

Group Mission: Kawasaki, working as one for the good of the planet

On behalf of everyone at Kawasaki, I extend my most heartfelt sympathies to all those affected by the Great East Japan Earthquake of March 11, 2011, and pray for a swift recovery and reconstruction in the area of devastation.

I would like to take the opportunity afforded by this edition of the CSR Report to offer my thoughts on corporate social responsibility (CSR), from a KHI Group perspective, and to touch upon “the role that Kawasaki must fulfill in the future”, a sense of corporate duty that has become much stronger with the recent disasters.



KAWASAKI HEAVY INDUSTRIES, LTD. President

A handwritten signature in black ink that reads "S. Hasegawa". The signature is written in a cursive, flowing style.

KHI Group CSR

To the KHI Group, CSR is a catalyst that will take Group Mission: “Kawasaki, working as one for the good of the planet” to a higher level through activities incorporating five themes: 1) value creation through business; 2) management integrity; 3) an enjoyable workplace atmosphere that encourages employees to stay on; 4) environmental activities; and 5) social contribution.

This pro-CSR stance is also a big part of “Kawasaki Business Vision 2020” and Medium-term Business Plan 2010 (FY2011–2013), MTBP2010. In fiscal 2011, the inaugural year for MTBP2010, we initiated CSR self-assessment to verify our progress on CSR goals and used the results to formulate action plans for activities that must be executed. In fiscal 2012, dubbed “The Year of Decisions and Implementation”, we will push forward on selected activities in each business segment. (Please refer to pages 7 to 10.)

I always ask the following of directors and employees:

- **Be sensitive to changes in the environment.**
- **Strive for innovation and reform.**
- **Once a decision is made, stick to it and implement it with simple honesty.**

I believe the spirit of my request—for directors and employees to be intuitive, forward-looking and committed—is also very pertinent to CSR and should infuse efforts to promote CSR activities, and I will encourage the entire organization to embrace this spirit.

The KHI Group's Vital Role in the Wake of the Great East Japan Earthquake

The Great East Japan Earthquake reminded me that the social responsibility we bear as the KHI Group—as with other corporate citizens—is directly connected to the business activities under our organizational umbrella. Of issues that apply to us, those that will demand a particularly higher level of attention in the future lie on two fronts: maintaining jobs and contributing through business activities, especially in restoration/reconstruction and energy supply.

First, maintaining jobs: To recapture the vitality once enjoyed by Tohoku industry and sustain corporate capabilities, local companies must resume operations as quickly as possible, and the people who make these operations tick must be able to work with peace of mind. The KHI Group itself escaped major impact from the March disasters since key production sites are concentrated in Western Japan, so business activities have not necessarily been disrupted nor have employment issues emerged. However, we can help affected business partners on the employment front, albeit indirectly, by keeping the transaction conduit open and thereby supporting operations. We were on the receiving end of such measures 17 years ago, when the Great Hanshin Earthquake led to extensive destruction in and around Kobe. Our customers and business partners kept our operations going and obviated the need for layoffs, and it is our duty to extend the same consideration to business partners affected by the disaster.

Next, contributing through business activities: Infrastructures, particularly for communications, transportation and power generation, form the bedrock of life in a civilized society and are essential to an accelerated pace of restoration and reconstruction in the disaster zone. Of course, it is the national government and municipalities that play the lead roles in this drama, but manufacturers also have roles to play, especially at sites where their products are used. For the KHI Group, the first priority was to repair the damage to Kawasaki-brand installations at customer locations. After that, the emphasis was on donating equipment, such as wheel loaders and a crushing machine, to expedite the daunting task of rubble removal and processing by local governments, and acting on promised responses, such as the installation of temporary incineration facilities under lease. The earthquake and tsunami as well as the nuclear crisis prompted companies to take a much more proactive view toward securing in-house power generation systems and stand-by power generation

systems, we embarked on increased production of gas turbine and gas engine power generation systems.

Given the obvious need for Japan to rethink its medium- to long-term energy policy, distributed power generation, renewable energy and high-efficiency, energy-saving systems will certainly attract much more attention than they have to date. Heightened interest will accelerate efforts to promote and enhance related products and develop high-efficiency products. (Please see page 12 for details.) But wider use of distributed power generation and renewable energy systems is hindered by many issues that require action at national and local levels, such as regional city planning and the viability of next-generation transmission networks in Japan. The KHI Group will actively collaborate with members of industry, government and academia to find the necessary solutions.

KHI Group Promise on Future Energy

The right way to address tomorrow's energy needs is not to dwell on prevailing problems in Japan after the disastrous earthquake and tsunami but rather consider how best to protect the environment on a global scale. From this perspective under the “Kawasaki Business Vision 2020,” the KHI Group has proposed the formation of a “CO₂-free hydrogen society” as a long-term solution to energy-related issues and is successfully applying accumulated technologies to the development of products to support an energy chain linking hydrogen production, transport, storage, and use.

Through such efforts, we will diligently apply our expertise toward restoration/reconstruction in the wake of disaster and also realize our Group Mission: “Kawasaki, working as one for the good of the planet.”