

Realization of a Society Coexisting with Nature

Fiscal 2015 Targets and Results

Targets

① Reduce chemical substances

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

② Continue with forest conservation activity

Carry out forest conservation activity more than twice a year

③ Conserving Water

Reduce water consumption and amount of wastewater

Results

→ Major VOCs decreased 23% on a unit basis, but dichloromethane emissions were up 13% and the amount of heavy metals handled jumped 47%.

→ Activities were undertaken a total of five times in Hyogo Prefecture, Miyagi Prefecture, and Kochi Prefecture.

→ The amount of water used was down 8% from the previous fiscal year on a unit basis, while the amount of wastewater increased 19%.

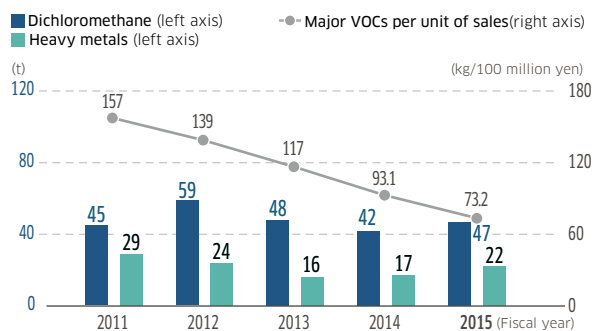
Chemical Substance Reduction

Kawasaki pursues measures to reduce consumption and emissions of chemical substances and to ensure appropriate management thereof. We have set targets for major VOCs (toluene, xylene and ethylbenzene), dichloromethane and hazardous heavy metals in each business segment, and apply approaches to curb consumption and emissions and to ensure appropriate management of these substances.

In fiscal 2015, the amount of dichloromethane and hexavalent chromium compounds handled rose, owing to an increase in production volume. But major VOCs and lead compounds, which are often found in paints, were down year on year. Yearly changes are shown in the graphs below for substances with reduction targets and managed substances designated under the PRTR Law.*

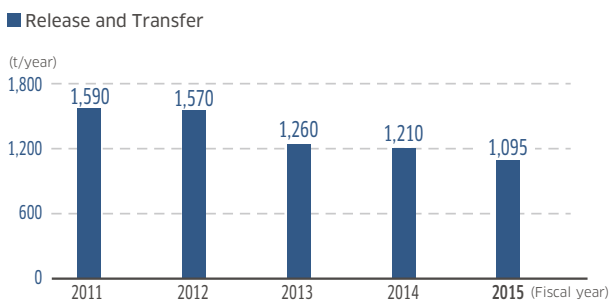
*PRTR law: Pollutant Release and Transfer Register law (Order for Enforcement of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof)

Handling Volume and Emissions of Managed Chemical Substances



Notes: 1. Major VOCs per unit of sales is a measurement obtained by dividing VOC emissions by net sales.
2. Heavy metals represent the combined amount of lead compounds and hexavalent chromium compounds. Reduction activities are undertaken separately for each substance.

Release and Transfer of Chemical Substances Designated under the PRTR Law

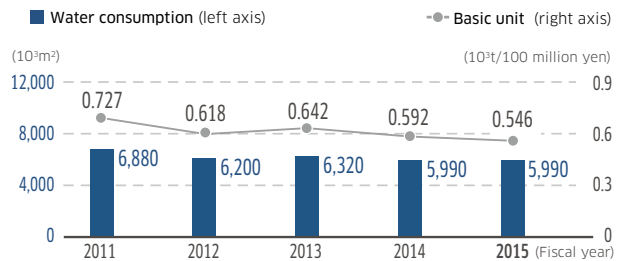


Conserving Water

Kawasaki strives to reduce water consumption and sets reduction targets on a per unit of sales basis.

In fiscal 2015, we worked toward a decrease in water consumption, including appropriate management of cooling water, but because of production increases at factories and expansion of testing facilities, water usage remained at the level reached in the previous fiscal year. Nevertheless, we achieved our target, as water consumption dropped 8% on a per unit of sales basis from fiscal 2014.

Water Consumption and Basic Unit



Forest conservation activity

Seeking to realize a society that coexists with nature, Kawasaki Group has participated in corporate forest restoration projects promoted by Hyogo Prefecture since December 2008.

Activities kicked off with forest conservation activities and nature watching and observation events in a community forest dubbed Kawasaki Heavy Industries Saidani Nagomi-no-Mori, in the town of Taka. In 2014, we shifted activities to Kawasaki Heavy Industries Yokamura Park Nagomi-no-Mori, still in the Taka area, as we continued our efforts to keep the local forests healthy. These forest conservation activities have involved the participation of some 1,300 employees and their families including newly hired employees since 2008.



Group photo from activity in autumn 2014

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 Kawasaki 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 Kawasaki 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.

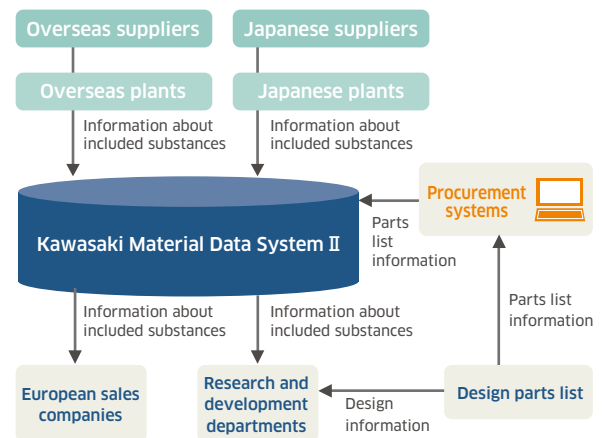
Kawasaki practices CSR procurement and responds to requests from customers to gather chemical substance information. In addition, the Motorcycle & Engine Company has created the Kawasaki Material Data System II*4 to collect data about chemical substances and respond to REACH and other applicable chemical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



CSR Procurement Guidelines >

<http://global.kawasaki.com/en/corp/sustainability/procurement/guideline.html>

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)

The Next Step

For chemical substances, we will embrace methods to consume them entirely and collect and treat them, and switch to alternative products and materials with less toxic content, as we work toward stated targets. For water, we will reduce consumption and emissions, through such efforts as pinpointing problem areas and repairing leaks. In addition, we will strive to protect biodiversity by providing environmentally conscious products and services and playing a constructive role in forest conservation activities.