

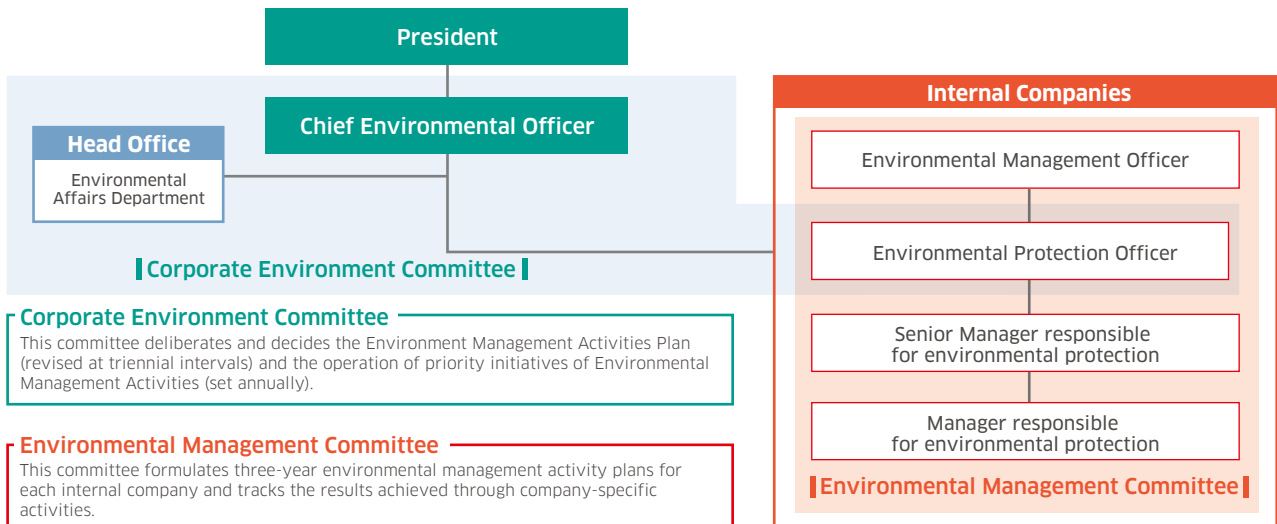
# Environmental Management Platform

## Environmental and Energy Management Organization

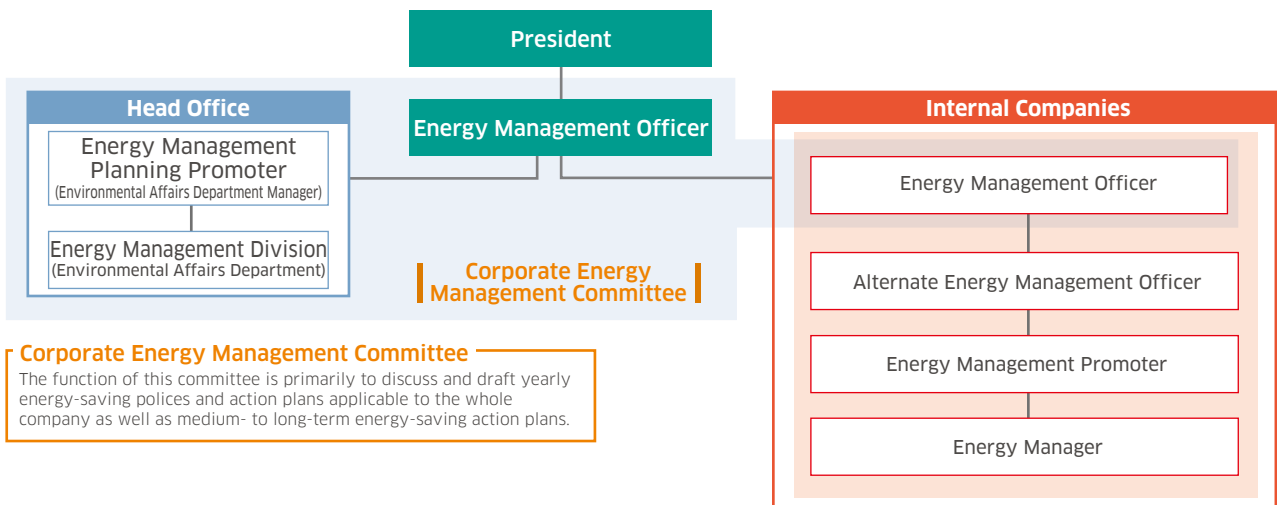
With regard to environmental management, the director responsible for environmental issues at KHI is appointed Chief Environmental Officer and in this position chairs the Corporate Environment Committee, which discusses a variety of important matters related to the environment and makes pertinent decisions. So that each internal company can independently roll out the environmental management activities plan, an Environmental Management Officer, an Environmental Protection Officer, a senior manager responsible for environmental protection, and a manager responsible for environmental protection are appointed to match the structure of each internal company with such activities. Furthermore, management systems are in place to encourage coordinated efforts among all employees to implement environment-oriented initiatives.

In its efforts to promote the efficient use of energy, KHI has established an energy management structure that includes appointing the Chief Environmental Officer to the concurrent position of Chief Energy Officer as well as assigning energy officers matched to the business scale of each internal company. An active approach is taken to promote measures and programs. In addition, environmental management and energy management structures applicable to subsidiaries are being set up under each administrative division (the head office and internal companies) under which the subsidiaries operate.

### Environmental Management Organization



### Energy Management Organization



# Eighth Environmental Management Activities Plan

The Eighth Environmental Management Activities Plan (referred to below as the Eighth Plan), covers the period from fiscal 2014 to fiscal 2016. It lays down a basic policy for coordinating environmental management with business management as well as specific measures in four areas—(1) realization of a low-carbon society, (2) realization of a recycling-oriented society, (3) realization of a society coexisting with nature, and (4) establishment of EMS—that are key to accelerating the shift toward greater energy- and resource-saving practices anticipating society’s environmental needs and establishing an appealing Kawasaki environmental brand.

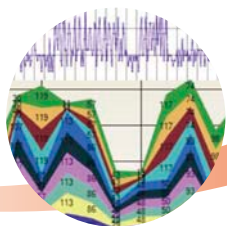
To reinforce these measures, KHI initiated a program in fiscal 2015 to promote Kawasaki Green Products.

## Coordination with Business Management and Promotion of Environmental Contribution

Key strategy	Targets
<b>Realization of a low-carbon society</b> CO <sub>2</sub> and energy reduction	<b>Use the energy visualization system</b> By fiscal 2016, have equipment and system in place to reduce annual CO <sub>2</sub> emissions and energy consumption by at least 5%
	<b>Reduce CO<sub>2</sub> emissions through the contribution from products</b> Achieve cumulative values equal to or more than the initial plan values for each business segment and disclose the reduction of CO <sub>2</sub> emissions to the public
<b>Realization of a recycling-oriented society</b> Promotion of the 3Rs	<b>Promoting reduction in waste generation, greater reuse and more recycling</b> Reduce total waste emissions per unit of sales, and maintain zero emissions Boost recycling rate above previous years' level
	<b>Promoting PCB treatment</b> Look into and apply better treatment methods for low-concentration PCB waste
<b>Realization of a society coexisting with nature</b> Reduction of environmental load/ promotion of resource conservation	<b>Reduce chemical substances</b> Major VOCs* per unit of sales to be at or below the average of results achieved in the Seventh Plan Seek to reduce heavy metals to zero, in principle, by fiscal 2021
	<b>Continue with forest conservation activity</b> Carry out forest conservation activity more than twice a year
	<b>Conserving Water</b> Reduce water consumption and amount of wastewater
<b>Establishment of environmental management systems</b> Enhancement of the KHI Group environmental management system	<b>Reinforce the environmental management ability of KHI and consolidated subsidiaries in Japan</b> Set reduction targets, and provide appropriate feedback
	<b>Reinforce the environmental management ability of overseas consolidated subsidiaries</b> Promote information-sharing, identify issues at overseas locations, and support solutions
<b>Kawasaki Green Product Promotion Activity</b>	<b>Implementing compliancy evaluation</b> Thoroughly review compliancy of products for environmental friendliness and establish a system for registering such products
	<b>Communicating information within and beyond the Company</b> Communicate environmental aspects of products in compliance with ISO 14021

\*Main VOCs: For the KHI Group, the major VOCs are toluene, xylene and ethyl benzene. VOCs: Volatile Organic Compounds

## Target Profile of the KHI Group in 2020



- **Energy consumption and CO<sub>2</sub> emissions**  
Major reductions achieved
- **Contribution from products**  
Major reductions achieved in CO<sub>2</sub> emissions during utilization



- **3Rs**  
Major reductions achieved per unit of sales  
Recycling rate more than 97%  
Zero emissions maintained
- **PCB treatment**  
All treatment completed



- **Major VOCs**  
Major reductions achieved per unit of sales and in total amount
- **Heavy metals**  
Major reduction in amount utilized
- **Forest conservation activity**  
Forest conservation activity continued



- **Establishment of EMS**  
Establishment completed across the KHI Group as a whole

## Group Mission

“Kawasaki, working as one for the good of the planet”

### Environmental Vision 2020

#### Realization of a low-carbon society

**Contribute to the prevention of global warming through our products and manufacturing that use energy without waste**

- ① Reduce 2020 greenhouse gas emissions in line with national targets.
- ② Offer customers energy-efficient products and services and reduce emissions of greenhouse gases on a planetary scale.
- ③ Promote energy conservation in production and logistics processes and reduce emissions of greenhouse gases.

#### Realization of a recycling-oriented society

**Engage in manufacturing that uses resources without waste to recycle and fully utilize limited resources**

- ① Practice design that uses resources effectively and work to make products lighter, more durable and more recyclable.
- ② Practice the 3Rs (reduce, reuse and recycle of waste) in production activities and achieve zero emissions at all plants.
- ③ Completely and appropriately treat all PCB waste and PCB-containing devices.

#### Realization of a society coexisting with nature

**Contribute to reduction of the environmental impact and conservation of the ecosystem through manufacturing that is in harmony with the global environment**

- ① Offer customers products and services that prevent air and water pollution, and advance environment improvements and ecosystem protection.
- ② Reduce the use of chemical substances in products and production activities.
- ③ Cooperate in regional forest conservation and other activities to protect the environment of ecosystems.

#### Establishment of environmental management systems

**Build a foundation for environmental management that will achieve the Environmental Vision 2020**

- ① Establish EMS at all consolidated subsidiaries in Japan and overseas to promote environmental management Group-wide.
- ② Comply with environmental laws and regulations and regularly follow up on compliance status.
- ③ Communicate environmental data within and beyond the Group and maintain two-way dialogue while protecting the environment.

# Fiscal 2014 Results and Evaluation

Eighth Environmental Management Activities Plan (FY2014-FY2016)	
Realization of a low-carbon society	<p><b>Specific measure</b> Reducing CO<sub>2</sub> emissions and energy consumption</p> <p>1. Use energy visualization system</p> <p><b>Approach</b> Reduce CO<sub>2</sub> emissions and energy consumption through improvement activities using an energy visualization system</p> <p><b>Target</b> By fiscal 2016, reduce annual CO<sub>2</sub> emissions and energy consumption by at least 5%</p> <p>2. Cutting CO<sub>2</sub> emissions through product-based contributions</p> <p><b>Approach</b> Calculate reduced CO<sub>2</sub> amount separately for energy-related products, transportation-related products, industrial machinery, and other products</p> <p><b>Target</b> Achieve cumulative CO<sub>2</sub> emissions reduction equal to or more than the initial plan values for each business segment through product-based contributions</p>
	<p><b>Specific measure</b> Promoting 3Rs (reduce, reuse, recycle)</p> <p>1. Promoting reduced waste generation, greater reuse and more recycling</p> <p><b>Approach</b> Steadily implement measures to reduce total amount of waste generated. Promote high-level treatment and shift away from thermal recycling to material recycling and reuse</p> <p><b>Target</b> Reduce total amount of CO<sub>2</sub> emissions per unit of sales, and maintain zero emission status at all business sites</p> <p>2. Promoting PCB treatment</p> <p><b>Approach</b> Draft appropriate treatment plans and follow through with stated measures</p> <p><b>Target</b> Sustain commitment to treatment of high-concentration PCB waste in cooperation with JESCO*. Apply optimum method to treat low-concentration PBC waste *Japan Environmental Safety Corporation</p>
Realization of society coexisting with nature	<p><b>Specific measure</b> Reduction of substances harmful to the environment</p> <p>1. Reducing chemical substances</p> <p><b>Approach</b> Switch to either alternative materials that do not contain hazardous substances or materials with low-content concentrations. Reduce emissions into the atmosphere and prevent movement beyond the borders of business sites through such efforts as collection and treatment of chemical substances</p> <p><b>Target</b> Set major VOC reduction target below the average achieved through the Seventh Plan per unit of sales. Seek to reduce heavy metals to zero, in principle, by fiscal 2021</p> <p><b>Specific measure</b> Promoting resource conservation</p> <p>1. Forest conservation activities</p> <p><b>Approach</b> Continue to pursue forest conservation activities</p> <p><b>Target</b> Conduct forest conservation activities at least twice a year</p> <p>2. Conserving Water</p> <p><b>Approach</b> Promote water conservation programs</p> <p><b>Target</b> Reduce water consumption and amount of wastewater</p>
	<p><b>Specific measure</b> Enriching scope of environmental management systems in the KHI Group</p> <p>1. Reinforcing environmental management ability of KHI and affiliated companies in Japan</p> <p><b>Approach</b> Communicate environmental data to stakeholders</p> <p><b>Target</b> Set reasonable reduction targets and provide appropriate feedback</p> <p>2. Strengthening overseas affiliated companies' environmental management capabilities</p> <p><b>Approach</b> Pinpoint environmental data and evaluate environmental performance (impact on environment and effectiveness of measures to limit such impact)</p> <p><b>Target</b> Identify legal requirements and other criteria, and support efforts to mitigate environmental risk</p> <p><b>Specific measure</b> Kawasaki Green Product Promotion Activity</p> <p>1. Establishing compliancy evaluation system to assess environmental performance of Kawasaki green products</p> <p><b>Approach</b> Establish system for self-declared environmental claims regarding products</p> <p><b>Target</b> Establish system conforming to ISO 14021</p>

Results of Fiscal 2014 Activities	Evaluation	Page Number:
<p><b>Reducing CO<sub>2</sub> emissions and energy consumption</b></p> <p>1. Use of energy visualization system Implemented energy visualization system and began improvement activities</p>	○	▶ P.10
<p>2. Reducing CO<sub>2</sub> emissions through product-based contributions Cumulative CO<sub>2</sub> emissions reduction through product-based contributions reached 741,000t-CO<sub>2</sub> in fiscal 2014.</p>	△	▶ P.9
<p><b>Promoting 3Rs (reduce, reuse, recycle)</b></p> <p>1. Promoting reduction in waste generation, greater reuse and more recycling Total waste per unit of sales edged down 0.52 point from fiscal 2014, and zero emission status was maintained with final disposal ratio of 1% or less.</p>	○	▶ P.13
<p>2. Promoting PCB treatment High-concentration PCB waste continued to be treated at JESCO. For low-concentration PCB waste, information about treatment methods was collected and passed on to each business segment.</p>	○	▶ P.13
<p><b>Reduction of substances harmful to the environment</b></p> <p>1. Reducing chemical substances Promoted reduction measures for major VOCs, dichloromethane, and heavy metals</p>	○	▶ P.14
<p><b>Promoting resource conservation</b></p> <p>1. Forest conservation activities Continued forest conservation activities in Hyogo Prefecture, Miyagi Prefecture and Kochi Prefecture through the efforts of employees and their families</p>	○	▶ P.14
<p>2. Conserving water Promoted efforts to conserve water, and collected data on usage in fiscal 2014</p>	○	▶ P.14
<p><b>Enriching scope of environmental management systems in the KHI Group</b></p> <p>1. Reinforcing environmental management ability of affiliated companies in Japan Introduced in-house environmental data management system (ECOKEEP) and began collecting environmental data. Communicate environmental information to stakeholders</p>	○	▶ P.16
<p>2. Reinforcing environmental management ability of affiliated companies overseas Identified and tabulated environmental data and encouraged steps to lower environmental risk</p>	○	▶ P.16
<p><b>Kawasaki Green Product Promotion Activity</b></p> <p>1. Establishing conformity assessment system for Kawasaki green products Established system to check for conformity with ISO 14021, from the perspective of product performance and environmental management</p>	○	▶ P.20