Eighth Environmental Management Activities Plan (FY2014-2016)

The Eighth Environmental Management Activities Plan (referred to below as the Eighth Plan), covering the period from fiscal 2014 to fiscal 2016, lays down a basic policy for coordinating environmental management with business management and promoting the KHI Group's environmental contribution. By setting key strategies and the Eighth Plan targets for the fulfillment of this policy to anticipate society's environmental needs, we will accelerate progress in energy saving and resource saving. In concrete terms, the four key strategies we will pursue are (1) realization of a low-carbon society, (2) realization of a recycling-oriented society, (3) realization of a society coexisting with nature, and (4) establishment of environmental management systems (EMS). Along these lines, we will roll out activities to achieve our Environmental Vision 2020.

Coordination with Business Management and Promotion of Environmental Contribution

Key strategy

Realization of a low-carbon society

CO₂ and energy reduction

Use the energy visualization system

By fiscal 2016, reduce annual CO₂ emissions and energy consumption by at least 5%

Reduce CO₂ emissions through the contribution from products

Achieve cumulative values at least equal to the initial plan values for each business segment

Eighth Plan targets

Realization of a recycling-oriented society

Promotion of the 3Rs

Promote the 3Rs in the areas of waste management (reduction of waste generation, reuse, recycling)

Reduce total waste emissions per unit of sales, and maintain zero emissions

Promote PCB treatment

Advance with the treatment of high-concentration PCB*1 waste and low-concentration PCB waste

Realization of a society coexisting with nature

Reduction of environmental load/promotion of resource conservation

Reduce chemical substances

Major VOCs*2 per unit of sales for each fiscal year to be at or below the average of results achieved in the Seventh Plan

Continue with forest conservation activity

Carry out forest conservation activity more than twice a year

Establishment of environmental management systems

Enhancement of the KHI Group environmental management system

Reinforce the environmental management ability of KHI and consolidated subsidiaries in Japan

Set reduction targets, and provide appropriate feedback

Reinforce the environmental management ability of overseas consolidated subsidiaries

Identify overseas laws and regulations and other requirements, and support environmental risk reduction

^{*1} PCB: Polychlorinated biphenyl

^{*2} VOC: Volatile organic compound. For the KHI Group, the major VOCs are toluene, xylene and ethylbenzene.

Group Mission

"Kawasaki, working as one for the good of the planet"

Environmental Vision 2020

Realization of a low-carbon society

Contribute to the prevention of global warming through our products and manufacturing that use energy without waste

- ① Reduce 2020 greenhouse gas emissions in line with national targets.
- ② Offer customers energy-efficient products and services and reduce emissions of greenhouse gases on a planetary scale.
- ③ Promote energy conservation in production and logistics processes and reduce emissions of greenhouse gases.

Realization of a recycling-oriented society

Engage in manufacturing that uses resources without waste to recycle and fully utilize limited resources

- ① Practice design that uses resources effectively and work to make products lighter, more durable and more recyclable.
- ② Practice the 3Rs (reduce, reuse and recycle of waste) in production activities and achieve zero emissions at all plants.
- ③ Completely and appropriately treat all PCB waste and PCB-containing devices.

Realization of a society coexisting with nature

Contribute to reduction of the environmental impact and conservation of the ecosystem through manufacturing that is in harmony with the global environment

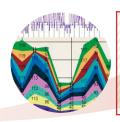
- ① Offer customers products and services that prevent air and water pollution, and advance environment improvements and ecosystem protection.
- ② Reduce the use of chemical substances in products and production activities.
- ③ Cooperate in regional forest conservation and other activities to protect the environment of ecosystems.

Establishment of environmental management systems

Build a foundation for environmental management that will achieve the Environmental Vision 2020

- ① Establish EMS at all consolidated subsidiaries in Japan and overseas to promoteen vironmental management Group-wide.
- ② Comply with environmental laws and regulations and regularly follow up on compliance status.
- ③ Communicate environmental data within and beyond the Group and maintain two-way dialogue while protecting the environment.

Target Profile of the KHI Group in 2020



- •Energy consumption and CO₂ emissions
- Major reductions achieved
- Contribution from products

 Major reductions achieved in CO2
 emissions during utilization



·3Rs

Major reductions achieved per unit of sales Recycling rate more than 97% Zero emissions maintained

·PCB treatment

All treatment completed



·Major VOCs

Major reductions achieved per unit of sales and in total amount

- ·Heavy metals
- Major reduction in amount utilized
- ·Forest conservation activity
- Forest conservation activity continued



Establishment of EMS

Establishment completed across the KHI Group as a whole