

Material Issues and Our Approach

As the Kawasaki Group's businesses involve the provision of many infrastructure products, ensuring that customers can use our products and services with confidence is a key management issue. The Kawasaki Group Code of Conduct includes a section titled "Quality and Safety of Products and Services" and states that we must provide high-performance, high-quality, safe products and services.

Focus Activities and Medium-term Targets● **Goals for the MTBP 2019**

- Create quality assurance and product safety systems Group-wide.
- Zero product safety law violations.

Progress, Results and Challenges**Goals for Fiscal 2019**

- Survey the internal companies and business divisions.
- Establish a Kawasaki Group quality assurance policy.
- Build a Group-wide system for thorough quality management.

● **Fiscal 2019 Results**

- Surveyed quality assurance structures in place at each internal company and business division using the Total Quality Management (TQM) method and assessed the actual level of quality assurance
- Initiated discussions to establish a Kawasaki Group quality assurance policy
- Held a Company-wide quality meeting to ensure information sharing throughout the Group and facilitated quality assurance activities
- Recorded zero product safety law violations

● **Goals for Fiscal 2020**

- Continue using the TQM method to conduct surveys to determine actual levels of quality assurance.
- Establish a Kawasaki Group quality assurance policy.
- Periodically hold Company-wide quality meetings to facilitate information sharing and quality assurance activities while developing a robust Company-wide structure for quality management education.

Product Quality and Safety Policy

The Kawasaki Group Code of Conduct includes a section titled "Quality and Safety of Products and Services" and states that "we must provide high-performance, high-quality, safe products and services."

● **Scope of Policy Application**

The Kawasaki Group



The Kawasaki Group Code of Conduct

<https://global.kawasaki.com/en/corp/sustainability/business-conduct-guideline.html>

Structure

We have established TQM Department within the Corporate Technology Division to advance quality control assurance at the Group-wide level. We have also established divisions responsible for quality control within the internal companies and business divisions to advance quality assurance activities within the internal companies.

● **Responsible Officer**

Sukeyuki Namiki, Representative Director, Vice President and Senior Executive Officer (in charge of TQM)

● **Responsible Executive Organ and/or Committee**

We are formulating policies and plans for building and reinforcing a Group-wide TQM system that will include regular quality assurance activities.

Product
Liability **M**

Performance Data

Quality and Safety Management

The internal companies and business divisions are reassessing their internal product safety rules to ensure that their product safety processes are compliant with the international standard ISO 12100. Doing so will better enable design divisions to carry out risk assessments and implement risk reduction measures appropriate to the magnitude of risks identified from the design stage.

- **Basic Safety Standards: Basic concepts applied to all types of machinery**
 - ISO 12100 Safety of machinery—General principles for design—Risk assessment and risk reduction
- **Generic Safety Standards: Applied across a wide range of machinery**
 - ISO 13849-1 Safety of machinery—Safety-related parts of control systems—Part 1: General principles for design
 - IEC 62061 Safety of machinery—Functional safety of electrical, electronic and programmable electronic control systems
 - IEC 60204-1 Safety of machinery—Electrical equipment of machines—Part 1: General requirements
 - IEC 61000-6-4 Electromagnetic compatibility (EMC)—Part 6-4: Generic standards—Emission standard for industrial environments
 - IEC 61000-6-2 Electromagnetic compatibility (EMC)—Part 6-2: Generic standards—Immunity for industrial environments
- **Machine Safety Standards: Detailed safety requirements for a particular machine or group of machines**
 - ISO 10218-1 Robots and robotic devices—Safety requirements for industrial robots—Part 1: Robots

Quality and Safety Education and Awareness Raising

We hold information meetings on machinery safety and risk assessment seminars for technical divisions of the internal companies and business divisions, which are at the frontlines of realizing machine safety, to ensure that the idea and practice of machine safety reaches all affected employees.

Quality and Safety Violations and Actions Taken

We monitor the status of quality- and safety-related incidents throughout the Company, including those involving violations of laws and regulations, while regularly confirming whether necessary countermeasures are being implemented. Findings gleaned from these activities are utilized to update our quality management structure.

ISO 9001 Certification Status

Kawasaki acquires ISO 9001 certification at the internal company level.

- Ship & Offshore Structure Company: Certified (general merchant ship, offshore structures and AUV business)
- Rolling Stock Company: Certified
- Aerospace Systems Company: Certified (JIS Q 9100 for aerospace and jet engine business)
- Energy System & Plant Engineering Company: Certified (plant, energy and marine business)
- Motorcycle & Engine Company: Certified (small engine business)
- Precision Machinery & Robot Company: Certified (also certified under the automotive industry standard IATF 16949 for the gas valve business)

In addition, 14 of the 19 overseas production sites are certified under the ISO 9001 quality management standard.



ISO 9001 Certification Status of Kawasaki Group's Overseas Production Sites

https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/ISO9001_survey.pdf

Policy on Defense-related Businesses

Initiatives to Prevent Human Rights Infringements in Defense-related Businesses

Aware of the CSR obligations attendant to involvement in national security-related businesses, we formulated corporate ethics-based in-house rules regarding the provision of products and services. In addition to ensuring compliance with laws and regulations associated with security trade and export control, these corporate ethics-based rules are designed to help employees judge the propriety of how purchasers put our products and technologies to actual use and thereby prevent such products and technologies from being used in unintended manners.

Furthermore, the Kawasaki Group Code of Conduct states that “We do not provide products and technologies for unethical purposes of use” and requires that Group members be aware of the ethical responsibilities associated with the provision of Group products and technologies.



The Kawasaki Group Code of Conduct

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Net Sales by Defense-related Businesses (consolidated global)

	(FY)	2015	2016	2017	2018	2019
Net sales	(Millions of yen)	227,333	236,861	237,737	216,989	256,839
Percentage of total net sales	(%)	14.8	15.5	15.1	13.6	15.6