

5 Social Contribution

We will expand the circle of contribution that links to society and the future.

In the field of social contribution activities beyond its business operations, the KHI Group focuses on dynamic activities designed to meet the expectations of society while drawing on strengths, in line with its Group Mission, "Kawasaki, working as one for the good of the planet."

Categories

- Local communities and Japanese society
- International community

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

In addition to donating funds to a variety of charitable activities and supporting disaster relief across the globe, notably after the Great East Japan Earthquake, the KHI Group undertakes a range of voluntary programs. These include operation of the corporate museum, Kawasaki Good Times World, organization of numerous events mainly to benefit children, support for culture and sports,

involvement in local economic development projects, and corporate forest restoration projects.

Looking ahead, we aim to define our social contribution vision and policies more clearly and build systems to better implement them. At the same time, we are committed to expanding our voluntary program of activities to support and nurture the next generation.

Self-Assessment of Activities

Category	Action	Annual self-assessment (average)		
		FY2011	FY2012	FY2013
Social contribution	Formulation and publication of basic policy on social contribution and key areas	★★★★	★★★★	★★★★
	Publication of expenditure on social contribution activity	★★★	★★★★	★★★★
	Encouragement of self-planning and self-sponsored social contribution initiatives	★★★	★★★★	★★★★
	Identification of conditions in countries where the Company has overseas operations and corresponding activities	★★★★	★★★★	★★★★

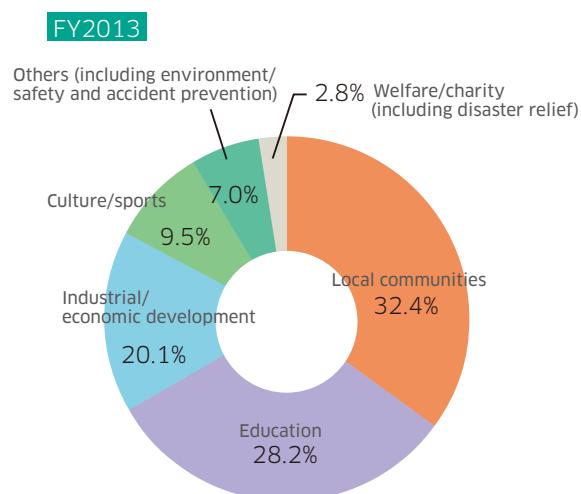
★ Will take action going forward ★★ Some action taken ★★★ Robust action taken ★★★★ Sufficient action taken but further improvement targeted

Expenditure on Social Contribution

(Millions of yen)

	FY2011	FY2012	FY2013
Local communities	164	226	223
Education	153	164	194
Industrial/economic development	120	142	137
Culture/sports	55	55	65
Welfare/charity (including disaster relief)	232	190	20
Others (including environment/safety and accident prevention)	13	19	48
Total	737	796	687

Recurring profit for the fiscal year	49,136	63,627	39,328
Expenditure as a proportion of recurring profit	1.50%	1.25%	1.75%



Notes

- Figures include donations, sponsorship contributions, goods and material supply, the cost of operations commissioned from external organizations, and the personnel cost of staff posted to external organizations (the portion covered by KHI), etc.
- Figures exclude the personnel cost related to KHI employees and costs related to the use of corporate facilities. Consolidated subsidiaries are included.

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

Target profile	Measures
Clearly define Group-wide social contribution vision, basic policy, and key areas and implement activities	Clarify vision, basic policy, key areas, and role of individual organizations
Encourage self-planned and self-sponsored social contribution initiatives	Build internal systems, strengthen activities, identify society's expectations of KHI and reflect these in activities

Topic 1 Make Your Own Helicopter!

Handicraft workshops given at Minamisanriku Town and Rikuzentakata City

We wanted to use our social contribution activities to allow large numbers of children to experience the wonder of technology and the importance of manufacturing. We therefore developed and are holding a handicraft workshop program for elementary schoolchildren based on the technology used in the helicopters we manufacture. Since the program (Make Your Own Helicopter!) was launched in fiscal 2012, workshops have been held in three areas, Osaka, Miyagi, and Iwate prefectures, and approximately 140 children have taken part.

In fiscal 2013, with the twin aims of helping to nurture the next generation and assisting recovery in the earthquake-stricken Tohoku region, workshops were held for 77 children and their parents at three elementary schools in Miyagi and Iwate prefectures over two days, from October 26 to 27, 2012.

The educational helicopter is an original model developed in house for use in the handicraft workshop. With KHI employees acting as coaches, the children assemble the helicopter fuselage and rotor from balsawood, while measuring the lift force of the rotor, experimenting with technologies to stop the fuselage from rotating, and tackling other issues in a program that allows them to experience the elements of learning, manufacturing and enjoyment, all at the same time. With the help of advice from the coaches, the children became so engrossed that they forgot to go out and play during break.

Going forward, the KHI Group will continue to work with local communities to explore ways of making social contributions through its business operations.



The children became so engrossed that they forgot to go and play during break!



Handcrafted helicopter

What the children said (77 responses)

	Agree	Agree a little	Do not agree very much	Do not agree
The lesson with the coach was interesting.	72	5	0	0
It was fun talking with our group's coach.	63	13	1	0
After the lesson, I felt like trying to make something myself.	55	15	6	1
I would like the coach to come to our school again and teach us more.	72	5	0	0

What the parents said (22 responses)

	Agree	Agree a little	Do not agree very much	Do not agree
The lesson with the coach was interesting.	20	2	0	0
I would like my child to take part again in a similar handicraft workshop.	21	1	0	0

KHI Wins a Prize at the CSR Initiative Award in Education 2012 in the Teaching Material Development Category

On December 22, 2012, this program was awarded a prize in the teaching material development category at the CSR Initiative Award in Education 2012, organized by Leave a Nest Co., Ltd. For details, please follow the link below to the website.

<http://www.kyoiukuouen.com/award2012/>



Award ceremony



Presentation

Topic 2 Make Your Own Crane! —Participation in Science Yard 2013—

On March 20, 2013, KHI took part in Science Yard 2013, a science and technology encounter event for elementary schoolchildren in the Kansai region sponsored by Leave a Nest Co., Ltd. This marked the second year of KHI's participation.

Each year, KHI prepares for the event by developing an educational program using our products as materials. In fiscal 2013, we developed a program based on the workings of hydraulic products and organized a handicraft workshop.

As part of our program, which was designed to allow children to experience the wonder of science and technology and the fun of making things, children used two syringes of differing size to discover Pascal's principle, assembled a model of a crane, and practiced lifting heavy objects with small amounts of force. We hope that encounters with technology of this kind will inspire many children to decide "I want to be an engineer when I grow up."



Children making their own cranes

■ What the children said:

- "I managed to make a good model quickly. When we set the big syringe against the little one, I never thought that the little one would win."
- "The workshop helped me understand how cranes lift heavy weights."
- "I want to find out what other situations Pascal's principle is used in."
- "I was really surprised that we were able to make a crane with syringes. It was very hard to do, but I was really happy when I managed it. I really enjoyed myself."
- "When I get home, I want to make another one."

Topic 3 Exhibition at a Science Fair in Hyogo

On January 20, 2013, KHI exhibited at the Fifth Science Fair in Hyogo.

At this event, students from high schools and technical colleges in Hyogo Prefecture and beyond give presentations on their recent research activity in the fields of mathematics and science and communicate with universities, businesses, research centers and other institutions.

KHI has exhibited at the annual event since its second year. This year, we used the "Make Your Own Crane!" program described above to explain the principle of hydraulic technology and present examples



Students gathering at the KHI booth

of its practical application.

We hope that communications of this kind will encourage many high school and technical college students to develop a deeper interest and involvement in science and provide them with pointers for their future path in life.

■ What the participants said:

Staff member who took part as a coach

"Normally people do not get to see hydraulic equipment, but I think we were able to show the kind of places where it is used."

"The students came up with some disarmingly simple questions, such as why the liquid we use has to be oil. It was a learning experience for us too, as we had to think about how best to explain so that they could understand the equipment."



Ken-ichi Tominaga
Industrial Machinery Section,
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Topic 4 Ship for the World Youth Program: International Exchange Activities in Kobe

On February 15, 2013, when the Ship for World Youth sailed into the port of Kobe, KHI took part in exchange activities with the 43 program participants. The ship is the focus of an international youth exchange program operated by the Cabinet Office of the government of Japan.

Under this program, youths from Japan and 10 other countries around the world spend 19 days living communally aboard the ship, taking part in a range of exchange activities on board at the ports of call (Naha, Kobe and Ofunato cities) and in the countries the youths visit. The aim is to nurture young people who can show leadership skills in a variety of sectors in societies where internationalization is progressing.

KHI staff members, consisting mainly of younger employees, joined the program participants in a visit to the corporate museum Kawasaki Good Times World. Afterward, the two sides attended a talk on the KHI Group's CSR and environmental activities and enjoyed a social meeting over lunch, promoting mutual understanding and friendship.



An on-board lecture

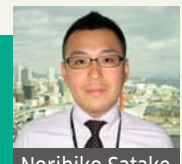


Communicating with youth program participants

■ What the participants said:

KHI staff member participant

"In some of the program participants' countries, there is no railroad system. So at Kawasaki Good Times World, participants viewed with interest the display of a real Shinkansen and the video presentation of railroad rolling stock manufacture. For me, it was another occasion when I could see that our company is one that supports the social infrastructure and has a social mission."



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Topic 5 Achieving a Society That Coexists with Nature through Forest Restoration Activity



In Kochi Prefecture, new employees engage in forest maintenance activities.

To help bring about a society that coexists with nature, the KHI Group engages in activities to preserve the ecological environment in three locations: Kochi, Hyogo and Miyagi prefectures.

The first location for our activity is Niyodogawa Town in Kochi Prefecture, where KHI has taken part since 2007 in the prefecture's forest restoration project. With this project, businesses and local governments come together to restore the forest. Each year, new employees participate in tree thinning and related operations, deepening relationships with local communities.

In Taka Town in Hyogo Prefecture, KHI has participated in the prefecture's corporate forest restoration project since 2008. Participants are recruited in house in the spring and fall. As of April 2013, a total of approximately 880



In Hyogo Prefecture, employees join in tree-thinning operations.

employees and family members have taken part in forest conservation activities including tree planting and thinning.

In the four years to 2012, the amount of CO₂ absorbed by the forests KHI maintains was 33,35t-CO₂, in recognition of which the Company received a

CO₂ Removals Certificate from Taka Town.

From 2011, we also began forest maintenance activities in Sendai City in Miyagi Prefecture. As part of its social contribution efforts in the area hit by the 2011 earthquake disaster, staff from KHI operating sites in Sendai joined nonprofit organizations in branch pruning and tree-thinning operations in local forests on the city outskirts.

By carrying out forest restoration activities at a number of locations in cooperation with local communities, we are contributing to coexistence between humans and nature.



In Miyagi Prefecture, branch pruning operations are carried out jointly with nonprofit organizations.

Topic 6 Kobe Marathon Runners' Race Bib Sponsor

On November 25, 2012, we followed up on our participation of 2011 by contributing to the Kobe Marathon as a race bib sponsor for male runners. In addition, 160 employee volunteers turned out to man the roadside water stations and cheer on the roughly 20,000 athletes as they raced through the streets of Kobe.



Volunteers at the water station

Topic 7 Interaction Opportunities with the Local Community (Akashi Works)

On November 23, 2012, KHI organized a bus tour of the Akashi Works and a visit to the corporate museum Kawasaki Good Times World for a group of 112 people, comprising pupils from surrounding elementary and junior high schools and members of their families. This was the second time an interaction event of this kind had been held.

The site manager, Mr. Okamoto, welcomed the visitors with a talk on the history of the Akashi Works and the operations carried out there, and he underlined its aim to develop hand in hand with the local community. The visitors were served lunch in the works cafeteria, sharing the same menu as the staff.

At Kawasaki Good Times World, the children were asked what they would like to make, and one of the younger boys replied with a beaming smile: "A robot!"



Akashi interaction group

Fiscal 2013 Support for Recovery from the Great East Japan Earthquake

Donation of Jet Ski Personal Watercraft

On March 6, 2013, to support the recovery of the coastal fishing industry and help prepare for future emergencies, KHI donated a Jet Ski STX-15F to Matsushima Town in Miyagi Prefecture.



The Jet Ski is delivered.



Jet Ski STX-15F

Support for Construction of Tohoku Rainbow House

In March 2013, KHI donated ¥2 million to support the Tohoku Rainbow House*, which is being built by the Ashinaga charity to look after the emotional needs of children orphaned by the earthquake disaster.

*The first Rainbow House was opened in 1999 in the city of Kobe following the Great Hanshin-Awaji Earthquake.