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Notice Regarding Misconduct in the Testing of Marine Diesel Engines

Kawasaki Heavy Industries, Ltd., announced today that it has discovered misconduct regarding shop trials conducted for its two-stroke diesel engines for commercial marine vessels. The Company takes this incident very seriously and offers its assurances to customers and other stakeholders that every effort will be made to ensure it does not happen again.

The Company is currently examining whether this matter will impact its financial results and will immediately issue notification should such an impact be confirmed.

Overview of the Situation

On July 5, 2024, Japan's Ministry of Land, Infrastructure, Transport and Tourism requested that the Company conduct a fact-finding investigation into whether there had been misconduct in its nitrogen oxide (NOx) emissions verification tests for its marine diesel engines. The Company responded by carrying out an internal investigation of such engines, which are subject to International Maritime Organization (IMO) Tier 1 and other regulations governing NOx emissions from marine engines. This investigation uncovered misconduct during shop trials, including verification tests for NOx emissions.

Specifically, the investigation confirmed that shop trial fuel consumption rates for the Company's marine diesel engines had been altered through the manipulation of testing equipment to keep values within the permissible range of customer specifications and to reduce data discrepancies. This has the potential to impact NOx emissions calculations for these engines.

As of the date of this news release, there have been no confirmed cases of this having affected the safety of these engines during sea trials or actual use.

Results of the Internal Investigation to Date

Misconduct was confirmed on June 12, 2024. Subsequently, the Company carried out a thorough internal investigation of 674 engines subject to NOx emissions regulations for marine vessels the keels of which were laid on or after January 1, 2000, as shown in the table below. This investigation confirmed that data had been altered for the 673 two-stroke diesel engines for commercial marine vessels. No data alterations were found to have been made for the single four-stroke engine.

Number of Engines Investigated

Engine type	Engines subject to NOx emissions regulations (Number of engines/vessels)	Breakdown	
		Engines for Japan-registered* vessels (Number of engines/vessels)	Engines for other country/state-registered* vessels (Number of engines/vessels)
Two-stroke	673	27	646
Four-stroke	1	1	0

* At time of construction

Actions to Be Taken

The Company will further investigate and report on the effect of this incident on its compliance with NOx and CO₂ emissions regulations set by the IMO. Additionally, a special investigative committee of third-party experts will be established promptly to further probe the details of this incident and analyze the root causes, as well as to formulate and implement measures to prevent recurrence.

Going forward, the Kawasaki Group will take swift, rigorous steps to discover the full facts behind this misconduct and will do its utmost to regain the trust of customers, partners, investors and the general public.

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