

# Coexistence with Communities

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Firmly adhering to the belief that "enterprises must be members of their communities," we encourage all employees not only to abide by community rules but to also maintain firm commitments to information disclosure and to making positive contributions to their communities.

### Contributions to Communities

#### BULL DOG Humanitarian De-mining System Takes a Great Step Toward Practical Use

More than 100,000,000 antipersonnel mines in minefields around the world cause over 20,000 casualties annually, including noncombatant citizens. This makes the prompt development of a safe and efficient de-mining system imperative.

We have been developing a reliable de-mining system and recently performed mine detection and removal by detonating and crushing them on real minefields in the demanding natural environment of Afghanistan. These tests showed this de-mining system's extremely high detection efficiency, de-mining performance and safety.

Our de-mining system consists of the MINE DOG, which is equipped with a mine detection sensor, the MINE BULL, which detonates and crushes antipersonnel mines and collects iron fragments, and the remote controllers for operating them. While traveling at a speed of 2 km/h, the MINE DOG detects and marks mines, efficiently performing mine detection over a wide area. The MINE BULL, traveling at a speed of 1.5 km/h, excavates mines with its digging drum, detonates and crushes them.

Based on the data obtained from the demonstration test in Afghanistan, and responding to requests from the UN and local NGOs that are committed to de-mining activities, we will improve our de-mining system so that it can be put to practical use in real minefields in the near future.



MINE BULL antipersonnel mine clearance vehicle



MINE DOG mine detection vehicle

#### Cooperation in Cleanup Activities Around the Canal at the Port of Kobe

Kobe, where many of our business bases are centered, is a clean and beautiful city. This condition is maintained by the volunteer activities of many citizens and volunteer groups including the Hyogo Canal Association, an organization of Kobe enterprises and citizens who want to maintain the pleasant environment of the canal. This canal was constructed at the end of the 19th century and has played an important role in the development of the Port of Kobe. We have also been using this canal for transportation of rolling stock, and other products.

As a company based in Kobe, the Hyogo Works has been an active participant in the cleanup activities of this association.



Cleanup on the Kiyomori Bridge that spans the Hyogo Canal



Cleanup campaign banner raised along the canal

#### Personal Watercraft Users Clean Toné River Flood Plain

Several hundred personal watercraft (PWC) users who enjoy recreation at the Great Toné Weir in Gunma Prefecture have been committed to cleanup activities for the past several years in cooperation with local people who had been annoyed by illegally discarded refuse. They not only participate in the river cleanup program held twice a year by local authorities but also voluntarily gather refuse from the flood plain. In the early days of this activity, the number of volunteers was about 60, but now, more than 100 volunteers participate in the program, including users of Kawasaki Jet Skis.

To honor these activities, Letters of Appreciation were issued by the Ministry of Land, Infrastructure and Transportation of Japan and the Upper Toné River Users Association.



PWC users gathering on the flood plain



Letter of appreciation presentation ceremony

#### Gifu Works Supports Reforestation Efforts

In 2002, there was a large-scale forest fire outbreak in Kakamigahara City where the Gifu Works is located, and many trees and plants over an area of 160 hectares were destroyed. The Kakamigahara City Government has been proceeding with a reforestation project to restore the trees and plants in the fire-ravaged area. More than a hundred of the Gifu Works employees participated in a tree planting ceremony held in February 2005.

On this occasion, our employees, worked together with several thousand people to plant approximately 15,300 saplings of 25 species, including oaks, selected to suit the vegetation of the original forest to help restore the natural landscape. These employees are planning to foster the healthy growth of these saplings.



Happy atmosphere during reforestation efforts

#### Employees Volunteer in Beach Cleanup Activities

Since Kawasaki was founded as a shipbuilder, the sea is very special for us. For this reason, our employees have been voluntarily taking part in beach cleanup activities.

In 2004, the largest number of typhoons ever recorded in Japanese meteorological history struck the Japanese archipelago. As a result, a surprisingly large amount of refuse from rivers drifted ashore. The scale of beach cleanup activities this year became large, but we also enjoyed a sense of great achievement afterwards.



Seto Inland Sea (Suma Beach)



Japan Sea (Oura Beach)

## Fully Committed to Providing Disaster Relief

We are fully prepared to do our utmost as a corporate citizen in local communities for relief work in the event of large-scale disasters. If a corporation is to remain reliable as an organization after the occurrence of a disaster, it must be capable of verifying the safety of its employees and their family members so that it can mobilize them for volunteer activities. For this reason, the Kawasaki Group developed a Safety Confirmation System that uses the Internet and telephone networks. We also performed disaster relief trainings in January 2005 with domestic group companies on the 10th anniversary of the 1995 Kobe Earthquake.

The Kawasaki Group produces a variety of products including helicopters, construction machinery and motorcycles. Immediately after that great earthquake 10 years ago, we offered four Kawasaki manufactured helicopters along with pilots for use by Hyogo Prefecture and Kobe City. We also offered our heliports and the grounds of our works and actively transported relief materials. In addition, we offered 10 motorcycles with riders to the Hyogo Prefectural Government and 40 motorcycles to the Hyogo Prefectural Police. These motorcycles greatly contributed to personnel transportation and liaison purposes when the roads and streets were impassable to ordinary 4-wheeled cars. Furthermore, we provided three

wheel loaders and various crushing equipment to the Kobe City Government for rubble clearance. These pieces of equipment were also very useful for the restoration efforts that followed.

Learning from these experiences with disaster and restoration activities, we, members of the Kawasaki Group, want to contribute to the creation of a society that is resilient against disasters by utilizing the comprehensive technology and expertise that we have cultivated through development of products for land, sea and air.



Wheel loader Model 60ZV



On-road/off-road model Super SHERPA

## Compliance Management

We recognize that antisocial conduct can endanger the very existence of a corporation, so we are vigorously pursuing compliance management. Kawasaki's corporate policy has always been that no employee shall ever be involved in any unlawful activities.

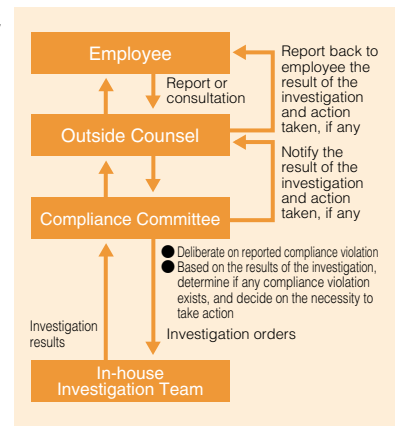
As one concrete implementation of this policy, in June 2003, we established the Compliance Reporting and Consultation Program. This program enables employees who become aware of any potential compliance violation within the company to report such violation to an outside counsel. The outside counsel then forwards this information to the in-house Compliance Committee, which, if deemed necessary, will form an in-house investigation team to investigate the reported issues. If the Compliance Committee determines that there was a compliance violation, then it will take appropriate action to deal with it.

The Compliance Guidebook, which outlines the system and introduces examples of violations, has been developed and distributed to all employees.



In this day and age, it is critical that employees of every level within the company have a strong ethical standard. To achieve this goal, we are always striving to create an open and frank working environment where employees can speak out and openly discuss matters related to work which trouble them with their superiors. To further this effort, we have established this Compliance Reporting and Consultation Program.

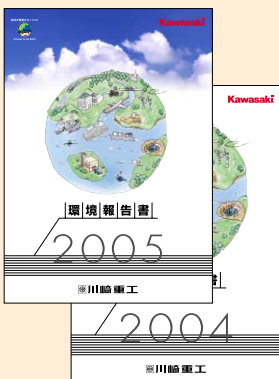
### Flowchart for Reporting and Consultation



## Information Disclosure and Environmental Communications

We have been disclosing information about our environmental management activities and environmental protection activities through our Environmental Reports, which have been issued since 1999, as well as our

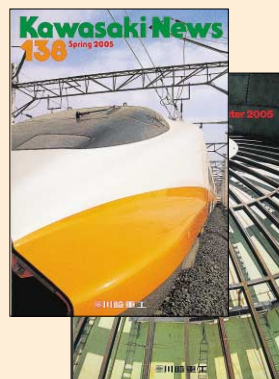
web page and various other media.



Environmental Report



Annual Report



Kawasaki News



Kawasaki Scope

## Relations with Employees

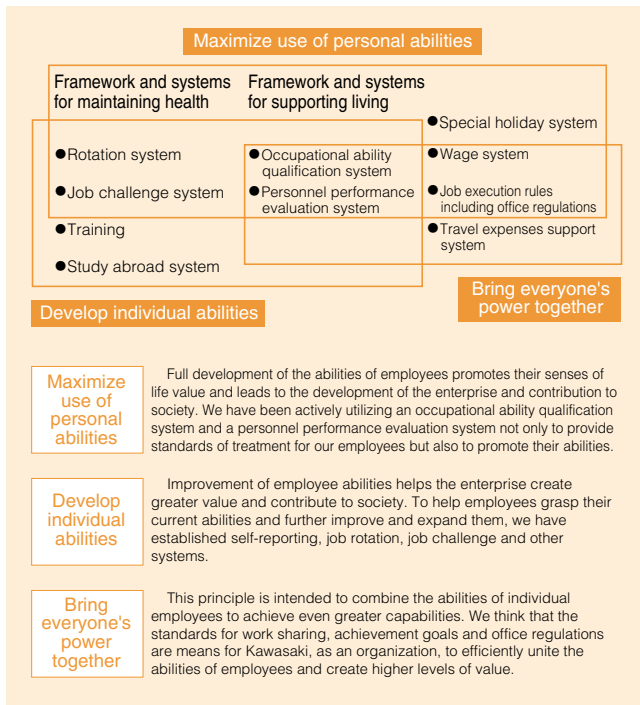
### Fundamental Principles of Personnel Management

We think that the purpose of our existence is to create value for a better society. We believe that employees are the driving force to create such value and that the company is a place both to earn a living and to achieve self-realization for them. For this reason, giving employees "a sense of both the value of life and the value of work" is a guiding principle for our personnel management.

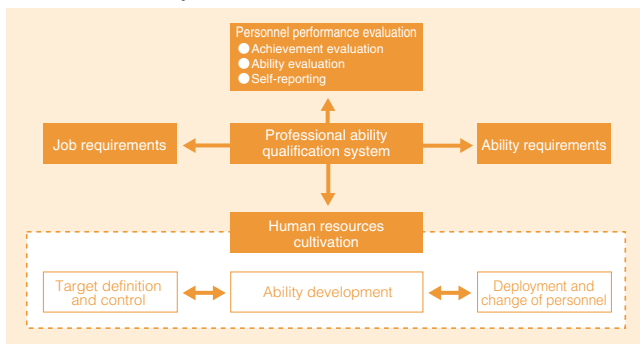
In order to create high value and provide it to society, all employees must fully utilize and further develop their abilities, and fulfill their individual roles so that the whole organization can make full use of our strengths.

To realize this in practice, we have established various personnel management systems, adopting "maximize use of personal abilities," "develop individual abilities," and "bring everyone's power together" as key phrases that express our personnel management principles.

### Personnel management framework



### Personnel affairs system

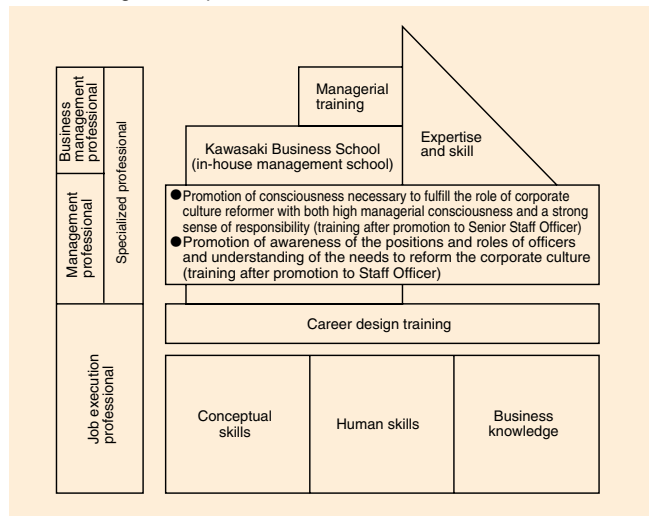


### Policy for Human Resources Cultivation

In order for any enterprise to be able to grow and develop, it must cultivate and activate people who can develop concrete ideas to achieve objectives and act appropriately. We believe that the basis of development of an enterprise lies in its human resources and that human resources are cultivated through job execution. We have established human resources policies according to the following guidelines.

1. Human resources are cultivated in order to help corporate performance develop and contribute to employee ability improvement and "sense of life value."
2. The basic means for human resource cultivation are on-the-job-training, self-education and rotation.
3. Line managers are responsible for the cultivation of human resources on their lines.
4. Human resource cultivation needs to be tailored and conducted continuously in a planned manner for each individual employee.
5. Opportunities for ability development are provided to every employee from the time of joining Kawasaki to retirement.

### Career design concept



### Major Efforts

#### ■ Job challenge system

Our job challenge system is a scheme for reassigning employees through internal job postings. This system allows aggressive employees to be reassigned promptly to an important or newly launched division, and allows each employee to select favorite tasks, thereby improving their motivation.

Specifically, after a division that wants new personnel makes an application, the job announcements for that division are posted in the house magazine and on our intranet. In FY2004, a total of 14 employees were transferred to new divisions through the job challenge system.

#### ■ Freedom from sexual harassment

In order to create environments where all employees enjoy working, it is vital to prevent the occurrence of sexual harassment and to provide an atmosphere where every employee respects the unique characters of other employees.

Kawasaki has a strict ban on sexual harassment in its office regulations. We also attempt to prevent occurrence of sexual harassment by providing basic knowledge about prevention and presenting case studies about sexual harassment through various means, including our intranet and house magazine. Furthermore, to cope with possible sexual harassment cases, we have designated a special division where any employee can seek advice while remaining anonymous.

## Industrial Safety and Hygiene

In order to ensure the safety and health of our employees and subcontractor employees and provide a comfortable work environment, we are committed to safety and hygiene promotion activities based on our philosophy of respect for people, which includes respect not just for human life but also for the humanity of each individual.



### Implementation of Labor Safety, Health and Hygiene Management Based on our New First Corporate-Wide Safety and Hygiene Three-Year Plan

We developed our New First-Phase Corporate-Wide Safety and Hygiene Three-Year Plan in order to convert from conventional safety and hygiene management that emphasizes following and enforcing rules to one in which every person is intentionally committed to safety and hygiene activities.

This year marks the first fiscal year of a three-year plan. We have therefore set up important corporate-wide policies about safety and hygiene management as summarized below. All our offices and works are executing relevant safety and hygiene management activities in accord with these important policies.

### Safety Management

To promote safety, we are committed to safety management activities for the following four important corporate-wide management policies.

1. Returning to the starting point, we review the status of observation of labor safety and hygiene related laws and regulations, as well as in-house rules.
2. All workers assess the possible risks in the execution of their tasks and make corrections and improvements for items where safety scores are low, so that the safety of all workers in task execution is improved.
3. In order to improve the working environments of entire job sites and eliminate unsafe conditions, risks are assessed for all the machines and equipment at the job sites in a manner identical to risk assessments associated with task execution.
4. Accident prevention measures are enhanced for employees of affiliates and subcontractors.

### Health Management

On the issue of employee health, an important factor is that employees are getting older on average, which is the general trend in Japanese society, and the frequency and severity of lifestyle-related diseases are increasing. At the same time, mental health issues are posing greater problems for our employees, their family members and even the company.

To address this situation, we are performing health management activities with the following three items as important corporate-wide management policies.

1. Enhance countermeasures against lifestyle-related diseases
2. Enhance measures for promotion of mental health
3. Enhance countermeasures against occupational illnesses

We are going to promote activities for these policies based on the following basic policies and specific measures.

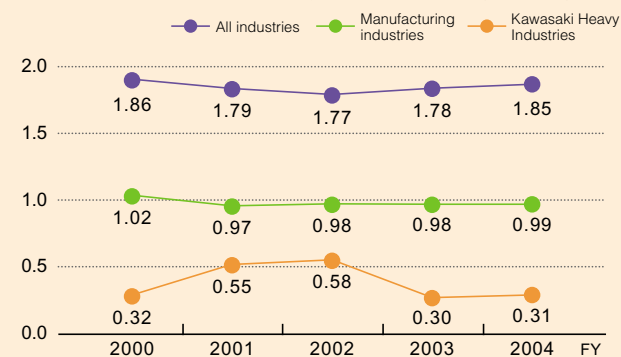
### Accident Occurrence Trend

Since the introduction of our Labor Safety and Hygiene Management System in FY2002, we have been committed to improving safety and hygiene levels and preventing labor accidents.

We have also been continuing our KSKY Campaign to prevent the occurrence of accidents.

K: "Kihon rule," basic rule observation activities; S: "Shisa-kosho," pointing out and identifying sources of danger activities; KY: "Kiken-yochi," hazard prediction activities

Accident Occurrence Rate Trend (only accidents that led to suspension of operation)



\* Per 1,000,000 hours

### Countermeasures against Lifestyle-Related Diseases

《Concrete measures》

- Execution of periodic medical examinations and efficient post-medical examination health guidance and follow-up
  - Implementation of THP programs, including Lifestyle Improvement Classes, run by three parties – Kawasaki Heavy Industries, *Kawaju Kenko Hoken Kumiai* (KHI health insurance cooperative), and the *Kawaju Rodo Kumiai* (KHI labor union).
- THP: Total Health Promotion

### Mental Health Promotion

《Basic policies》

- Early detection and efficient treatment
- Thorough support for returning to work
- Promotion of healthy job environments

### Occupational Illness Prevention

《Basic policies》

- Prevention of occurrence of new cases
- Prevention of worsening of existing patient conditions

We have developed the Health KY Card that provides useful tips for improving health on job sites and at homes, and have distributed it to all Kawasaki Group employees.

