Year)

FY2010	FY2011	FY2012	FY2013	FY2014
1.89%	1.83%	1.81%	1.74%	1.79%

## Support for a Good Work-Life Balance

All employees should be able to combine work with childcare and other care responsibilities, continuing to work with energy and enthusiasm. With this in mind, KHI provides a wide variety of programs to help employees support the next generation and other care responsibilities.

Examples of such programs include a system of childcare leave available until employees' children reach age 3; a short-time working system available to employees with children of elementary school age; care leave available for up to three years; a program to support those on childcare leave who wish to return to work; a system whereby people can apply for reemployment when they are ready to return to work after resigning because of marriage, childbirth, childraising, or other reasons; and a system that lets staff take time off in units of one hour at a time if needed to care for children or other family members, for example. With initiatives in this area exceeding legal requirements, KHI was recognized in 2010 by the Hyogo Labor Office Director as a Childcare Supporting Company.

Meanwhile, in fiscal 2013 we extended the paternity leave entitlement from two to five days, promoting men's participation in childraising. The same year, we took steps to further enhance our systems by introducing two new measures, among others: an employee nursery offering childcare on supplementary work days, and an emergency childcare system that gives employees access to a babysitter service designated by the Company for looking after ill or convalescent children or when employees are on a business trip or working overtime.

Number of Employees Using Childcare or Care Leave

	FY2011	FY2012	FY2013
Childcare leave	27 (3 men, 24 women)	23 (0 men, 23 women)	24 (1 man, 23 women)
Care leave	3 (3 men, 0 women)	2 (2 men, 0 women)	3 (2 men, 1 woman)

## Fixed Retirement Age of 63 and Reemployment

KHI began action to extend the retirement age before the legal requirement was introduced by the revision of the Older Persons' Employment Stabilization Law. Thus, in April 2006 the fixed retirement age for general employees was set at 63 through agreement between labor and management. Of all employees covered by the extension of retirement age, approximately 85% continue to work until age 63.

In addition, we operate a post-retirement reemployment system that in principle makes available post-retirement reemployment up to age 65 to all those who request it. These policies allow many veteran employees to remain involved in active operations where they can use their rich store of experience and pass on their skills. Some 75% of employees reaching the standard retirement age take advantage of the system for reemployment up to age 65.

Employees who have reached age 55 are invited to participate in a "Lifestyle Design Seminar," which offers them the opportunity to find out about our schemes for postponing retirement and seeking reemployment and to consider afresh their lifestyle options following reemployment. As of April 1, 2013, the number of reemployed staff totaled 721.

## Mid-Career Recruitment

With the aim of benefiting from diverse human resources, we are working actively in the area of mid-career recruitment. In fiscal 2013, KHI recruited 371 employees through this route. These recruits enjoy employment conditions equal to those of new graduates, while we benefit from the professional skills and strategic abilities they have built up.

Number of Mid-Career Recruits

	FY2012	FY2013
Administrative and technical positions	147	148
Production positions	174	223
Total	321	371



## Achieve a Vibrant Workplace Atmosphere

### Encouraging Employees to Take Annual Paid Vacation

KHI encourages employees to use their annual paid vacation time to refresh mind and body and find a better balance between work and private life.

One way to do this, introduced in fiscal 2012 through an agreement between labor and management, is the *Yuyu Renkyu* system combined with the "anniversary vacation" system. Under these systems, employees decide at the beginning of the fiscal year on a date for consecutive days of vacation, which they are then obliged to take when the time comes. The *Yuyu Renkyu* system allows for two consecutive days of vacation. When this is added to the "anniversary vacation," each employee receives three days of vacation a year planned in advance.

Number of Days of Annual Paid Vacation Taken (22 Days of Annual Entitlement) and Total Annual Hours of Work

	FY2011	FY2012	FY2013
Paid vacation days	15.3	15.6	15.4
Total annual hours of work	2,044	2,048	2,037

### Overtime Ban Once a Week

By agreement between labor and management, KHI introduced an overtime ban in fiscal 2007 to operate in principle once a week.

Mandating a day when staff go home on time improves the work routine and contributes to promoting work-life balance.

### Communication between Management and Employees

To create a vibrant workplace environment, it is important to disseminate as rapidly as possible to all employees the thinking of top management as well as corporate policies, management information and other key issues. To ensure that information is accurately transmitted from management to employees, KHI's intranet and internal bulletins expedite delivery of information and ensure that messages from top management are quickly received by all. We have established a variety of opportunities for discussion with labor, where executives can explain policies and management information directly to employee representatives.

The rate of union membership as of March 31, 2013, was 79% (proportion of full-time employees). The KHI labor agreement has adopted a union shop system.

### A Flexible Range of Employment Conditions to Match Individual Abilities and Performance

To offer a flexible range of employment conditions to match individual abilities and performance as well as a system of benefits that improves motivation and incentivizes skill development, KHI employs a "job qualification system" based on employees' abilities and their target roles or duties to determine employment conditions. These include assigned position, salary, bonus, and career development, among others.

Our personnel system serves as the basis for this job qualification system. Personnel assessment consists of a performance evaluation, which assesses the degree of

difficulty of the employees' work duties and their level of achievement and work attitude, and an ability evaluation, which assesses their professional ability with a focus on knowledge and skills. The results of the evaluation are reflected in advancement to a higher level of job qualification and in a salary increase and bonus, and are also used when deciding on career development, position assignment, and a job transfer.

### Education and Training to Ensure Fairness in Evaluation and Employment Conditions

To ensure fair and equal evaluation, there is a fixed assessment procedure that is explained to the evaluator. Opportunities to upgrade evaluator skills are offered, for example, in section chief training through methods such as case study.

Going forward, to improve the fairness and level of acceptance of evaluation, we will aim to give the staff undergoing evaluation a careful explanation of the personnel assessment system and provide training for evaluators.

## Creating a Safe, Comfortable Workplace

### Basic Premise on Employee Safety and Health

Protecting the safety and health of employees is of paramount importance.

KHI is committed to the principle of "human respect," which means respect for human life plus respect for humanity, and to the principle of "health first." To reflect this, KHI seeks to build a workplace atmosphere that puts the highest priority on safety and health and ensures a safe and comfortable workplace environment, where employees enjoy both mental and physical well-being.

### Safety and Health Management Systems

In its Safety and Health Management Rules, KHI assumes the following corporate obligation: "We will establish safety and health management systems and institute measures necessary to prevent occupational accidents and conditions that impair health, sustain and perhaps improve the health of employees, and foster a pleasant working environment."

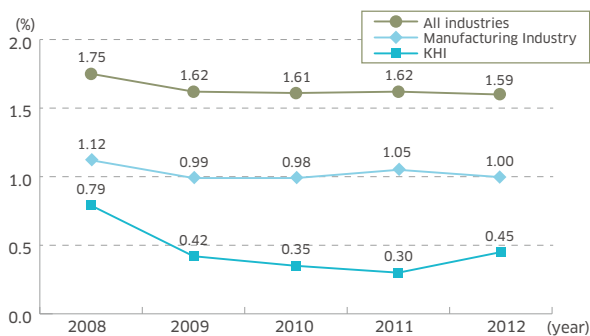
Specifically, the general safety and health manager at each site is assigned safety and health management supervisory duties, in accordance with basic policy outlined by the Chief Safety and Health Management Officer, to facilitate safety and health management.

### Efforts to Prevent Occupational Accidents

#### 1 Effective operation of occupational health and safety management system and continuous rollout of risk reduction activity

As part of our occupational health and safety management system, an internal audit is carried out at each operating site. In addition to revising and refining the system, we work to achieve efficient operation integrated with safety management activities. In the conduct of risk assessments, to ensure that unidentified risk does not lead to serious incidents, we work to continuously increase our ability to identify risk and carry out risk assessment of each work procedure at every workplace to reduce latent risk in the workplace. In this way, we strive to prevent the occurrence of serious incidents.

Incidence of Occupational Accidents (Absentee Rate)



Data source: all industries, manufacturing industry (Ministry of Health, Labour and Welfare, 2011, Occupational Accident Survey Results)

#### 2 Maintaining the KSKY Campaign

The KSKY Campaign is an important part of KHI's safety measures. The letters KSKY stand for Japanese words that describe the different elements of the campaign: K for creating a disciplined workplace that observes the basic safety rules (*kihon*); S for making sure to identify and call out to confirm breaks and other crucial points in each work operation (*shisa koshou*); and KY for working to further improve ability to predict danger (*riken yochi*). The purpose of the campaign is to instill greater awareness of safety measures and to create a workplace secured by "mutual cautioning," which means essentially that employees monitor the safety of others as well as themselves.

#### 3 Promoting safety awareness education through simulations and related training

To prevent accidents caused by unsafe practices, we implement a range of safety education programs aimed at different staff grades, including simulated scenarios that are used to help employees with the identification of dangers in the workplace. This is designed to foster an awareness of safety that will encourage employees to take the initiative in avoiding unsafe practices.

### Raising Safety and Health Awareness

To promote improved safety and health awareness, divisions with an excellent record in terms of the safety and health, or employees with outstanding achievements in the promotion of safety and health, are rewarded through a system based on the KHI Safety Award Regulations.

We have also formulated Safety and Health Education Standards under which we carry out the necessary safety and health education in addition to the education required by law. This education not only serves to improve safety and health-related knowledge and skills but is also important in boosting safety and health awareness.

Safety and health education covers grade-specific education tailored to different staff grades; operation-specific education carried out after a change in operational content or for employees engaged in specific duties; and general education, which includes health education and training in advance detection of dangers. Specifically, grade-specific education offers education based on an integrated system covering all grades, from newly recruited employees through core staff grades to managerial and supervisory staff.

### Health Advice and Efforts in Mental Healthcare

#### 1 Health checks

To monitor the health of employees and facilitate appropriate health measures, all employees undergo a regular health check once a year and additional health checks at other times, including on recruitment, before and on return from overseas postings, and when engaged in specific hazardous operations.

#### 2 Mental healthcare

In addition to offering a permanent consultation service for mental health issues, we check routine stress levels among employees during regular health checks and send employees with high stress levels for a consultation with an industrial physician. We also offer educational programs to impart correct knowledge about stress and mental healthcare and to teach coping methods. These programs include line-care education for managerial and supervisory staff and self-care education for employees. In addition, we have put in place a set of work rehabilitation regulations that authorize shorter working hours and a reduced number of work days in cases where work rehabilitation is required as a therapeutic measure. Together with related measures, this forms part of a system to ensure a smooth return to the workplace.

#### 3 Measures for staff working long hours

Staff working long hours, defined as 60 hours or more of overtime in one month, are required to carry out a self-assessment for fatigue in the following month. Staff with high levels of accumulated fatigue are also sent for a consultation with an industrial physician and provided with individual guidance.

#### 4 Health classes

KHI's corporate Total Health Promotion (THP) activities include health education classes, for example, to help employees improve their diets and build physical fitness. In addition, personalized guidance to promote healthier lifestyles is provided to newly recruited employees, employees found in regular health checks to have symptoms of a lifestyle disease, and other groups.

## Respect for Human Rights

### Respect for Human Rights and Policy on Discrimination

The philosophy underlying the Kawasaki Heavy Industries Code of Corporate Ethics is "respect for individuality and human rights / prohibition of discrimination."

As part of our commitment to this philosophy, we have affirmed that "To create and maintain a comfortable workplace, we respect the individuality and human rights of all people. We do not engage in discrimination, sexual harassment or bullying." In September 2011, we formulated the Kawasaki Global Business Ethics Guidelines, which established a policy on corporate ethics and compliance that applies globally to all Group companies. The guidelines call for respect for human rights and commit us to opposing discrimination and intimidation in the workplace as well as labor involving young people below the local legal working age as well as any form of forced labor.



#### Kawasaki Global Business Ethics Guideline

[http://www.khi.co.jp/english/csr/pdf/global\\_ethics\\_guideline\\_en.pdf](http://www.khi.co.jp/english/csr/pdf/global_ethics_guideline_en.pdf)

### Prohibiting Sexual Harassment and Power Harassment

To create a comfortable working environment where employees can perform their jobs free from harassment, KHI offers a grade-specific training to guide everyone onto the path of appropriate behavior and to enlighten everyone about the morale-crushing consequences of harassment. We have implemented harassment awareness training designed to cover all employees. In fiscal 2014, we intend to roll out a program of power harassment awareness training for managerial staff.

To deal with potential issues related to sexual harassment, we have set up a counseling office at all operating sites, and established a dedicated e-mail address to which employees can turn for advice. In addition, we have prepared a manual for counselors that outlines procedures to ensure the privacy of people seeking advice as well as a proper response to their concerns.

To raise awareness of human rights issues, we employ training for new employees and sessions for existing employees in a range of corporate positions as opportunities to highlight the importance of respect for human rights.

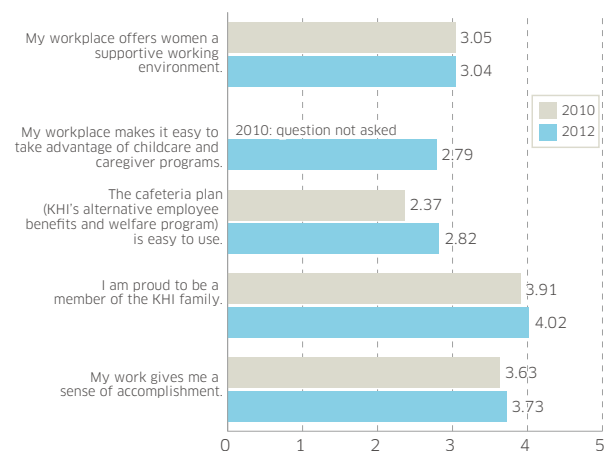
## Employee Satisfaction Survey

### Results of the Employee Satisfaction Survey

KHI conducts employee satisfaction surveys every other year and uses the results to prepare new policies and programs. The survey undertaken from February to March 2011 garnered an increase in positive responses on nearly all questions, such as "I am proud to be a member of the KHI family" and "My work gives me a sense of accomplishment."

At the same time, there were some questions where positive answers were relatively few, such as those on employee welfare and whether it was easy to take advantage of childcare and other caregiver programs. We took this result on board and responded in fiscal 2013 by introducing a nursery service for supplementary work days and an emergency childcare system.

Survey Results (Fiscal 2012 / Fiscal 2010)



Note: From the 59 questions in the survey, we selected five that generated notable results. The number represents the average value given by respondents who were asked to rate the statement on a scale from 1 to 5. The higher the value, the more positive the assessment, indicating a high level of satisfaction.