

# Realization of a Society Coexisting with Nature

## Chemical Substance Reduction

It is KHI's stated goal to contribute to reduced environment impact and conservation of the ecosystem through manufacturing that is in harmony with the global environment. KHI undertakes activities to achieve this goal. To reduce chemical substances, we have set targets for major VOCs (toluene, xylene and ethylbenzene), dichloromethane and hazardous heavy metals in each business segment, and progress is being made in reducing these substances.

We present data on the release and transfer of chemical substances designated under the PRTR Law\*.

\*PRTR law: Pollutant Release and Transfer Register law (Order for Enforcement of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof)

### Major VOCs

With regard to major VOCs, KHI promoted the switch to low-VOC paints, such as water-based paint, and improved coating efficiency through electrostatic coating, while reducing its use of cleaning solvents by installing solvent recovery equipment. We achieved a slight reduction in emissions from the fiscal 2013 level. In the future, however, we will strive to curb emissions through such measures as the wider application of alternative products, including water-based paints and high-solid paints.

### Dichloromethane

Dichloromethane is often found in the paint strippers that KHI uses in its operations. Emissions were reduced compared to fiscal 2013. Going forward, KHI will strive to further reduce emissions, especially through replacement of paint strippers and enhancement of dichloromethane recovery methods.

### Hexavalent Chromium Compounds

Hexavalent chromium is employed in special surface treatments, but we are working to introduce technology that makes it possible to avoid its use. Although the amount handled was on a par with the previous fiscal year, we will implement planned reductions.

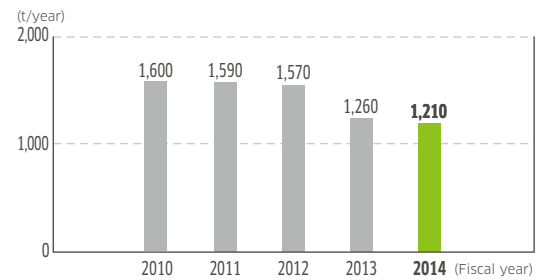
### Lead

Lead is often found in paint, so KHI's efforts have focused on switching to lead-free paint. The amount handled was higher than the level recorded in the previous fiscal year, owing to an increase in the volume of products that require special paint.

Amounts of Chemicals Subject to Reduction Handled and Emitted (t/year)

Substance		Fiscal 2014	Increase or decrease from fiscal 2013
Major VOCs	Toluene	324	-19%
	Xylene	430	-20%
	Ethylbenzene	188	-8%
	Total	942	-18%
Dichloromethane		42	-13%
Hazardous heavy metals	Hexavalent chromium compounds	15	0%
	Lead	2	42%
	Cadmium	0.02	-78%

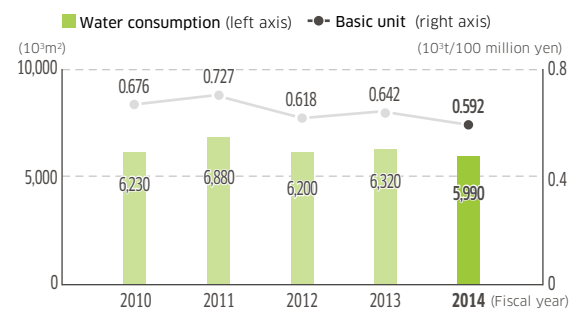
Release and Transfer of Chemical Substances Designated under the PRTR Law



## Conserving Water

Concern over risk to water sources is growing worldwide. KHI places a priority on appropriate use of water and reduced consumption in the course of its business pursuits. Currently, we target a 1% reduction in water usage per unit of sales each year and verify the status of consumption restrictions. Going forward, we will pinpoint water consumption on a Group-wide basis and consider activities that assume the existence of risk to water sources in all regions.

Water Consumption and Basic Unit



## Biodiversity-Friendly Society

A short-term target in Japan's national biodiversity strategy, which was revised in 2010, is to analyze the state of biodiversity to get a clearer picture of conditions and, based on this knowledge, to promote activities that protect biodiversity. We will support efforts to achieve this objective by implementing the activities listed below at all business sites with biodiversity protection in mind.

We also undertake activities such as greening programs on corporate premises that take into account location or other characteristics specific to each operating site.

### Efforts to Reduce the Environmental Load from Business Activities

- 1 Promote measures to cut greenhouse gas emissions
- 2 Reduce the amount of industrial waste for final disposal
- 3 Decrease the environmental load from wastewater and chemical substances

### Non-Business Activity

- 1 Promote cleanup events around business sites
- 2 Implement greening programs and other activities based on analysis of and insight into biodiversity conditions on corporate premises and the surrounding area
- 3 Embrace collaborative opportunities to protect biodiversity with local groups, such as creating corporate forests

## Responding to the ELV Directive\*1, the RoHS Directive\*2, and the REACH Regulation\*3

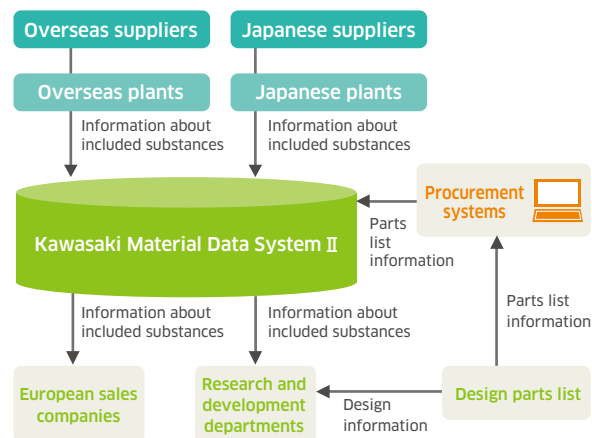
Since 2000, laws and regulations related to chemical substances have been strengthened in the European Union (EU) by the establishment of such controls as the ELV Directive, the RoHS Directive, and the REACH Regulation. The ELV Directive focuses on automobiles, and while motorcycles are not subject to the content of this directive, the Motorcycle & Engine Company has embraced the voluntary actions espoused by the Japan Automobile Manufacturers Association (JAMA). The Precision Machinery Company also applies this directive to some of our products. The RoHS Directive covers electric and electronic products, and within the KHI structure, the Precision Machinery Company, which includes the Robot Division, complies with the directive for some of its products.

The REACH Regulation went into effect in June 2007 and applies to all chemical substances manufactured in and imported by the EU. Enterprises that manufacture or import one ton or more of chemical substances a year are required to register the chemical substances. As KHI products are mainly molded articles, only a limited number need to be registered. Registration and notification are, however, compulsory for all substances that are deliberately emitted and all substances that are carcinogenic or otherwise of high concern. In addition to registration and notification, regulations exist for the evaluation, authorization, restriction and communication of information regarding chemical substances, necessitating a system to identify information about the chemical substances in products throughout our entire supply chain.

Laws and regulations related to chemical substances have been strengthened not only in the EU but in many countries around the world. As requirements vary by country, for instance regarding substances and products covered, we believe that our response must be based on a firm understanding of the law.

KHI practices CSR procurement and responds to requests from customers to gather chemical substance information. In addition, the Motorcycle & Engine Company has created the Kawasaki Material Data System II<sup>4</sup> to collect data about chemical substances and respond to REACH and other applicable chemical substance regulations.

### Response to REACH by the Motorcycle & Engine Company



\*1 ELV Directive: End of Life Vehicles Directive

\*2 RoHS Directive: Directive on Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment

\*3 REACH Regulation: Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals

\*4 Kawasaki Material Data System II: Currently switching to IMDS (International Material Data System: A reporting system encompassing 26 finished automakers in Europe, the United States, Japan and South Korea which enables suppliers to identify the composition of materials in respective parts delivered to the automotive industry)



CSR Procurement Guidelines

<http://www.khi.co.jp/english/csr/procurement/guideline.html>