

3 Employees

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



We consider employees to be our most valuable resource—real assets—to fulfill the Group Mission and achieve business targets. We place great emphasis on cultivating a corporate atmosphere conducive to free and open dialogue and seek to build a pleasant workplace environment in which employees feel safe and comfortable and can demonstrate their full potential.

Categories			
Safety and health	Human resource development	Human rights	Labor

Goals/Approaches and Actions of Medium-term Business Plan 2013 (FY2014 - 2016)

Goals/Approaches	Actions
<ul style="list-style-type: none"> ● Implement appropriate administration and continuous improvement of occupational safety and health management system with due consideration to employee safety and health 	<ul style="list-style-type: none"> ● Promote safety awareness training ● Strengthen programs for good mental health
<ul style="list-style-type: none"> ● Implement measures to maximize the personal value of employees 	<ul style="list-style-type: none"> ● Strengthen education for fostering global human resources and put in place relevant systems and conditions ● Reinforce management training and programs according to career position
<ul style="list-style-type: none"> ● Conduct programs to promote employee human rights awareness 	<ul style="list-style-type: none"> ● Ensure the prohibition of child labor and forced labor at all Group companies
<ul style="list-style-type: none"> ● Take positive action for equal opportunities and diversity 	<ul style="list-style-type: none"> ● Support activities for female employees (4U (for you) Network) ● Recruit foreign nationals, create employment promotion network and other work opportunities
<ul style="list-style-type: none"> ● Strengthen initiatives to create a comfortable work environment for employees 	<ul style="list-style-type: none"> ● Enrich support initiatives for employees with children and eldercare responsibilities

Overview of Activities in Fiscal 2014

In fiscal 2014, the first year of MTBP 2013, KHI was able to expand initiatives to enhance diversity through such efforts as establishment of a special subsidiary, Kawaju Heartfelt Service, and activities in the 4U (For You) Network, which supports diversity in the workplace.

In addition, experts, including representatives from non-governmental organizations, gave lectures on human rights at the dialogue with experts—see pages 93-94—and helped employees gain a deeper understanding of human rights at the workplace.

In the area of global human rights and labor issues, the following themes demand urgent corporate attention.

- **Support to eliminate all forms of forced labor**
- **Support to effectively abolish child labor**

Therefore, during MTBP 2013, the KHI Group will build on existing measures and reinforce programs, including approaches that promote greater awareness among employees of conditions around the world.

Toward this end, we hold dialogues with invited experts in the field. In addition, the Corporate CSR Committee has signed a declaration regarding the prohibition of forced labor and a declaration regarding the prohibition of child labor by managers at Group operating sites, including locations overseas. This process should be completed in fiscal 2015.

1 Kawaju Heartfelt Service

Kawaju Heartfelt Service Co.,Ltd., was established with full investment from KHI in September 2013 as part of Group-wide efforts to promote diversity, a priority theme in the MTBP 2013. Currently, a dozen or so people are involved in general administration and cleaning services at the Kobe Head Office, the Nishi-Kobe Works and the Akashi Works.

The purpose of this company is two-fold: to provide places where people with various disabilities become more self-motivated and enthusiastic about life by working at jobs matched to their respective abilities; and to fulfill social responsibilities, including efforts to provide regional employment opportunities, by achieving the statutory employment ratio of people with disabilities within the Group.

We intend to set up offices at more locations to provide various services within the KHI Group and thereby create more employment opportunities. Going forward, we aim to expand the range of activities currently offered and engage in new businesses, such as simple printing and merchandise production.



Staff cleaning the entrance area of a factory



Grounds maintenance at the Nishi-Kobe Works

2 Fiscal 2014 Technical Skill Contest

A pressing issue that has emerged in recent years at production facilities is the looming, full-scale retirement of baby boomers and the need to ensure that the knowledge and skills of veteran engineers are passed down to the next generation before they leave the factory floor. In response, we have been directing concerted efforts into training and skill improvement to cultivate young human resources in technical fields.

About 10 years ago, we held a technical skill contest at the Akashi Works, kicking off what has become an annual event where young engineers from production sites at home and abroad compete with skills mastered on the job. In fiscal 2014, participants from Japan and four other countries gave their all, demonstrating accomplished skills in a fierce competition. It was a great learning experience for everyone.

Going forward, we will utilize this approach to maintain and further improve the skills of employees in production positions at companies throughout the Group.



Lathe turning skill contest

3 Promoting Diversity Through External Links

At KHI, we believe promoting diversity and a good work-life balance are important components of management strategy, and we undertake activities toward these ends. In addition, to accelerate acceptance of these ideas within society, we enthusiastically participate in external study groups and work with other organizations and companies beyond a single-company framework.

A prime example of this is our involvement in the Research Project toward Realization of a Work-Life Balanced Society, a joint effort by the Institute of Social Science at the University of Tokyo and the private companies. The project's objective is to convey the principles of the work-life balance concept widely through surveys and research. KHI joined the project in 2013 and, as the model to follow, introduced work-life balance seminars for managers.

We are also a member of the Diversity Western-Japan Study Group, comprising chief diversity officers at companies in the Kansai region. The study Group Members share ideas and good examples of diversity in action and lobby corporate management and government to convey the principles of diversity concept widely. This study group coordinates the planning and execution of Pan-industry forums for company's diversity and work life balance measures, for example, targeting female employees and foreign nationals working in Japan.



Work-life balance seminar for managers

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 (As of April 1, 2014)

	Total	Men	Women
Non-consolidated	15,196	14,355	841
(Managerial staff)	3,214	3,202	12
(General Employees)	11,982	11,153	829
Domestic group	10,335	–	–
Overseas group	9,089	–	–
KHI Group-wide	34,620	–	–

Note: The number of employees includes temporary employees (non-consolidated).

Personnel Data (as of April 1, 2014) (non-consolidated)

		Average age	Average years of service	Average annual salary (yen)
Non-consolidated	Men	38.6	15.3	7,036,800
	Women	38.8	14.7	4,989,700
	Total	38.6	15.3	6,920,600

Number of People Resigning and Turnover Rate in FY2014 (age as of April 1, 2013) (non-consolidated)

		29 and younger	30-39	40-49	50 and older	Total
Number of people resigning	Men	39	21	10	91	161
	Women	21	2	5	0	12
	Total	44	23	15	91	173
Turnover rate	Men	1.0%	0.5%	0.3%	2.9%	1.1%
	Women	2.3%	0.9%	1.9%	0%	1.4%
	Total	1.1%	0.6%	0.4%	2.7%	1.1%

Note: Excludes people who reached mandatory retirement age and those promoted to executive positions

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.

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 2014) (non-consolidated)

	New employee training	Training for newly appointed section managers	Training for newly appointed division managers	Training for newly appointed Board members (Newly appointed + Group meeting)
Number of participants	280	85	33	46 in total
Total number of man-hours	13,440	8,160	1,848	495

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 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.



Technical Skill Grand Prix

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 2013, we began global recruitment of new graduates. Our new graduate hiring program targets not only Japanese nationals who have studied at overseas universities but also those having graduated from overseas universities as well as non-Japanese nationals studying at overseas universities. As a result, in fiscal 2015, 11 overseas nationals joined KHI.

New Graduate Recruitment (non-consolidated)

	FY2013		FY2014		FY2015	
	Men	Women	Men	Women	Men	Women
Administrative and technical positions	266	23	256	23	272	29
Production positions	210	4	183	3	194	5
Total	476	27	439	26	466	34

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 2014)

	Overseas business training	Response capabilities of different cultures training	Lodging English training
Number of participants	46	77	80
Total number of man-hours	4,784	616	1,872

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 inhouse 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.

* The free agent system supplements the self-report system and encourages employees to indicate their willingness to transfer to a different internal company or a specific department where accumulated skills and experience are well-matched to that particular field of work or department.

Respect for Diversity

Promoting Diversity

Perspective on Diversity

At KHI, we promote assorted programs revolving around the introduction of various work patterns to help all employees achieve a good work-life balance as well as efforts to encourage active roles for women, provide support for the next generation and other family-care responsibilities, and facilitate employment of people with disabilities. These measures are underpinned by a perspective on diversity that sees each and every person working at KHI as an integral component of corporate diversity and that the differences each person brings to the workplace can be turned into corporate strengths.

Envisioning a time when more employees will have to get involved in the care of family members, we launched a seminar in 2013 on work and family care.

We also set up a diversity promotion site—“Hibikiau Chikara” (Strength in Synergy)—on our corporate intranet. Here, employees can learn about diversity, view examples from the workplace, and gather information on systems to support a good work-life balance.

Ideas Infused into Diversity Symbol

Imagine KHI operations as a tree, shaped by many people with different personalities.

The tree grows quickly, with leaves and fruit adding color, and it thrives. In the same way, we who work at KHI are an assortment of colors, our unique personalities and skills dotting the landscape of KHI—and we grow, not only as individuals but as a company.



Encouraging Greater Activity among Foreign Employees

In fiscal 2013, KHI began recruiting non-Japanese university graduates. We continue to search globally, with new employees coming primarily from South Korea, China, Sweden and Australia. Given this global recruitment perspective, we prepared guidebooks for people who work with foreign nationals and distributed the materials to relevant divisions to improve communication between non-Japanese employees and their superiors and workplace colleagues and to help Japanese staff better understand foreign nationals who have different religious and cultural backgrounds.

Change in Number of Foreign Nationals (administrative position only, as of April 1 for each year) (non-consolidated)

FY2013	FY2014	FY2015
2	10	21

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.

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

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

FY2011	FY2012	FY2013	FY2014	FY2015
13	13	14	15	17

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

Promoting Active Roles for the Disabled

We also strive to hire more people with disabilities, and they are thriving in a range of office environments. In September 2013, we established Kawaju Heartfelt Service and, to maintain as well as increase the employment rate for 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 and Number of Disabled People hired (As of June 1 for Each Year) (non-consolidated, up until fiscal 2014, and combined with Kawaju Heartfelt Service in fiscal 2015)

	FY2011	FY2012	FY2013	FY2014	FY2015
Percentage of Employees	1.83%	1.81%	1.74%	1.79%	1.95%
Number of people hired	214	296	292	301	341.5

Note: People working short hours are accounted for at a factor of 0.5.

Note: One severely disabled person is counted as two people with disabilities.

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.

Number of Employees Using Childcare or Care Leave (non-consolidated)

	FY2011	FY2012	FY2013	FY2014
Childcare leave	27 (3 men, 24 women)	23 (0 men, 23 women)	24 (1 men, 23 women)	36 (2 men, 34 women)
Return-to-work rate after childcare leave	94.1% (16/17)	100% (30/30)	94.1% (16/17)	100% (21/21)
Care leave	3 (3 men, 0 women)	2 (2 men, 0 women)	3 (2 men, 1 woman)	0

Overview of Support Systems (non-consolidated)

	Support System	Description
Parental leave before and after birth	Maternity/paternity leave	Employees may take leaves until a child reaches the age of three. There is no limit on the number of times leave can be taken.
	Return to work support program "WIWII"	Employees on maternity/paternity leave are provided with online services that enable them to get information and other materials to support their return to work, or allow them to enhance business skills, or promote communication with their office colleagues.
	Leave to care for sick/injured child	Employees receive five days each year for each child up to completion of elementary school. KHI does not set a limit on the number of children used to calculate a five-day leave. (Legally, companies are only required to provide a total of up to 10 days per year to employees with two or more children.)
	Half-days off	Employees may take as many half-days off as necessary, within available annual paid leave, to care for a young child (up to completion of elementary school) or when morning sickness interferes with job duties.
	Accumulated leave*	Employees may use accumulated leave to care for a young child (up to completion of elementary school), care for a sick/injured child, or when morning sickness interferes with job duties.
	Use of flextime system	Employees may work on a flextime basis as necessary when looking after a young child (up to completion of elementary school) or when morning sickness interferes with job duties.
	Limits on out-of-hours work and work on days off	Employees may be exempted from out-of-hours work and work on days off until a child completes elementary school.
Family (Nursing) care	Reduced working hours to care for young child	Standard working hours can be reduced up to a maximum of three hours a day until a child completes elementary school.
	Nursing care leave	Employees may take up to one year off at a time for a total of up to three years maximum.
	Nursing care work hours	For employees who do not take nursing care leave, they may either choose to be exempt from out-of-hours work or work on days off, or reduce standard working hours up to two hours a day for up to one year at a time for a total of up to three years maximum.
	Special leave for family care	Employees may take special leave of five days to care for an ailing or elderly family member. KHI does not set a limit on the number of family members that employees must care for. (Legally, companies are only required to provide a total of up to 10 days per year to employees who have two or more family members in need of assistance.)
	Half-days off	Employees may take as many half-days off as necessary, within available annual paid leave, to care for an ailing or elderly family member.
Other	Accumulated leave*	Employees may use accumulated leave whenever necessary to care for an ailing or elderly family member.
	Use of flextime system	Employees may work on a flextime basis as necessary when looking after an ailing or elderly family member.
	Request for re-employment	Employees who resign to care for a child or an ailing/elderly family member may apply to be rehired when a change in their situation allows them to return to work.

* Accumulated leave refers to annual paid vacation days that could not be carried over to the next year but can be taken in special circumstances.

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.

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.

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.

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.

Change in Number of People Rehired (non-consolidated)

FY2011	FY2012	FY2013	FY2014
146	136	176	193

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 2014, KHI recruited 225 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 (non-consolidated)

	FY2012	FY2013	FY2014
Administrative and technical positions	147	148	167
Production positions	174	223	58
Total	321	371	225

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 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 (non-consolidated)

	FY2011	FY2012	FY2013	FY2014
Paid vacation days	15.3	15.6	15.4	15.3
Total annual hours of work	2,044	2,048	2,037	2,050
Annual overtime hours	282	278.1	272.2	283.8
Paid vacation usage rate	69.5%	70.9%	70.0%	69.5%

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 twice a year. The rate of union membership as of April 30, 2014, 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. Evaluation criteria are disclosed to all employees.

In addition, superiors meet with their staff at least twice a year, a process that improves employee acceptance of goal-setting and evaluations.

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.

In addition, once a year, we explain the conditions for promotion and treatment of employees to the labor union, and confirm that employees are treated fairly and equally.

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.

Of note, over the last two years we have established basic policies to eliminate serious accidents and to help employees deal with any potential mental health issues. Toward these objectives, we have identified the following key points for corporate safety and health management.

Corporate Safety and Health Management Outline (Summary)

1 Safety Management

- (1) Reinforce measures to eliminate serious accidents and accidents that cause facilities to shut down
- (2) Take a thorough approach to prevent recurrence of similar accidents
- (3) Selectively implement safety and health management activities and risk-lowering activities based on the occupational safety and health management system
- (4) Promote heightened sensitivity to dangerous situations (safety-perception education) and evoke a deeper respect for basic rules
- (5) Reinforce measures to prevent accidents at on-site construction work

2 Health Management

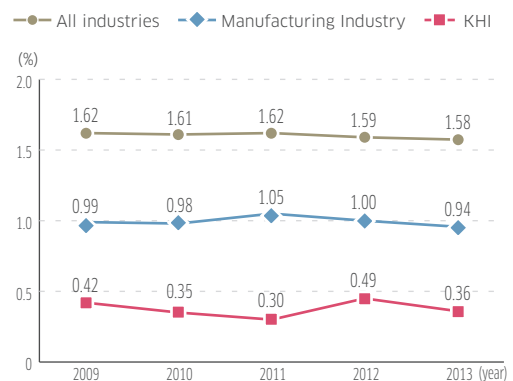
- (1) Enhance measures to support good mental health
- (2) Enhance measures to prevent occupational diseases
- (3) Enhance health management responses

Measures to Prevent Occupational Accidents

1 Selective implementation of safety and health management activities and risk-lowering activities based on occupational safety and health management system

Our occupational safety and health management system forms the foundation of activities to promote constant improvement through planned implementation of safety and health management activities, adherence to a PDCA cycle at production sites, and continuous execution of internal audits. These efforts serve to preempt potential occupational accidents and facilitate the creation of a comfortable work environment. In our risk assessment efforts, we constantly strive to enhance our ability to identify risk and reduce latent risk.

Incidence of Occupational Accidents (Absentee Rate)



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

* Includes partner employees (temporary workers and shipbuilding and construction subcontractors) who are supervised and managed by KHI

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 (kison); 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 (kiken 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



Experience of dangling from a safety belt
"It was only my own body weight being hauled up, but I felt a bit of force exerted on my body."

designed to foster an awareness of safety that will encourage employees to take the initiative in avoiding unsafe practices. Every year, we review the events that heighten employees' awareness of workplace dangers and expand content.

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; operationspecific 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 Medical Examinations for staff working long hours

To prevent health issues caused by overwork, employees working long hours—defined as more than 45 hours of overtime a month for two consecutive months or more than 60 hours of overtime in one month—are required to carry out a self-assessment for fatigue in the following month.

Employees 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.



Health Class

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

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.