

## DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

### FINAL ASSESSMENT

#### KAWASAKI HEAVY INDUSTRIES, LTD.

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	8/8
2. Internal Controls	6	4/12
3. Support to Employees	7	4/14
4. Conflict of Interest	4	2/8
5. Customer Engagement	7	3/14
6. Supply Chain Management	5	3/10
7. Agents, Intermediaries and Joint Ventures	10	0/20
8. Offsets	4	0/8
9. High Risk Markets	4	3/8
10. State-Owned Enterprises	0	N/A
<b>TOTAL</b>		<b>27/102</b>
<b>BAND</b>		<b>E</b>

\*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

## 1. Leadership and Organisational Culture

<b>Question</b>
<b>1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>There is evidence that the company has a publicly stated anti-bribery and corruption commitment. There is clear evidence that this commitment was authorised and endorsed by the company's President and Chief Executive Officer.</p>
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a></p> <p>[p.2] The business activities of Kawasaki Group (the "Group") are inextricably tied to our communities and have meaningful impact upon the larger society. In order to ensure that the Group forms a positive symbiotic relationship with the larger society, as the Group continues to grow, it is vital for us to not only focus on making economic profit but also foster trust by meeting the demands of all of our stakeholders including our employees, customers, suppliers, shareholders, and communities in which we do business. It is the Group's mission to provide products and services that contribute to the larger society. But that is not all. We also have a social responsibility to engage in fair business practices as well as to prevent corruption, to care for the environment, to promote human rights, and to ensure the highest standards of conduct in all of our business activities. As we carry out these responsibilities, we must work to fulfill the Group's mission: Kawasaki, working for the good of the planet.</p> <p>The Group's business extends across national borders and a wide range of industries around the world, and our workforce consists of people from various countries and cultural backgrounds. In order for the Group to exemplify the highest standards of business conduct as a global corporation, it is vital for each and every one of our officers and employees to comply with the laws of the countries and regions in which we operate, as well as with international standards, rules of conduct, and codes of ethics. Moreover, it is crucial that we act with a sincere appreciation and respect for the diversity of each and every person's character, culture, and customs.</p> <p>As president, I declare that the Kawasaki Group Code of Conduct (the "Code" ) shall serve to help all officers and employees in each country and region to come together in unity, with a deep awareness that the Code will serve as the foundation for ensuring the highest standards of conduct in all of our business activities and that we shall adhere to the Code in making decisions and taking action, even in difficult circumstances.</p> <p>I ask that all members of the Group refer to the Code in the conduct of their daily business on behalf of the Group. In particular, supervisors must set an example for their subordinates and endeavor to provide the necessary guidance and support. Furthermore, in addition to the Code, all members of the Group must adhere to all applicable laws, regulations, and rules. The continued strength and growth of the Group depend on this commitment. Working together, we will make the Group a business that enjoys deeper trust from our communities and for which we work with pride.</p> <p>April 2019                  President and Chief Executive Officer                  Yoshinori Kanehana</p> <p>[p.13] Anti-Bribery and Anti-Corruption Compliance                  We do not engage in bribery or other forms of corruption and do not provide any inappropriate entertainment or gifts.</p> <p>The Group is committed to strict compliance with the letter and spirit of Japan's anti-corruption laws, the United States Foreign Corrupt Practices Act ( "FCPA" ) and other applicable anti-corruption legislation enacted in various jurisdictions around the globe (collectively, "Anti-Corruption Laws" ). Anti-Corruption Laws generally prohibit making</p>

payments, promises, or offers of anything of value to government officials or employees (at any level), political candidates, or political party officials to obtain or retain business or to secure an improper advantage. Anti-Corruption Laws also generally prohibit bribery in the commercial setting, i.e., providing anything of value to improperly influence anyone, whether they are a government official or a private business partner. The jurisdictional reach of Anti-Corruption Laws can be broad, and the Group requires full compliance with all Anti-Corruption Laws and this Policy by all directors, officers, employees, consultants, and other representatives of the Group, as well as any third parties acting on the Group's behalf, regardless of citizenship or work location. Violations of such laws can carry severe civil, administrative, and criminal penalties for all involved.

<b>Question</b>
<p><b>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</b></p> <p><b>a) All employees, including staff and leadership of subsidiaries and other controlled entities;</b></p> <p><b>b) All board members, including non-executive directors.</b></p>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>There is clear evidence that the company has an anti-bribery and corruption policy, which specifically prohibits bribery, payments to public officials, commercial bribery, and facilitation payments. There is evidence this policy applies to all employees and board members.</p>
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a></p> <p>[p.6] Applicability of the Code:</p> <p>The Kawasaki Group Code of Conduct (the “Code” ) applies to all officers, employees, temporary contract employees, and agents (the “officers and employees” ) of the Kawasaki Heavy Industries Group (the “Group” ), a corporate group consisting of Kawasaki Heavy Industries and its subsidiaries. Furthermore, non-controlled affiliates, suppliers, independent contractors, and distributors of the Group are also requested to adhere to the Code where applicable.</p> <p>[p.13] Anti-Bribery and Anti-Corruption Compliance                  We do not engage in bribery or other forms of corruption and do not provide any inappropriate entertainment or gifts.</p> <p>The Group is committed to strict compliance with the letter and spirit of Japan’ s anti-corruption laws, the United States Foreign Corrupt Practices Act ( “FCPA” ) and other applicable anti-corruption legislation enacted in various jurisdictions around the globe (collectively, “Anti-Corruption Laws” ). Anti-Corruption Laws generally prohibit making payments, promises, or offers of anything of value to government officials or employees (at any level), political candidates, or political party officials to obtain or retain business or to secure an improper advantage. Anti-Corruption Laws also generally prohibit bribery in the commercial setting, i.e., providing anything of value to improperly influence anyone, whether they are a government official or a private business partner.</p> <p>The jurisdictional reach of Anti-Corruption Laws can be broad, and the Group requires full compliance with all Anti-Corruption Laws and this Policy by all directors, officers, employees, consultants, and other representatives of the Group, as well as any third parties acting on the Group’ s behalf, regardless of citizenship or work location. Violations of such laws can carry severe civil, administrative, and criminal penalties for all involved.</p> <p>[p. 14] Entertainment and Gifts</p> <p>Excessive or inappropriate gifts or entertainment affects transparency of our operations and distorts incentives in business transactions. Entertainment and gifts in business activities must have a lawful and legitimate business purposes. Common sense and moderation are vital. Many countries have strict laws concerning entertainment and gifts, and we must adhere to any of those laws stipulating specific monetary limits. Conduct implicating anti-corruption laws includes the provision of “anything of value” to any individual, whether directly to the individuals or indirectly channelled through their family, friends, business partners, or any other third party. “Anything of value” is broadly declined and includes non-cash items such as gifts, entertainment, event tickets, lodging, golf outings, favors, services, loans and loan guarantees, investment or business opportunities, the use of property or equipment, job offers (even to the recipient’ s relatives or friends), a donation to a charitable institution or political contribution, transportation, and the payment or reimbursement of debts. Even small payments or benefits are prohibited if they are intended as bribes. The relevant conduct here includes not only the actual giving and receiving of gifts or entertainment but also offers, promises, authorization to provide, and attempts at providing anything of value. Even if the monetary value is small, the provision or acceptance of gifts or entertainment with the purpose of obtaining an unfair business advantage can be inappropriate or illegal.</p>

[p.15] Entertainment and Gifts to Public Officials

“Public officials” refers to 1) any officer or employee of a government or any department, agency, or instrumentality thereof; 2) any officers or employees of a public international organization; or 3) any person acting in an official capacity for or on behalf of 1) and 2). This includes not only members and employees of national or local governments and legislatures but also members and employees of state-owned and state-controlled entities. Provision of entertainment and gifts to domestic or foreign public officials, even in small amounts, is considered bribery under the laws of many countries and may be subject to severe civil, administrative, and criminal penalties. In addition, in some situations, public officials may request “facilitation payments,” which are payments made to public officials to expedite or to secure the performance of routine governmental action. Facilitation payments are prohibited under the laws of most countries. Accordingly, any improper payments, no matter how small the amount, are strictly prohibited under this policy. To be clear, the Group does not allow bribery of any type—whether to persons of private entities (e.g., commercial bribery) or to public officials.

Gifts and entertainment provided to public officials may implicate the laws of not only the country and region in which they took place, but also laws of third countries such as the United States Foreign Corrupt Practices Act.

[p. 16] Actions to Be Taken by Individuals

- Adhere to the rules and regulations of each the Group company and department regarding anti-bribery and anti-corruption, as well as entertainment and gifts
- When providing or receiving entertainment and gifts, confirm the following:
  - The entertainment and gifts will not inappropriately affect decision-making regarding transactions, are not made with corrupt intent, and are legal in your country and the country of the recipient;
  - The entertainment and gifts serve a legitimate business purpose, and the value and nature of the entertainment and gifts are appropriate to the business relationship and local custom;
  - The entertainment and gifts do not violate the standards of conduct of the recipient’ s organization or any contractual agreement;
  - Prior approval from appropriate personnel has already been obtained and the entertainment and gifts are otherwise permitted by the Group’ s policies; and
  - All records of the entertainment and gifts are properly kept, including records of the date, amount, and contents.
- If you become aware of inappropriate entertainment and gifts, promptly report them to your supervisor, the relevant departments, or the Compliance Department.
- Do not provide payments, entertainment, or gifts to public officials, even upon their request. If you receive a request for facilitation payment, make a record of such request, report it immediately to your supervisor or the relevant departments, and seek further instructions.

**Question**

**1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?**

**Score**

**2**

**Comments**

There is evidence that the company's Corporate CSR Committee is responsible for overseeing the company's Code of Conduct and therefore the company's anti-bribery and corruption policy. There is evidence that this committee is chaired by the President, who is a member of the board of directors. The company indicates that this committee is responsible for monitoring the achievement levels and status of the company's compliance programme.

**Evidence**

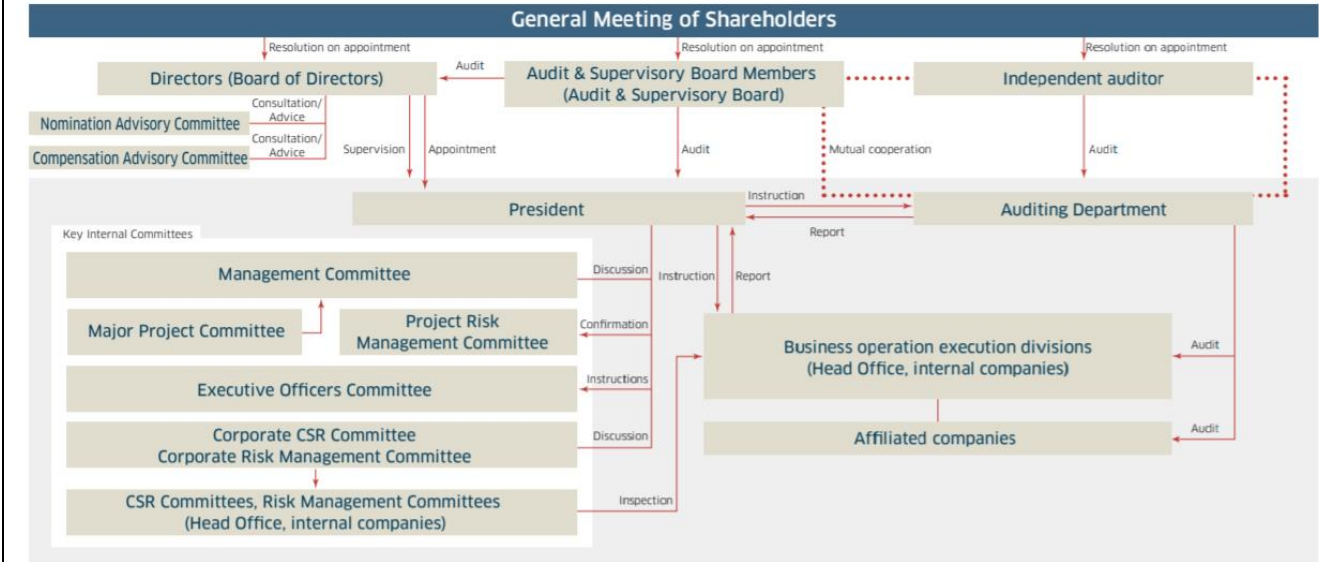
**[8] Kawasaki Report 2019 (Document)**

Accessed 16/03/2020  
[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf)  
 [p.43]

**Key Internal Committees Other than the Board of Directors and Audit & Supervisory Board**

Nomination Advisory Committee	• An advisory body on the nomination of directors and audit & supervisory board members
Compensation Advisory Committee	• An advisory body on the compensation of directors
Management Committee	• Includes executive directors and internal company presidents • Assists the president as an advisory body with regard to Group management • Discusses important Group management policy, management strategy and management issues
Executive Officers Committee	• Comprises all executive officers appointed by the Board of Directors • Conveys business execution policy based on management policy and management plans determined mainly by the Board of Directors and the Management Committee • Venue for communicating necessary and important information regarding business execution and exchanging opinions
Corporate CSR Committee	• Discusses and decides on basic policy and important matters related to CSR for the Group as a whole and monitors implementation
Corporate Risk Management Committee	• Discusses and identifies important issues pertaining to risk management for the Group as a whole and monitors implementation
Major Project Committee	• Assesses risk and considers appropriate responses before the acceptance of major projects
Project Risk Management Committee	• Regularly follows up on major projects during execution

**The Kawasaki Group's Governance Structure (As of June 26, 2019)**



[p.50] Compliance / Risk Management  
*Basic Stance on Compliance*

The Kawasaki Group Management Principles, part of the Kawasaki Group Mission Statement, extol the corporate virtue of “recognizing social responsibility and coexisting harmoniously with the environment, society as a whole, local communities, and individuals,” and in the Kawasaki Group Action Guidelines, we ask each and every member of the Group to “earn the trust of the community through high ethical standards and the example you set for others.”

We have established the Kawasaki Group Code of Conduct and set ethical standards to be the basis of decisions. At the same time, the Regulations Concerning the Kawasaki Group Code of Conduct, a set of internal rules, requires executives and employees to comply with the Code of Conduct.

*Compliance Promotion Structure*

The Corporate CSR Committee comprises all directors and audit & supervisory board members and is chaired by the Kawasaki president. The committee meets at least twice a year (three meetings in fiscal 2018). Its goals are to discuss and determine measures to ensure that the Kawasaki Group fulfills its corporate social responsibilities and maintains thorough compliance, and to monitor the achievement levels and status of compliance efforts. To ensure that the objectives of the Corporate CSR Committee extend to all corporate structures, at the head office and internal companies, business segment CSR committee meetings are held at least twice a year to promote compliance throughout the Group.

**Question**

**1.4. Is responsibility for implementing and managing the company’s anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company’s programme?**

**Score**

**2**

**Comments**

Based on publicly available information, there is evidence that the President of the company, who is also the chair of the Corporate CSR Committee, has ultimate responsibility for overseeing all aspects of the company’s compliance structure, which includes its anti-bribery and corruption programme. Although the company does not explicitly state that the President is responsible for implementing and managing the its compliance activities, the company’s annual report indicates that the Corporate CSR committee is tasked with monitoring and implementation, so this is deemed sufficient for a score of ‘2’.

**Evidence**

**[8] Kawasaki Report 2019 (Document)**

Accessed 16/03/2020

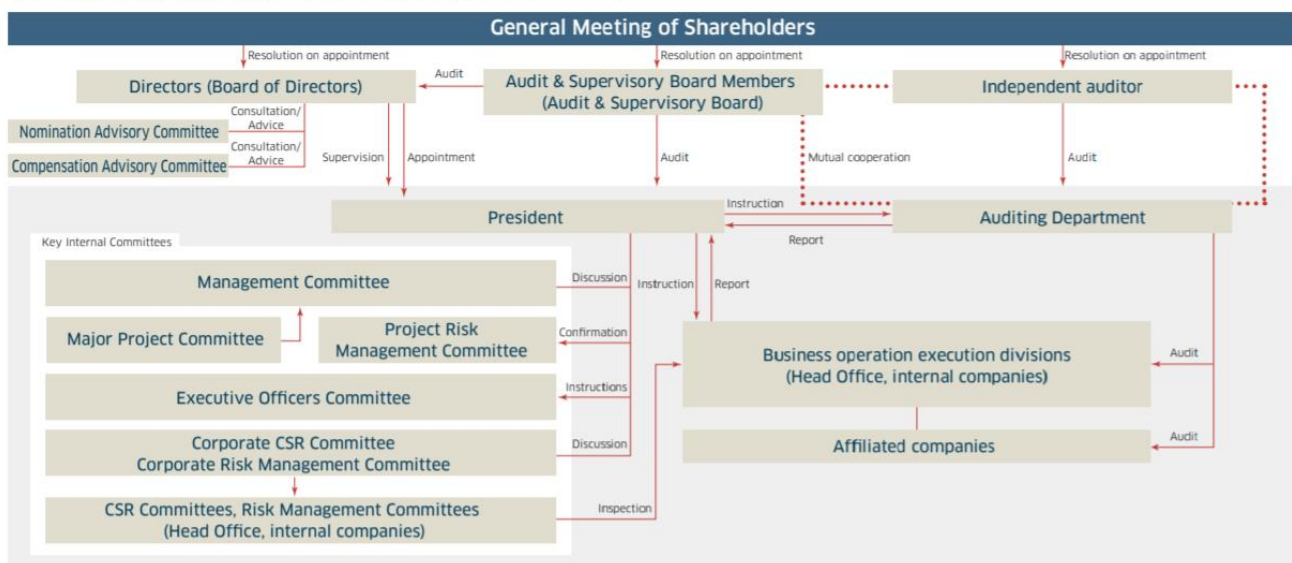
[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf)

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Executive Officers Committee	<ul style="list-style-type: none"> <li>• Comprises all executive officers appointed by the Board of Directors</li> <li>• Conveys business execution policy based on management policy and management plans determined mainly by the Board of Directors and the Management Committee</li> <li>• Venue for communicating necessary and important information regarding business execution and exchanging opinions</li> </ul>
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**The Kawasaki Group’s Governance Structure (As of June 26, 2019)**





[p.50] Compliance / Risk Management

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*Compliance Promotion Structure*

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## 2. Internal Controls

<b>Question</b>
<b>2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is some publicly available evidence that the company has a risk assessment procedure, however there is no clear evidence that the results of risk assessments are used to inform or update the company's anti-bribery and corruption programme.
<b>Evidence</b>
<p><b>[8] Kawasaki Report 2019 (Document)</b>                  Accessed 16/03/2020  <a href="https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf">https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf</a>                  [p.51] Risk Management</p> <p><i>Basic Stance</i></p> <p>In accordance with the Companies Act, the Kawasaki Board of Directors has adopted a basic policy for internal control systems. Based on this policy, the Company's Risk Management Regulations indicate that risks should be identified, classified, analyzed, and assessed and that risk management (avoidance, reduction, etc.) should be executed appropriately.</p> <p>In addition, to achieve sustained improvements in profitability and enterprise value, the Kawasaki Group Mission Statement identifies risk management as a guiding theme of the Kawasaki Group Management Principles.</p> <p><i>Responding to Major Risks</i></p> <p>To undertake integrated risk management on a Group-wide basis, each year, divisions responsible for operations re-check for the presence of risks, identify major risks that have the potential to significantly impact operations (Group-level risks), and monitor responses to these risks. Furthermore, they specify a few risk items from among those identified that require Group-wide response measures and specifically confirm the status of response to these at the Group-wide level.</p> <p>With regard to individual risks associated with business execution, in accordance with such company regulations as the Major Project Risk Management Regulations, the relevant divisions must assess and analyze such risks in advance and fully consider appropriate responses. In particular, the Company practices even more thorough risk management for major projects with significant impact on operations, including that at the time of bidding and concluding agreements for such projects as well as regular follow-up by the Head Office and internal companies as needed after the project begins.</p>

**Question**

**2.2. Is the company’s anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?**

**Score**

0

**Comments**

Based on publicly available information, there is no clear evidence that the company’s anti-bribery and corruption programme is subject to audit or review. The company provides some indication that it has a process to conduct audits, but it is not clear that such reviews cover the compliance or anti-corruption programme specifically.

**Evidence**

**[8] Kawasaki Report 2019 (Document)**

Accessed 16/03/2020

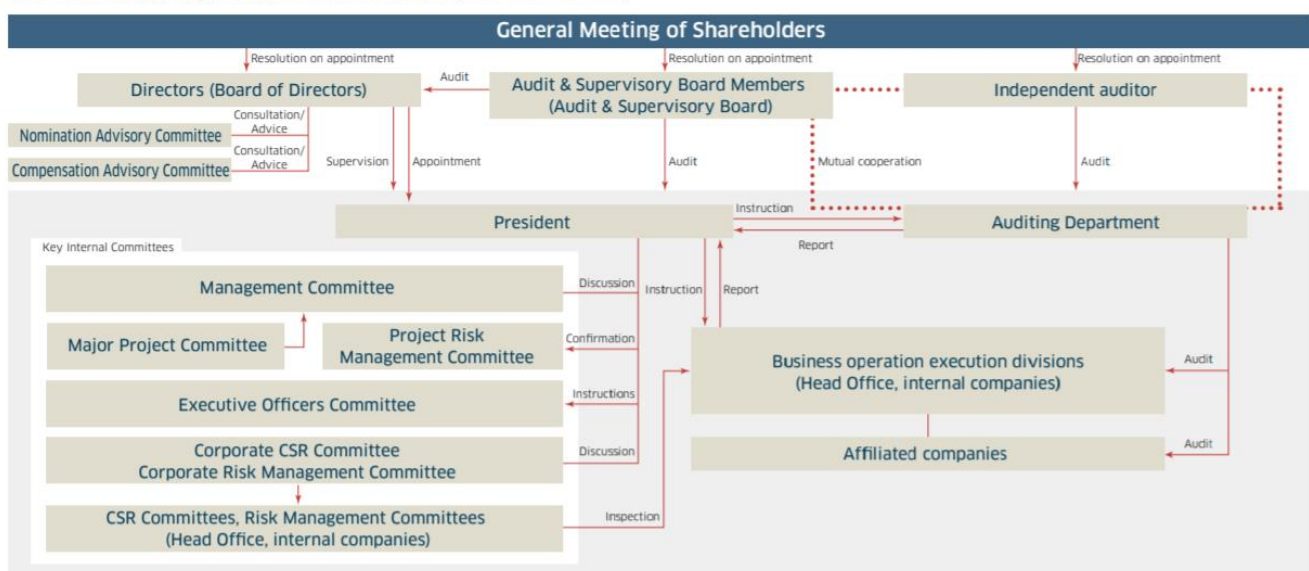
[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf)

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**The Kawasaki Group's Governance Structure (As of June 26, 2019)**



**[2] Kawasaki Report 2018 (Document)**

Accessed 07/07/2019

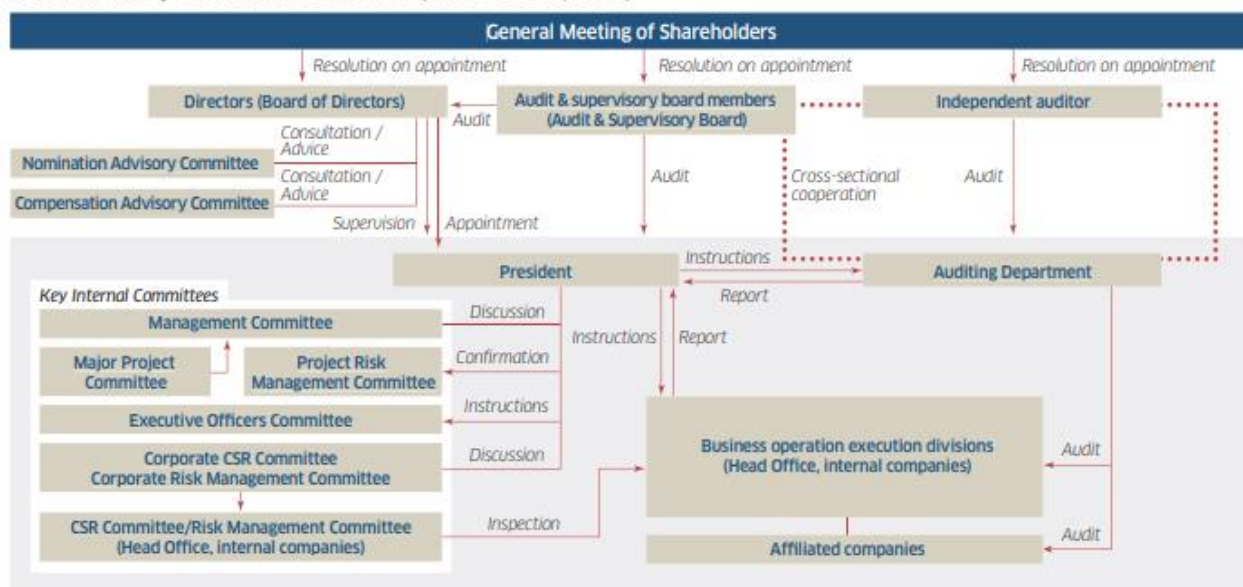
[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18_houkokusyo.pdf)

[p.45]

**Key Internal Committees Other than Board of Directors and Audit & Supervisory Board**

Name	Activities
Nomination Advisory Committee	• An advisory body on nomination of directors and audit & supervisory board members
Compensation Advisory Committee	• An advisory body on compensation for directors
Management Committee	<ul style="list-style-type: none"> <li>• Includes executive directors and internal company presidents</li> <li>• Assists the president as an advisory body with regard to Group management</li> <li>• Discusses important management policy, management strategy, management issues, and other matters from a Group perspective</li> </ul>
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Corporate CSR Committee	• Discusses and decides on basic policy and important matters related to CSR for the Group as a whole and monitors implementation status
Corporate Risk Management Committee	• Discusses important issues pertaining to risk management for the Group as a whole and monitors implementation status
Major Project Committee	• Assesses risk and considers appropriate responses before acceptance of major projects
Project Risk Management Committee	• Regularly follows up on major projects during execution

**Kawasaki Group's Governance Structure (As of June 27, 2018)**



**[9] ESG Data Book 2019 (Document)**

Accessed 16/03/2020

[https://global.kawasaki.com/en/corp/sustainability/esg/esg\\_2019\\_e.pdf](https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf)

[p.20] Audit Status

**Internal Audits**

The Auditing Department, which is an internal audit division and consists of around fifteen (15) persons, makes efforts to improve the internal control function such as regularly auditing whether the Group's execution of general business activities is properly conducted in accordance with laws and internal rules, etc. Furthermore, audit & supervisory board members and the Auditing Department exchange information regarding each audit's result and findings.

**Audits Conducted by Audit & Supervisory Board Members**

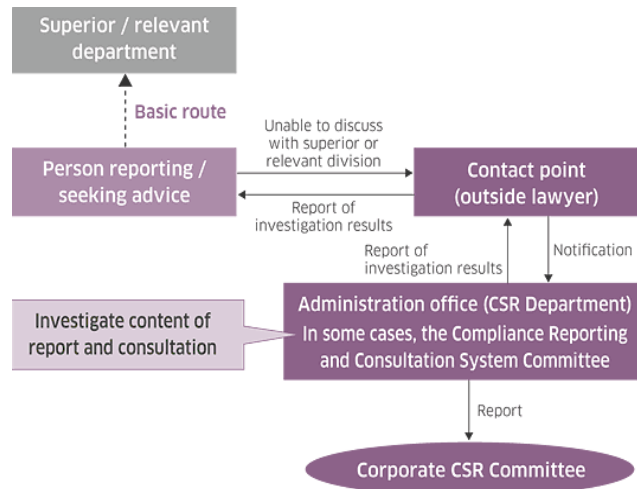
Audit & supervisory board members attend board of directors meetings and management meetings, etc. (Outside audit & supervisory board members attend management meetings, etc., as needed.) In addition, audit & supervisory board members inspect important documents, meet directors and executive officers, conduct operational audits of the Head Office and operating divisions, and investigate the status of businesses and assets through the investigation of subsidiaries, etc. Furthermore, by appointing three (3) outside audit & supervisory board members, objectivity and neutrality of audit function are further ensured. In addition, the full-time audit & supervisory board members and outside audit & supervisory board members share information to enhance the audit function.

#### Independent Audits

With regard to independent auditing, we undergo audits of our financial statements by the independent auditor KPMG AZSA LLC. Audit & supervisory board members and the Audit & Supervisory Board receive an outline of the audit plan and a report on important audit items from the independent auditor, and the Audit & Supervisory Board explains the Company's auditing plan to the independent auditor. The Audit & Supervisory Board and its members periodically receive reports on the results of audits by the independent auditor, and conversely, the independent auditor receives reports on the results of audits by the Audit & Supervisory Board and its members, who strive to keep lines of communication open with the independent auditor by also exchanging information and opinions. When necessary, audit & supervisory board members take part in the audits performed by the independent auditor, and may also receive reports from the independent auditor concerning audits when appropriate.

<b>Question</b>														
<b>2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?</b>														
<b>Score</b>														
<b>2</b>														
<b>Comments</b>														
<p>Based on publicly available information, there is evidence that the company investigates compliance incidents and violations of the Code of Conduct, which includes the company’s anti-bribery and corruption policy. There is evidence that the company has a procedure in place to deal with whistleblowing cases, which outlines actions to be taken at each step. The company commits to notifying the whistleblower of the outcome of investigations.</p> <p>In addition, the company’s procedure indicates that whistleblowing reports received through the CRC System are investigated by outside lawyers. There is also evidence that internal inquiries are conducted by an independent team and that the CSR Committee receives reports on all investigations.</p>														
<b>Evidence</b>														
<p><b>[4] Kawasaki Compliance (Webpage)</b>                  Accessed 07/07/2019  <a href="http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html">http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html</a>                  Compliance Reporting and Consultation System (whistle-blower system)</p> <p>In certain situations, employees of the Company and domestic consolidated subsidiaries who suspect a violation of compliance practices relating to their operations may find it difficult to report the situation or seek advice from superiors or a department that would normally address alleged misconduct. To address this problem, we have established the Compliance Reporting and Consultation System (whistle-blower system).</p> <p>Under this system, outside lawyers directly receive reports from and offer advices to the reporters/consulters (whistle-blowers). If recognizing a problem in compliance after investigations, the lawyer reports it and makes a proposal for correction to the Company. The whistle-blower will be advised of the result directly by the outside lawyer. The name, etc. of the whistle-blower will not be disclosed to the Company in the course of the investigation without the approval of the whistle-blower.</p> <p>This system is posted on the intranet, the Compliance Guidebook, group newsletters, etc. for internal publication. In fiscal year ended March 31, 2018, the system was used 27 times.</p> <p>Number of Reports or Consultations (Fiscal year ended March 31, 2018)</p> <table border="1"> <thead> <tr> <th>Nature of report or consultation</th> <th>Number of cases</th> </tr> </thead> <tbody> <tr> <td>Power harassment</td> <td>7</td> </tr> <tr> <td>Personnel matters</td> <td>8</td> </tr> <tr> <td>Financial fraud</td> <td>1</td> </tr> <tr> <td>Sexual harassment</td> <td>3</td> </tr> <tr> <td>Others</td> <td>8</td> </tr> <tr> <td>Total</td> <td>27</td> </tr> </tbody> </table> <p>* Number of cases listed above refers to reports and consultations received, not those identified as violation of compliance practices.</p>	Nature of report or consultation	Number of cases	Power harassment	7	Personnel matters	8	Financial fraud	1	Sexual harassment	3	Others	8	Total	27
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Power harassment	7													
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Others	8													
Total	27													

Compliance Reporting and Consultation System Flow Chart



**[1] Kawasaki Code of Conduct (Document)**

Accessed 07/07/2019

[https://global.kawasaki.com/en/corp/sustainability/bcg\\_eng\\_20190510.pdf](https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf)

[p.7] Actions to Take When You Discover a Violation:

If you discover any violation of the Code, promptly report it to your supervisor and the relevant departments. If, for any reason, it is not practical, or if it is difficult, to report to your supervisor or the relevant departments, report to the Compliance Department. The Group takes measures to keep confidential the identities of the officers and employees who submit their reports. When submitting concerns, you are asked to provide as much detailed information as possible. Providing detailed, rather than general, information will assist us in effectively investigating complaints. Even if the report turns out to be a mistake and no violation is found, the individual who reported it will not be held responsible as long as the individual reported it in good faith. All conversations, calls, and reports made under this policy in good faith will be taken seriously. Any allegations that are knowingly false or without a reasonable belief in the truth and accuracy of such information will be viewed as a serious disciplinary offense.

[p.8] Investigations and Duty to Cooperate:

You must promptly notify the relevant departments of any government investigation or inquiries from government agencies concerning the Group. If you are aware of an internal or government investigation, you may not destroy any record, books of account, or other documents relating to the Group unless advised in writing by the relevant departments. You have a duty to cooperate with any the Group internal inquiry or government investigation, and you must not obstruct the collection of information, data, or records relating to the Group. You must not lie to internal or government investigators or make misleading statements in any investigation. You also must not attempt to cause any officer or employee to fail to provide accurate information to any internal or government investigators.

**[9] ESG Data Book 2019 (Document)**

Accessed 16/03/2020

[https://global.kawasaki.com/en/corp/sustainability/esg/esg\\_2019\\_e.pdf](https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf)

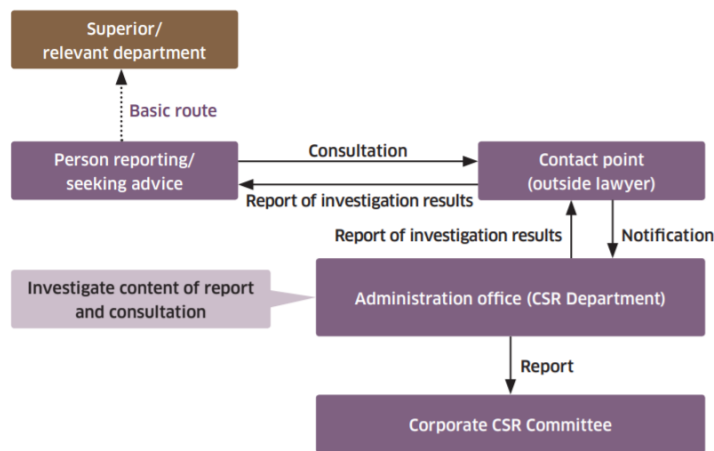
[p.26] Whistle-Blowing System and Consultation Points

We have established the Compliance Reporting and Consultation System, with an outside lawyer acting as the contact, so that employees (including contract employees and temporary staff) of the Company and domestic consolidated subsidiaries can report or seek consultation regarding suspected violations of compliance practices relating to their operations.

Under the Compliance Reporting and Consultation System, employees report to or consult with an outside lawyer directly. The lawyer then investigates to determine whether or not there is in fact a compliance problem, and if a problem is found, advises the Company on how to remedy it. Furthermore, the lawyer reports the results of this process back to the employee who used the system. During the investigation, the employee's name is not disclosed to the Company without his or her permission.

The Group works to ensure that employees know how to use this system by providing information on it via such means as the Company intranet, leaflet inserts in Kawasaki Group Code of Conduct pamphlets, Compliance Guidebooks and Group newsletters.

Compliance Reporting and Consultation System Flow Chart



● Number of Reports or Consultations

	(FY)	2014	2015	2016	2017	2018
Number of reports or consultations*	Cases	31	19	20	27	29
Abuse of authority	Cases	10	8	5	7	13
Personnel matters	Cases	8	6	4	8	5
Financial Fraud	Cases	6	–	2	1	4
Sexual harassment	Cases	–	1	2	3	1
Threats and harassment	Cases	–	–	–	1	3
Safety	Cases	–	–	–	2	–
Others	Cases	7	4	7	5	3

\* The numbers of cases listed above refer to reports and consultations received, not those identified as actual compliance violations.  
 Note: The scope of statistics includes Kawasaki and domestic consolidated subsidiaries.

**[2] Kawasaki Report 2018 (Document)**

Accessed 07/07/2019

[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18_houkokusyo.pdf)

[p.47] Compliance Reporting and Consultation System (whistle-blower system)

In certain situations, employees (including contract employees, temporary staff, and retired employees) of the Company and domestic consolidated subsidiaries who suspect a violation of compliance practices relating to their operations may find it difficult to report the situation or seek advice from superiors or a department that would normally address alleged misconduct. To address this problem, we established the Compliance Reporting and Consultation System, with an outside lawyer acting as the contact. There were 27 reports or consultations made through the Compliance Reporting and Consultation System in fiscal 2018.



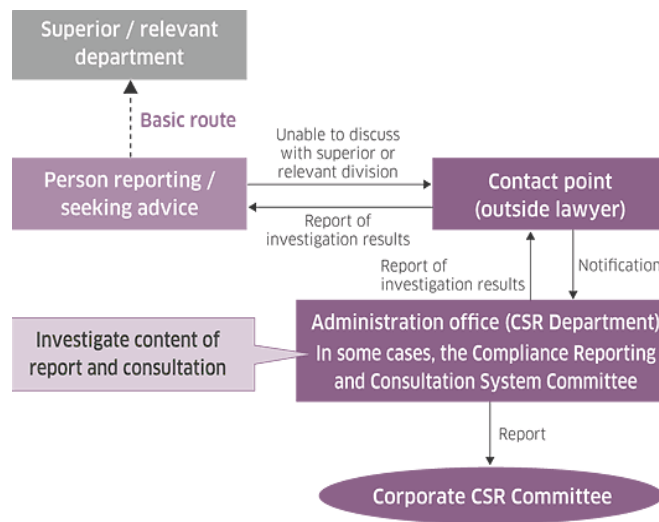
<b>Question</b>
<b>2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is no publicly available evidence that the company has a process in place to assure itself of the quality of its investigations, for example by ensuring that staff conducting investigations are properly trained or by stipulating a procedure for handling complaints about the process.</p>
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a>  [p.7] Actions to Take When You Discover a Violation:</p> <p>If you discover any violation of the Code, promptly report it to your supervisor and the relevant departments. If, for any reason, it is not practical, or if it is difficult, to report to your supervisor or the relevant departments, report to the Compliance Department. The Group takes measures to keep confidential the identities of the officers and employees who submit their reports. When submitting concerns, you are asked to provide as much detailed information as possible. Providing detailed, rather than general, information will assist us in effectively investigating complaints. Even if the report turns out to be a mistake and no violation is found, the individual who reported it will not be held responsible as long as the individual reported it in good faith. All conversations, calls, and reports made under this policy in good faith will be taken seriously. Any allegations that are knowingly false or without a reasonable belief in the truth and accuracy of such information will be viewed as a serious disciplinary offense.</p> <p>[p.8] Investigations and Duty to Cooperate:</p> <p>You must promptly notify the relevant departments of any government investigation or inquiries from government agencies concerning the Group. If you are aware of an internal or government investigation, you may not destroy any record, books of account, or other documents relating to the Group unless advised in writing by the relevant departments. You have a duty to cooperate with any the Group internal inquiry or government investigation, and you must not obstruct the collection of information, data, or records relating to the Group. You must not lie to internal or government investigators or make misleading statements in any investigation. You also must not attempt to cause any officer or employee to fail to provide accurate information to any internal or government investigators.</p> <p><b>[4] Kawasaki Compliance (Webpage)</b>  Accessed 07/07/2019  <a href="http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html">http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html</a>  Compliance Reporting and Consultation System (whistle-blower system)</p> <p>In certain situations, employees of the Company and domestic consolidated subsidiaries who suspect a violation of compliance practices relating to their operations may find it difficult to report the situation or seek advice from superiors or a department that would normally address alleged misconduct. To address this problem, we have established the Compliance Reporting and Consultation System (whistle-blower system).</p> <p>Under this system, outside lawyers directly receive reports from and offer advices to the reporters/consulters (whistle-blowers). If recognizing a problem in compliance after investigations, the lawyer reports it and makes a proposal for correction to the Company. The whistle-blower will be advised of the result directly by the outside lawyer. The name, etc. of the whistle-blower will not be disclosed to the Company in the course of the investigation without the approval of the whistle-blower.</p> <p>This system is posted on the intranet, the Compliance Guidebook, group newsletters, etc. for internal publication. In fiscal year ended March 31, 2018, the system was used 27 times.</p>

Number of Reports or Consultations (Fiscal year ended March 31, 2018)

Nature of report or consultation	Number of cases
Power harassment	7
Personnel matters	8
Financial fraud	1
Sexual harassment	3
Others	8
<b>Total</b>	<b>27</b>

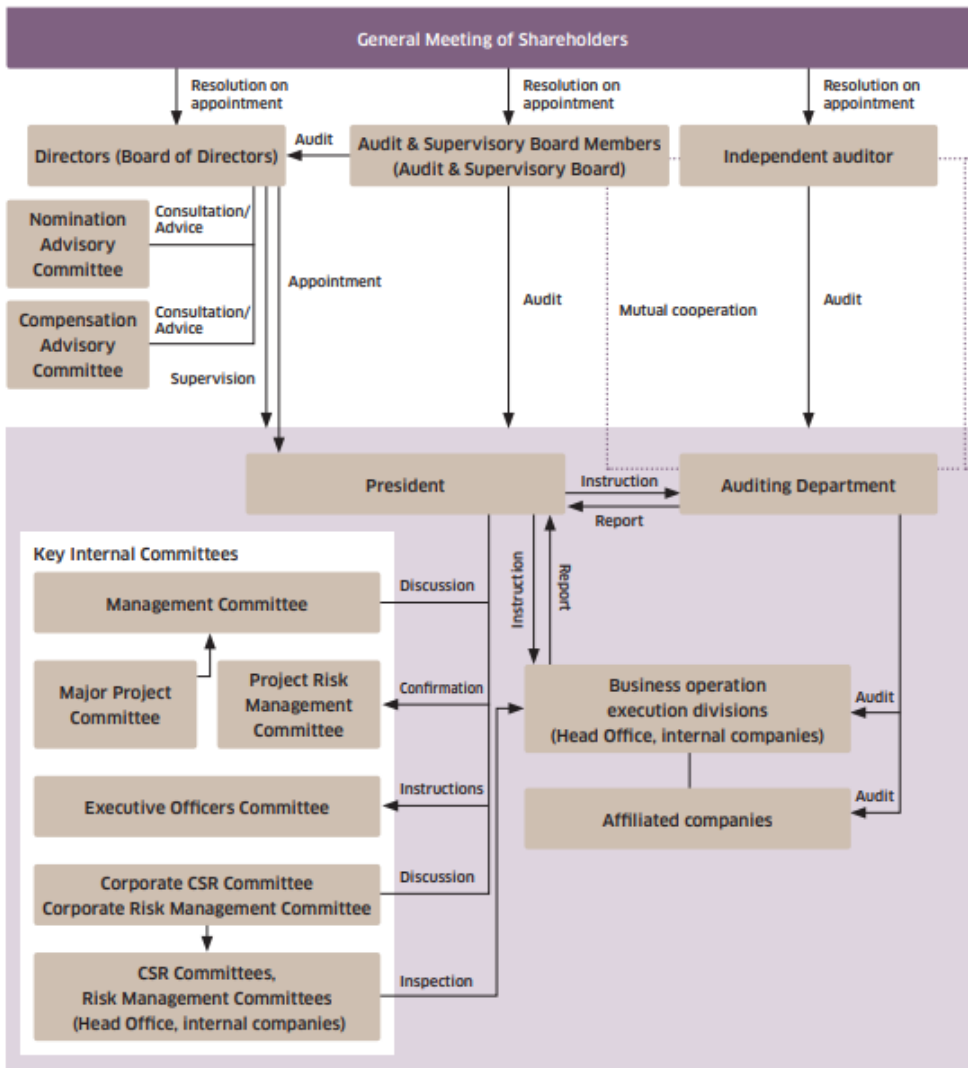
\* Number of cases listed above refers to reports and consultations received, not those identified as violation of compliance practices.

Compliance Reporting and Consultation System Flow Chart



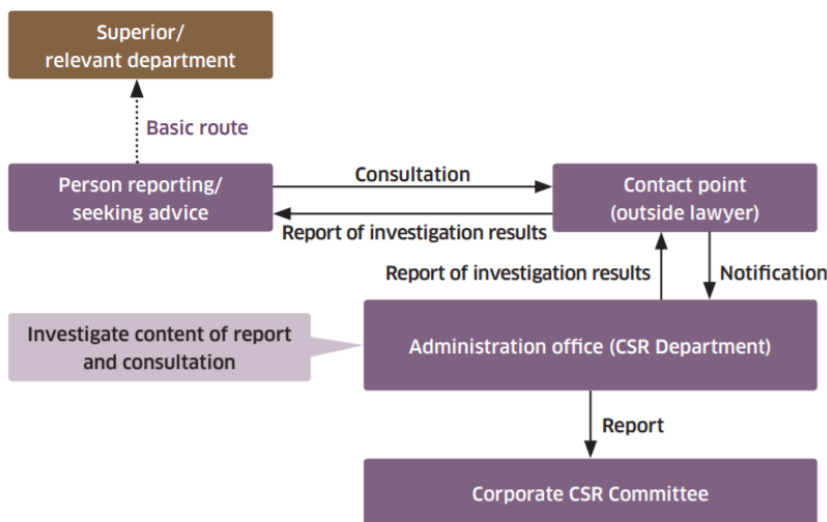
<b>Question</b>
<b>2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company commits to report material findings of bribery and corruption to the CSR Committee. The committee's members include the company's President who is a member of the board of directors.</p> <p>However, the company receives a score of '1' because there is no evidence that an appropriate senior individual is responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if necessary.</p>
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a>  [p.7] Actions to Take When You Discover a Violation:</p> <p>If you discover any violation of the Code, promptly report it to your supervisor and the relevant departments. If, for any reason, it is not practical, or if it is difficult, to report to your supervisor or the relevant departments, report to the Compliance Department. The Group takes measures to keep confidential the identities of the officers and employees who submit their reports. When submitting concerns, you are asked to provide as much detailed information as possible. Providing detailed, rather than general, information will assist us in effectively investigating complaints. Even if the report turns out to be a mistake and no violation is found, the individual who reported it will not be held responsible as long as the individual reported it in good faith. All conversations, calls, and reports made under this policy in good faith will be taken seriously. Any allegations that are knowingly false or without a reasonable belief in the truth and accuracy of such information will be viewed as a serious disciplinary offense.</p> <p>[p.8] Investigations and Duty to Cooperate:</p> <p>You must promptly notify the relevant departments of any government investigation or inquiries from government agencies concerning the Group. If you are aware of an internal or government investigation, you may not destroy any record, books of account, or other documents relating to the Group unless advised in writing by the relevant departments. You have a duty to cooperate with any the Group internal inquiry or government investigation, and you must not obstruct the collection of information, data, or records relating to the Group. You must not lie to internal or government investigators or make misleading statements in any investigation. You also must not attempt to cause any officer or employee to fail to provide accurate information to any internal or government investigators.</p> <p><b>[9] ESG Data Book 2019 (Document)</b>  Accessed 16/03/2020  <a href="https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf">https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf</a>  [p.14]</p>

The Kawasaki Group's Governance Structure (As of June 26, 2019)



[p.26]

Compliance Reporting and Consultation System Flow Chart



<b>Question</b>																																																															
<b>2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?</b>																																																															
<b>Score</b>																																																															
<b>1</b>																																																															
<b>Comments</b>																																																															
<p>There is evidence that the company publishes some high-level information on compliance-related incidents involving its employees on an annual basis. This information includes the number of investigations launched and resulting disciplinary actions.</p> <p>However, the company receives a score of ‘1’ because this information refers to compliance matters such as “abuse of authority” and “financial fraud”, without clearly indicating whether the data includes investigations into ethics or bribery and corruption related incidents, investigations or disciplinary actions.</p>																																																															
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<p><b>[9] ESG Data Book 2019 (Document)</b>                  Accessed 16/03/2020  <a href="https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf">https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf</a>                  [p.26]</p> <p>● <b>Number of Reports or Consultations</b></p> <table border="1"> <thead> <tr> <th></th> <th>(FY)</th> <th>2014</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Number of reports or consultations*</td> <td>Cases</td> <td>31</td> <td>19</td> <td>20</td> <td>27</td> <td>29</td> </tr> <tr> <td>Abuse of authority</td> <td>Cases</td> <td>10</td> <td>8</td> <td>5</td> <td>7</td> <td>13</td> </tr> <tr> <td>Personnel matters</td> <td>Cases</td> <td>8</td> <td>6</td> <td>4</td> <td>8</td> <td>5</td> </tr> <tr> <td>Financial Fraud</td> <td>Cases</td> <td>6</td> <td>–</td> <td>2</td> <td>1</td> <td>4</td> </tr> <tr> <td>Sexual harassment</td> <td>Cases</td> <td>–</td> <td>1</td> <td>2</td> <td>3</td> <td>1</td> </tr> <tr> <td>Threats and harassment</td> <td>Cases</td> <td>–</td> <td>–</td> <td>–</td> <td>1</td> <td>3</td> </tr> <tr> <td>Safety</td> <td>Cases</td> <td>–</td> <td>–</td> <td>–</td> <td>2</td> <td>–</td> </tr> <tr> <td>Others</td> <td>Cases</td> <td>7</td> <td>4</td> <td>7</td> <td>5</td> <td>3</td> </tr> </tbody> </table> <p>* The numbers of cases listed above refer to reports and consultations received, not those identified as actual compliance violations.                  Note: The scope of statistics includes Kawasaki and domestic consolidated subsidiaries.</p> <p>[p.27] Number of Compliance Violations, Details of Violations, and Actions Taken</p> <p>Over the five years in the immediate past, there have been no cases of corporate misconduct that were subject to administrative disciplinary action or sanction.</p> <p><b>[4] Kawasaki Compliance (Webpage)</b>                  Accessed 07/07/2019  <a href="http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html">http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html</a>                  Compliance Reporting and Consultation System (whistle-blower system)</p> <p>In certain situations, employees of the Company and domestic consolidated subsidiaries who suspect a violation of compliance practices relating to their operations may find it difficult to report the situation or seek advice from superiors or a department that would normally address alleged misconduct. To address this problem, we have established the Compliance Reporting and Consultation System (whistle-blower system).</p> <p>Under this system, outside lawyers directly receive reports from and offer advices to the reporters/consulters (whistle-blowers). If recognizing a problem in compliance after investigations, the lawyer reports it and makes a proposal for correction to the Company. The whistle-blower will be advised of the result directly by the outside lawyer. The name, etc. of the whistle-blower will not be disclosed to the Company in the course of the investigation without the approval of the whistle-blower.</p>		(FY)	2014	2015	2016	2017	2018	Number of reports or consultations*	Cases	31	19	20	27	29	Abuse of authority	Cases	10	8	5	7	13	Personnel matters	Cases	8	6	4	8	5	Financial Fraud	Cases	6	–	2	1	4	Sexual harassment	Cases	–	1	2	3	1	Threats and harassment	Cases	–	–	–	1	3	Safety	Cases	–	–	–	2	–	Others	Cases	7	4	7	5	3
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Number of Reports or Consultations (Fiscal year ended March 31, 2018)

Nature of report or consultation	Number of cases
Power harassment	7
Personnel matters	8
Financial fraud	1
Sexual harassment	3
Others	8
Total	27

\* Number of cases listed above refers to reports and consultations received, not those identified as violation of compliance practices.

### 3. Support to Employees

<b>Question</b>
<b>3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company provides training to its employees that outlines the principles of its anti-bribery and corruption policy. The company indicates that this training applies to any employees involved in overseas business, and states that the training is provided in Japan on an annual basis.</p> <p>The company receives a score of '1' because it is not clear that anti-bribery and corruption training is provided to all employees across all divisions, countries and regions of operation or in all appropriate languages. The company indicates that one of its divisions in the United States provided training for all its employees, however there is no evidence that this applies group-wide to all employees in all divisions.</p>
<b>Evidence</b>
<p><b>[4] Kawasaki Compliance (Webpage)</b>                  Accessed 07/07/2019  <a href="http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html">http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html</a>                  Efforts to Prevent Corruption</p> <p>Taking an even tougher stand against corruption, we established the Bribery Prevention Regulations in August 2013. Our basic policy states that the Kawasaki Group will uphold laws in the execution of business activities and that bribes to public officials in Japan or overseas is not at all condoned.</p> <p>Additionally, the Company presents in its guidelines titled Idea regarding Sales Promotion Activities toward Overseas Public Officials and Appointment of Third Party, the basic idea regarding the offering of travel expenses and eating and drinking expenses, gifts, facilitation payments in the sales promotion activities as well as the appointment of the third party used for negotiations with overseas public officials. In addition, we implement the establishment of regulations with similar content at domestic and overseas affiliated companies.</p> <p>As for training activities, compliance education focusing on corruption prevention is provided in the training implemented in Japan every year for the personnel engaging in overseas business.</p> <p>Example of Compliance Education in the United States</p> <p>KRC Code of Conduct training</p> <p>Kawasaki Rail Car Inc. (KRC), a production point for rolling stock in the United States, issued a code of conduct, outlining corporate ethics and compliance. Every year, the company holds a code of conduct training for all employees (about 400 people). The training is presented by representatives from the personnel department who take participants through the entire document. Participants are given a short quiz comprising 20 questions and then check the answers together. At the end of the training, participants make a written pledge to respect the code of conduct. This training ensures that employees have a solid understanding of the code of conduct to which KRC subscribes.</p> <p><b>[9] ESG Data Book 2019 (Document)</b>                  Accessed 16/03/2020  <a href="https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf">https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf</a>                  [p.27] Anti-Corruption Training for Employees</p> <p>We provide overseas bribery prevention training for employees involved in overseas businesses every year in Japan. In fiscal 2018, 181 employees took part in overseas bribery prevention training. Furthermore, compliance</p>

training with a focus on anti-corruption is included in training programs for employees in charge of overseas businesses.

**[8] Kawasaki Report 2019 (Document)**

Accessed 16/03/2020

[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf)

[p.51] The Compliance Guidebook is used in internal compliance training and educational activities. Since the first edition was issued in 2003, its content has been constantly updated in light of evolving compliance requirements around the world.

**[2] Kawasaki Report 2018 (Document)**

Accessed 07/07/2019

[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18_houkokusyo.pdf)

[p.48] Efforts to Prevent Corruption

Taking an even tougher stand against corruption, we established the Bribery Prevention Regulations in August 2013. These regulations represent a thorough commitment to prevent situations with the potential for dishonesty in corporate practices. Our basic policy states that “the Kawasaki Group will uphold laws in the execution of business activities and that bribes to public officials in Japan or overseas is not at all condoned.” In addition, we implement the establishment of regulations with similar content at domestic and overseas affiliated companies.

In fiscal 2018, we conducted Group-wide training activities on overseas competition laws and bribery prevention laws. Fourteen sessions of the training program were provided at the bases within the Group. Taking part were a total of 409 employees, including the Group’s overseas sales staff and executives involved in overseas business operations.



<b>Question</b>
<p><b>3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:</b></p> <ul style="list-style-type: none"> <li>a) Employees in high risk positions,</li> <li>b) Middle management,</li> <li>c) Board members.</li> </ul>
<b>Score</b>
0
<b>Comments</b>
<p>There is some evidence that the company provides anti-bribery and corruption training specifically for employees involved in overseas business. However, the company receives a score of '0' because it is not clear whether this training is based on an assessment of their role or exposure to corruption risk, nor is it clear that other employees in middle management or on the board receive tailored anti-bribery and corruption training.</p>
<b>Evidence</b>
<p><b>[4] Kawasaki Compliance (Webpage)</b>                  Accessed 07/07/2019  <a href="http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html">http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html</a>                  Efforts to Prevent Corruption</p> <p>Taking an even tougher stand against corruption, we established the Bribery Prevention Regulations in August 2013. Our basic policy states that the Kawasaki Group will uphold laws in the execution of business activities and that bribes to public officials in Japan or overseas is not at all condoned.</p> <p>Additionally, the Company presents in its guidelines titled Idea regarding Sales Promotion Activities toward Overseas Public Officials and Appointment of Third Party, the basic idea regarding the offering of travel expenses and eating and drinking expenses, gifts, facilitation payments in the sales promotion activities as well as the appointment of the third party used for negotiations with overseas public officials. In addition, we implement the establishment of regulations with similar content at domestic and overseas affiliated companies.</p> <p>As for training activities, compliance education focusing on corruption prevention is provided in the training implemented in Japan every year for the personnel engaging in overseas business.</p> <p>Example of Compliance Education in the United States</p> <p>KRC Code of Conduct training</p> <p>Kawasaki Rail Car Inc. (KRC), a production point for rolling stock in the United States, issued a code of conduct, outlining corporate ethics and compliance. Every year, the company holds a code of conduct training for all employees (about 400 people). The training is presented by representatives from the personnel department who take participants through the entire document. Participants are given a short quiz comprising 20 questions and then check the answers together. At the end of the training, participants make a written pledge to respect the code of conduct. This training ensures that employees have a solid understanding of the code of conduct to which KRC subscribes.</p> <p><b>[9] ESG Data Book 2019 (Document)</b>                  Accessed 16/03/2020  <a href="https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf">https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf</a>                  [p.27] Anti-Corruption Training for Employees</p> <p>We provide overseas bribery prevention training for employees involved in overseas businesses every year in Japan. In fiscal 2018, 181 employees took part in overseas bribery prevention training. Furthermore, compliance training with a focus on anti-corruption is included in training programs for employees in charge of overseas businesses.</p> <p><b>[2] Kawasaki Report 2018 (Document)</b>                  Accessed 07/07/2019</p>

[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18_houkokusyo.pdf)

[p.48] Efforts to Prevent Corruption

Taking an even tougher stand against corruption, we established the Bribery Prevention Regulations in August 2013. These regulations represent a thorough commitment to prevent situations with the potential for dishonesty in corporate practices. Our basic policy states that “the Kawasaki Group will uphold laws in the execution of business activities and that bribes to public officials in Japan or overseas is not at all condoned.” In addition, we implement the establishment of regulations with similar content at domestic and overseas affiliated companies. In fiscal 2018, we conducted Group-wide training activities on overseas competition laws and bribery prevention laws. Fourteen sessions of the training program were provided at the bases within the Group. Taking part were a total of 409 employees, including the Group’s overseas sales staff and executives involved in overseas business operations.

<b>Question</b>
<b>3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company measures and reviews the effectiveness of its anti-bribery and corruption communications and personnel training programme. The company indicates that it conducts awareness surveys to measure understanding of compliance initiatives among both its employees and its executives. There is also evidence that the results of these surveys are used to update specific parts of the company's initiatives.</p> <p>However, the company receives a score of '1' because there is evidence to indicate that such surveys are conducted every 3-4 years instead of on an annual basis. There is no evidence that, in addition to regular survey-related updates to the programme, the company also conducts a full review of its initiatives every three years.</p>
<b>Evidence</b>
<p><b>[4] Kawasaki Compliance (Webpage)</b>  Accessed 07/07/2019  <a href="http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html">http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html</a>  Employee Awareness Survey</p> <p>The Group implements the employees awareness surveys regularly to monitor the risk of compliance violation within the Company. In recent years, it conducted a survey to measure the degree of penetration of employees' compliance awareness in 2012, 2015 and 2018, and analyzed the result focusing on its temporal changes and reflected it in subsequent actions.</p> <p>In 2016, the Group implemented the compliance awareness survey for a part of the executives and managers of the overseas companies, too, and announced the result to employees including those in Japan. We will reflect it in subsequent actions in a similar way.</p> <p><b>[8] Kawasaki Report 2019 (Document)</b>  Accessed 16/03/2020  <a href="https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf">https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf</a>  [p.51] Employee Awareness Surveys</p> <p>The Kawasaki Group implements periodic employee awareness surveys to monitor internal compliance violation risks. Recent surveys aimed at measuring compliance awareness among employees were implemented in 2008, 2011, 2014 and 2018. Survey results are analyzed and reflected in subsequent initiatives</p>

<b>Question</b>
<b>3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company's incentive schemes for employees incorporate ethical or anti-bribery and corruption principles. The company provides some information on its compensation system for directors and supervisory board members, but there is no evidence that this includes measures to promote ethical behaviour and discourage corrupt practices.
<b>Evidence</b>
<p><b>[8] Kawasaki Report 2019 (Document)</b>  Accessed 16/03/2020  <a href="https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf">https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf</a>  [p.44] Kawasaki's Approach to Corporate Officer Compensation</p> <p>The compensation system for Kawasaki directors and audit &amp; supervisory board members is designed to promote sustained improvement in corporate performance and enterprise value, align the interests of corporate officers with those of shareholders, secure outstanding human resources, and ensure a level of compensation commensurate with the duties of the individual officer.</p> <p>Director Compensation</p> <p>Compensation for directors, excluding outside directors, consists of basic compensation, performance-based compensation and stock purchase funds. Compensation for outside directors is set at a fixed level not tied to corporate performance, to ensure professional independence. Directors' compensation is set within the maximum total compensation for directors (¥1,200 million per year), as resolved at the 189th Ordinary General Meeting of Shareholders (held on June 27, 2012). After receiving the results of deliberations by the Compensation Advisory Committee, the president, as delegated by the Board of Directors, decides director compensation in line with the Company's internal rules. A majority of the members and the presiding officer of the Compensation Advisory Committee are outside officers.</p> <p>Audit &amp; Supervisory Board Member Compensation</p> <p>The compensation of audit &amp; supervisory board members is set at a fixed level not tied to corporate performance to ensure professional independence. This compensation is determined by the Audit &amp; Supervisory Board. The total maximum compensation for audit &amp; supervisory board members is ¥120 million per year (as resolved at the 194th Ordinary General Meeting of Shareholders held on June 28, 2017).</p>

<b>Question</b>
<b>3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
Based on publicly available information, there is no clear evidence that the company commits to support or protect employees who refuse to act unethically. The company indicates that all reports will be taken seriously and acted upon, but does not encourage employees to speak up even when such actions might result in a loss of business or other advantage.
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a>                  [p.7] Actions to Take When you Discover a Violation:</p> <p>If you discover any violation of the Code, promptly report it to your supervisor and the relevant departments. If, for any reason, it is not practical, or if it is difficult, to report to your supervisor or the relevant departments, report to the Compliance Department. The Group takes measures to keep confidential the identities of the officers and employees who submit their reports. When submitting concerns, you are asked to provide as much detailed information as possible. Providing detailed, rather than general, information will assist us in effectively investigating complaints. Even if the report turns out to be a mistake and no violation is found, the individual who reported it will not be held responsible as long as the individual reported it in good faith. All conversations, calls, and reports made under this policy in good faith will be taken seriously. Any allegations that are knowingly false or without a reasonable belief in the truth and accuracy of such information will be viewed as a serious disciplinary offense.</p>

<b>Question</b>
<b>3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>There is evidence that the company promotes a policy of non-retaliation against whistleblowers, which applies to all employees across the organisation, including those employed by the company as third parties.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that the company assures itself of its employees’ confidence in this commitment through surveys, usage data, or other clearly stated means.</p>
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a></p> <p>[p.6] Applicability of the Code:</p> <p>The Kawasaki Group Code of Conduct (the “Code”) applies to all officers, employees, temporary contract employees, and agents (the “officers and employees” ) of the Kawasaki Heavy Industries Group (the “Group” ), a corporate group consisting of Kawasaki Heavy Industries and its subsidiaries. Furthermore, non-controlled affiliates, suppliers, independent contractors, and distributors of the Group are also requested to adhere to the Code where applicable.</p> <p>[p.7] Actions to Take When You Discover a Violation:</p> <p>If you discover any violation of the Code, promptly report it to your supervisor and the relevant departments. If, for any reason, it is not practical, or if it is difficult, to report to your supervisor or the relevant departments, report to the Compliance Department. The Group takes measures to keep confidential the identities of the officers and employees who submit their reports. When submitting concerns, you are asked to provide as much detailed information as possible. Providing detailed, rather than general, information will assist us in effectively investigating complaints. Even if the report turns out to be a mistake and no violation is found, the individual who reported it will not be held responsible as long as the individual reported it in good faith. All conversations, calls, and reports made under this policy in good faith will be taken seriously. Any allegations that are knowingly false or without a reasonable belief in the truth and accuracy of such information will be viewed as a serious disciplinary offense.</p> <p>Prohibition on Retaliation:</p> <p>Neither the Group nor any of the officers or employees may discharge, demote, suspend, threaten, harass, discriminate, or otherwise retaliate or take adverse action against any officers or employees in the terms and conditions of employment based upon any lawful actions of such officer or employee who in good faith reports, expresses concerns about, or provides information regarding any conduct that the officer or employee reasonably believes constitutes or may constitute a violation of the Code. If you experience or witness this type of retaliatory conduct, promptly report it to your supervisor, the relevant departments, or the Compliance Department. Retaliation and involvement in retaliation shall be subject to disciplinary action.</p>

<b>Question</b>
<b>3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company provides whistleblowing and advice channels for its employees to raise concerns. The company indicates that employees can report concerns confidentially, and there is some indication that its whistleblowing channels are open to third parties and temporary staff. There is also some evidence that the company provides an external reporting system in the form of an independent lawyer, to whom employees may anonymously report violations of the compliance programme.</p> <p>However, the company receives a score of '1' because it is not clear that these channels are available to all employees in all countries of operation and in all relevant languages. The company also does not clearly indicate that its channels allow for anonymous reporting, nor is it clear that the channels are available to suppliers or joint venture partners.</p>
<b>Evidence</b>
<p><b>[4] Kawasaki Compliance (Webpage)</b>                  Accessed 07/07/2019  <a href="http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html">http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html</a>                  Compliance Reporting and Consultation System (whistle-blower system)</p> <p>In certain situations, employees of the Company and domestic consolidated subsidiaries who suspect a violation of compliance practices relating to their operations may find it difficult to report the situation or seek advice from superiors or a department that would normally address alleged misconduct. To address this problem, we have established the Compliance Reporting and Consultation System (whistle-blower system).</p> <p>Under this system, outside lawyers directly receive reports from and offer advices to the reporters/consulters (whistle-blowers). If recognizing a problem in compliance after investigations, the lawyer reports it and makes a proposal for correction to the Company. The whistle-blower will be advised of the result directly by the outside lawyer. The name, etc. of the whistle-blower will not be disclosed to the Company in the course of the investigation without the approval of the whistle-blower.</p> <p>This system is posted on the intranet, the Compliance Guidebook, group newsletters, etc. for internal publication. In fiscal year ended March 31, 2018, the system was used 27 times.</p> <p>[...]</p> <p>Compliance Reporting and Consultation System Flow Chart</p> <pre>                 graph TD                     A[Person reporting / seeking advice] -.-&gt; Basic route  B[Superior / relevant department]                     A --&gt; Unable to discuss with superior or relevant division  C[Contact point outside lawyer]                     C --&gt; Report of investigation results  D[Administration office CSR Department]                     D --&gt; Report of investigation results  C                     D --&gt; Notification  C                     D --&gt; Report  E[Corporate CSR Committee]                     F[Investigate content of report and consultation] --&gt; D                 </pre>

**[9] ESG Data Book 2019 (Document)**

Accessed 16/03/2020

[https://global.kawasaki.com/en/corp/sustainability/esg/esg\\_2019\\_e.pdf](https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf)

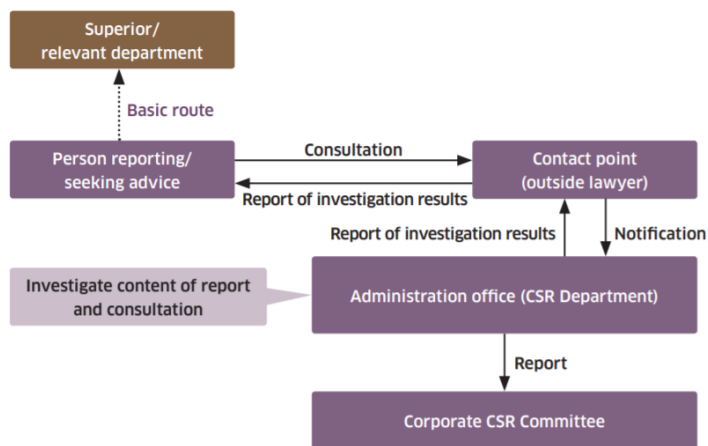
[p.26] Whistle-Blowing System and Consultation Points

We have established the Compliance Reporting and Consultation System, with an outside lawyer acting as the contact, so that employees (including contract employees and temporary staff) of the Company and domestic consolidated subsidiaries can report or seek consultation regarding suspected violations of compliance practices relating to their operations.

Under the Compliance Reporting and Consultation System, employees report to or consult with an outside lawyer directly. The lawyer then investigates to determine whether or not there is in fact a compliance problem, and if a problem is found, advises the Company on how to remedy it. Furthermore, the lawyer reports the results of this process back to the employee who used the system. During the investigation, the employee’s name is not disclosed to the Company without his or her permission.

The Group works to ensure that employees know how to use this system by providing information on it via such means as the Company intranet, leaflet inserts in Kawasaki Group Code of Conduct pamphlets, Compliance Guidebooks and Group newsletters.

Compliance Reporting and Consultation System Flow Chart



● Number of Reports or Consultations

	(FY)	2014	2015	2016	2017	2018
Number of reports or consultations*	Cases	31	19	20	27	29
Abuse of authority	Cases	10	8	5	7	13
Personnel matters	Cases	8	6	4	8	5
Financial Fraud	Cases	6	–	2	1	4
Sexual harassment	Cases	–	1	2	3	1
Threats and harassment	Cases	–	–	–	1	3
Safety	Cases	–	–	–	2	–
Others	Cases	7	4	7	5	3

\* The numbers of cases listed above refer to reports and consultations received, not those identified as actual compliance violations.

Note: The scope of statistics includes Kawasaki and domestic consolidated subsidiaries.

**[1] Kawasaki Code of Conduct (Document)**

Accessed 07/07/2019

[https://global.kawasaki.com/en/corp/sustainability/bcg\\_eng\\_20190510.pdf](https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf)

[p.6] Applicability of the Code:

The Kawasaki Group Code of Conduct (the “Code”) applies to all officers, employees, temporary contract employees, and agents (the “officers and employees”) of the Kawasaki Heavy Industries Group (the “Group” ), a



corporate group consisting of Kawasaki Heavy Industries and its subsidiaries. Furthermore, non-controlled affiliates, suppliers, independent contractors, and distributors of the Group are also requested to adhere to the Code where applicable.

[p.7] Actions to Take When You Discover a Violation:

If you discover any violation of the Code, promptly report it to your supervisor and the relevant departments. If, for any reason, it is not practical, or if it is difficult, to report to your supervisor or the relevant departments, report to the Compliance Department. The Group takes measures to keep confidential the identities of the officers and employees who submit their reports. When submitting concerns, you are asked to provide as much detailed information as possible. Providing detailed, rather than general, information will assist us in effectively investigating complaints. Even if the report turns out to be a mistake and no violation is found, the individual who reported it will not be held responsible as long as the individual reported it in good faith. All conversations, calls, and reports made under this policy in good faith will be taken seriously. Any allegations that are knowingly false or without a reasonable belief in the truth and accuracy of such information will be viewed as a serious disciplinary offense.

Prohibition on Retaliation:

Neither the Group nor any of the officers or employees may discharge, demote, suspend, threaten, harass, discriminate, or otherwise retaliate or take adverse action against any officers or employees in the terms and conditions of employment based upon any lawful actions of such officer or employee who in good faith reports, expresses concerns about, or provides information regarding any conduct that the officer or employee reasonably believes constitutes or may constitute a violation of the Code. If you experience or witness this type of retaliatory conduct, promptly report it to your supervisor, the relevant departments, or the Compliance Department. Retaliation and involvement in retaliation shall be subject to disciplinary action.

**[8] Kawasaki Report 2019 (Document)**

Accessed 16/03/2020

[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf)

[p.50] Compliance Reporting and Consultation System (Whistle-blower System)

We have established the Compliance Reporting and Consultation System, with an outside lawyer acting as the contact, so that employees (including contract employees, temporary staff, and retired employees) of the Company and domestic consolidated subsidiaries can report or seek consultation regarding suspected violations of compliance practices relating to their operations.

Under the Compliance Reporting and Consultation System, employees report to or consult with an outside lawyer directly. The lawyer then investigates to determine whether or not there is in fact a compliance problem, and if a problem is found, advises the Company on how to remedy it. Furthermore, the lawyer reports the results of this process back to the employee who used the system. During the investigation, the employee's name is not disclosed to the Company without his or her permission.

The Group works to ensure that employees know how to use this system by providing information on it via such means as the Company intranet, Kawasaki Group Code of Conduct pamphlets, Compliance Guidebooks and Group newsletters.

There were 29 reports or consultations made through the Compliance Reporting and Consultation System in fiscal 2018.

**[2] Kawasaki Report 2018 (Document)**

Accessed 07/07/2019

[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18_houkokusyo.pdf)

[p.47] Compliance Reporting and Consultation System (whistle-blower system)

In certain situations, employees (including contract employees, temporary staff, and retired employees) of the Company and domestic consolidated subsidiaries who suspect a violation of compliance practices relating to their operations may find it difficult to report the situation or seek advice from superiors or a department that would normally address alleged misconduct. To address this problem, we established the Compliance Reporting and Consultation System, with an outside lawyer acting as the contact. There were 27 reports or consultations made through the Compliance Reporting and Consultation System in fiscal 2018.

## 4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy on conflicts of interest which covers actual, potential and perceived conflicts. There is evidence that the company’s policy refers specifically to conflicts related to employee relationships, financial interests and other employment. The company also indicates that its policy applies to all employees and board members.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that its policy covers possible conflicts arising from government relationships.</p>
Evidence
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a>                  [p.21] Conflicts of Interest</p> <p>We will not seek profit for ourselves or third parties at the expense of company interests.</p> <p>“Conflicts of interest” refers to cases in which the company’s interests and the individual’s interests are at odds. A conflict of interest arises when your personal interests interfere with your ability to act in the best interests of the company. And it can also arise because of the business activities of your close relations. For example, you may have a potential conflict of interest if a close relative has a significant relationship with, or has a significant financial interest in, any supplier, customer, or competitor. In the event that such a situation arises, you must prioritize the company’s interests and must not use your position at the company for the gain of yourself or any third parties. Also, you must not take actions that hinder the objectivity of your judgment or the impartiality of company operations. The Group officers and employees should put the Group’s business at the forefront of their efforts. You must not adversely affect company operations by running a side business or participating in the activities of other businesses without the company’s permission. Company assets*1 may only be used to conduct company business. They may not be taken or used for personal gain and must be handled with care. Necessary measures must also be taken to prevent the loss of or damage to company assets.</p> <p>*1: Company assets consist of both tangible and intangible assets. Tangible assets include things like land, buildings, machinery, equipment, inventory, and cash. Intangible assets include things like patents, trademarks, copyrights, and software.</p> <p>Conflicts of interest may interfere with the performance of your duties and damage the credibility of the Group. Private use of company assets and the resulting damages to company assets bring losses to the company’s business. Engaging in business conduct with a potential conflict of interest without the consent and approval of the company may result in criminal penalties for breach of trust and embezzlement in addition to any disciplinary action. Such activities may also damage the trust of our customers and investors.</p> <p>[p.22] Pay close attention to the following types of conduct, which often raise concerns about conflicts of interest. If you observe such conduct or believe that there is a potential conflict of interest with respect to yourself or others, promptly report your concerns to your supervisor, the relevant departments, or the Compliance Department, and seek further instructions.</p> <ul style="list-style-type: none"> <li>• Where the officers and employees, their close relatives and friends, or corporations operated by them conducting business with the Group;</li> <li>• Using information or business opportunities gained in the course of business of the company for the benefit of individual officers or employees, business partners, competitors, or third parties;</li> </ul>

- The officers and employees using their positions within the Group to exert improper influence on hiring decisions;
- The officer or employee being asked to serve as a board member or officer in another organization outside the Group without approval or instructions from the Group; and/or
- The officer or employee being employed outside the Group or attempting to start a new business.

Be cautious when handling company assets.

- Do not seek personal gain through unauthorized marketing, transfer, or sale of company assets. In the unlikely event that you need to use such assets for personal purposes, be sure to gain approval from your supervisor and the relevant departments beforehand.
- Do not obtain company assets through fraudulent means. The Group will not tolerate conduct such as submitting fraudulent expense reimbursement requests or fictitious transactions.

<b>Question</b>
<b>4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company has a procedure in place to identify, declare and manage conflicts of interest – including actual, potential and perceived conflicts. The company indicates that disciplinary measures apply if the company’s policy is breached.</p> <p>However, the company receives a score of '1' because there is no evidence that all employee and board member declarations are held in a dedicated register, which is overseen by a central body responsible for oversight of the process. There is also no indication that the company provides examples of criteria for recusal.</p>
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a></p> <p>[p.21] Conflicts of interest may interfere with the performance of your duties and damage the credibility of the Group. Private use of company assets and the resulting damages to company assets bring losses to the company’s business. Engaging in business conduct with a potential conflict of interest without the consent and approval of the company may result in criminal penalties for breach of trust and embezzlement in addition to any disciplinary action. Such activities may also damage the trust of our customers and investors.</p> <p>[p.22] Pay close attention to the following types of conduct, which often raise concerns about conflicts of interest. If you observe such conduct or believe that there is a potential conflict of interest with respect to yourself or others, promptly report your concerns to your supervisor, the relevant departments, or the Compliance Department, and seek further instructions.</p>

<b>Question</b>
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
<b>Score</b>
0
<b>Comments</b>
There is no evidence that the company has a policy regulating the employment of current or former public officials.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>4.4. Does the company report details of the contracted services of serving politicians to the company?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company reports details of the contracted services of serving politicians.
<b>Evidence</b>
No evidence found.

## 5. Customer Engagement

### 5.1 Contributions, Donations and Sponsorships

<b>Question</b>
<b>5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is evidence that the the company has a policy on corporate political contributions, to ensure that such payments are not used as vehicles of bribery and corruption. There is evidence that this policy applies to all employees, officers, third parties and subsidiaries.</p> <p>However, the company receives a score of '0' because its policy does not prohibit corporate political contributions. It is also not clear whether the company has a Political Action Committee (PAC); there is evidence that the company had a PAC in 2017-18 but there is evidence to indicate that the PAC no longer exists.</p>
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a></p> <p>[p.6] Applicability of the Code:</p> <p>The Kawasaki Group Code of Conduct (the “Code” ) applies to all officers, employees, temporary contract employees, and agents (the “officers and employees” ) of the Kawasaki Heavy Industries Group (the “Group” ), a corporate group consisting of Kawasaki Heavy Industries and its subsidiaries. Furthermore, non-controlled affiliates, suppliers, independent contractors, and distributors of the Group are also requested to adhere to the Code where applicable.</p> <p>[p.17] Political Activities</p> <p>Before agreeing to engage in political activities within the company premises or providing company assets, including space or labor for political activities, the responsible department should carefully weigh the matter and take appropriate action, including obtaining any necessary company approvals. We must deal with national and local legislatures and governments as well as their employees, agents, or representatives in accordance with all applicable laws of the countries in which we operate, including all applicable laws governing political donations. Many countries have strict laws regarding donations to public officials and their staff. In some countries and contexts, political donations may be considered a type of bribery.</p> <p>Nothing in the Code, however, is intended to infringe upon your ability to make lawful contributions of your own time or funds to political parties or candidates of your choice or to otherwise prohibit you from making a legitimate and legally authorized political contribution. However, you will not be compensated or reimbursed by the Group for any personal contributions.</p> <p>[...]</p> <p>Many countries and localities have strict laws concerning political donations and lobbying activities. Violation of these laws may result in significant civil, administrative, and criminal penalties for the Group and individual officers and employees (including fines, suspension of qualifications or licenses, being barred from engaging in the business, etc.), as well as immeasurable reputational harm to the Group.</p> <p>[p.18] Actions to Be Taken by Individuals</p> <p>[...] Political contributions will be made only in accordance with applicable laws. They will be properly disclosed and handled transparently to avoid even the appearance of impropriety.</p>

**[11] OpenSecrets Kawasaki PAC Summary (Webpage)**  
**Accessed 17/11/2020**

<https://www.opensecrets.org/political-action-committees-pacs/kawasaki-heavy-industries/C00515742/summary/2018>



Search

**PAC Contribution Data, 2017-2018**

Contributions from this PAC to federal candidates (list recipients) \$500  
*0.00% to Democrats, 100.00% to Republicans*

Contributions to this PAC from individual donors of \$200 or more (list donors) \$0

**PAC Registration Details**

Official PAC Name: **KAWASAKI MOTORS MANUFACTURING CORP USA PAC**

Location: LINCOLN , NE 68524

Industry: *Misc Transport*; Motorcycles, snowmobiles & other motorized vehicle

Treasurer: MICHAEL J BOYLE

FEC Committee ID: C00515742

**This PAC *does not* exist in the 2019-2020 election cycle. Please try another cycle.**

\*Based on data released by the Federal Election Commission on **November 16, 2020** except for independent expenditure and communication cost, contributions to federal candidates, and contributions from individual donor data, which were released by the Federal Election Commission on **October 23, 2020**.



<b>Question</b>						
<b>5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?</b>						
<b>Score</b>						
<b>0</b>						
<b>Comments</b>						
<p>The company publishes a high-level figure of all its political contributions made on an annual basis as part of its ESG reporting. However, the company receives a score of '0' because it does not provide any further information of the donations made, such as details of the recipient, amount, country of recipient and the name of the corporate entity that made the contribution.</p>						
<b>Evidence</b>						
<p><b>[9] ESG Data Book 2019 (Document)</b>                  Accessed 16/03/2020  <a href="https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf">https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf</a>                  [p.28]</p>						
<b>Expenditures to External Organizations</b>						
<b>Political Contributions</b>						
	(FY)	2014	2015	2016	2017	2018
Total political contributions	Millions of yen	3.0	3.0	3.0	3.0	3.0
<b>Expenditures to Industry Organizations</b>						
	(FY)	2014	2015	2016	2017	2018
Total expenditures to industry organizations	Millions of yen	50	50	50	50	50
<b>Other Expenditures for Donations, Support Funding, etc.</b>						
	(FY)	2014	2015	2016	2017	2018
Total expenditures for donation support funding, etc.	Millions of yen	194	211	255	208	173

<b>Question</b>
<b>5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>There is evidence that the company has a policy on charitable donations and sponsorships, to ensure that such payments are not used as vehicles for bribery and corruption. The company’s policy includes establishing the legitimacy of the donation and oversight from the Compliance Department. In addition, there is evidence that the company publishes high-level figures on its charitable donations made on an annual basis.</p> <p>However, the company receives a score of ‘1’ because it does not publish full details of its charitable donations, such as details of the recipient, amount, country of recipient and which corporate entity made the payment.</p>
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a>                  [p.47] Donations and Support</p> <p>We will carry out responsible donations and support as a corporate citizen and member of society.</p> <p>Making donations and providing support for charitable activities are important social responsibilities for a company operating as a good corporate citizen. Each company in the Group will implement appropriate initiatives to provide appropriate donations and support aimed at fulfilling the Group’s corporate social responsibility, based on the current issues and needs of each country or region. As stated elsewhere in the Code, we will not make political donations to obtain unfair advantage or for unjust purposes, and we will not pay bribes. We must carefully examine requests for donations and support so as not to provide support for fraudulent or harmful activities disguised as legitimate, charitable causes.</p> <p>*Donation: To provide money or other things of value to public and charitable organizations without receiving a direct and tangible benefit in return. Support: To endorse the business objectives of or to cooperate with another business. Bribe: To improperly provide money or other things of value in order to obtain an unfair advantage in return.</p> <p>Bribes disguised as donations or support may result in severe civil, administrative, and criminal penalties under the tax law, criminal law, and other laws of each country and immeasurable reputational harm to the Group.</p> <p>[p.48] Actions to Be Taken by Individuals:</p> <ul style="list-style-type: none"> <li>• Confirm that the form and purpose of the contribution and support are proper and legitimate and that they advance the goal of fulfilling the Group’s corporate social responsibility.</li> <li>• Never use donations and support for unfair or unjust purposes.</li> <li>• Pay close attention to the implementation of donation and support programs to prevent misconduct. If you have any concerns, consult your supervisor, the relevant departments, or the Compliance Department.</li> </ul> <p><b>[10] Policy and Management Approach for Social Contribution Activities (Webpage)</b>                  Accessed 30/04/2020  <a href="https://global.kawasaki.com/en/corp/sustainability/contribution/policy_on_social_contribution.html">https://global.kawasaki.com/en/corp/sustainability/contribution/policy_on_social_contribution.html</a>                  The Kawasaki Group implements social contribution activities in various fields based on the Group Mission, “Kawasaki, working as one for the good of the planet.” We take advantage of our strengths and the capabilities of each of our employees for the activities. The key areas of our social contribution activities are as below.</p> <ul style="list-style-type: none"> <li>• The Kawasaki Group, as a corporate citizen, constructs a good relationship with local communities and contributes to their development.</li> <li>• The Kawasaki Group supports the next generation who lead the future technology.</li> </ul>

- The Kawasaki Group preserves the environment and achieves the sustainable society.

Applicable SDGs & Targets			Kawasaki's Approach & KPIs
	4.1	By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	<ul style="list-style-type: none"> <li>Handcraft and experiment courses for elementary and junior high school students</li> <li>Operation of Kawasaki Good Times World</li> <li>Operation of Kawasaki Robostage</li> <li>Participation in education events and programs</li> </ul> <p>KPI: The number of participants in handcraft and experiment courses</p>
	15.2	By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	<ul style="list-style-type: none"> <li>Reforestation(in Hyogo and Kochi)</li> </ul> <p>KPI: Achievements of Forest Conservation Activities (area, the number of planted trees)</p>
	17.1 7	Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	<ul style="list-style-type: none"> <li>Operation of Kawasaki Good Times World</li> <li>Official Sponsor for Vissel KOBE (a J. League Division 1 soccer club)</li> <li>Support of "Hien" exhibiton at Kakamigahara Air and Space Museum</li> <li>Support of community sports activity (ex. hockey)</li> <li>Participation in or sponsorship for local events</li> <li>Kawasaki Good Times Foundation</li> </ul> <p>KPI: · The amount of spending for "local communities" · The number of visitors to Kawasaki Good Times World</p>

Results of each activity

(Years ended March 31)

	2016	2017	2018	2019
The amount of spending for local communities(million yen)	258	300	266	164
The amount of total spending for social contribution activities (million yen)	605	697	670	571
The proportion of the expenditure for local communities in the total amount of social contribution activities (%)	42.6%	43.0%	39.7%	28.7%
The number of visitors to Kawasaki Good Times World	221 (thousand)	219 (thousand)	247 (thousand)	227 (thousand)
The number of participants in handcraft and experiment course	365	415	435	519

**[9] ESG Data Book 2019 (Document)**

Accessed 16/03/2020

[https://global.kawasaki.com/en/corp/sustainability/esg/esg\\_2019\\_e.pdf](https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf)

[p.28]

**Expenditures to External Organizations**

[...]

**Other Expenditures for Donations, Support Funding, etc.**

	(FY)	2014	2015	2016	2017	2018
Total expenditures for donation support funding, etc.	Millions of yen	194	211	255	208	173

## 5.2 Lobbying

<b>Question</b>
<b>5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>There is evidence that the company has a policy on lobbying that applies company-wide to all employees, officers and third parties acting on the company’s behalf. The company’s policy provides a definition of lobbying and indicates that employees must act ethically when engaged in lobbying activities.</p> <p>However, the company receives a score of ‘1’ because its policy does not provide clear standards of conduct, guidelines or oversight mechanisms that apply to in-house, external and association lobbyists.</p>
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a>                  [p.6] Applicability of the Code:</p> <p>The Kawasaki Group Code of Conduct (the “Code”) applies to all officers, employees, temporary contract employees, and agents (the “officers and employees”) of the Kawasaki Heavy Industries Group (the “Group”), a corporate group consisting of Kawasaki Heavy Industries and its subsidiaries. Furthermore, non-controlled affiliates, suppliers, independent contractors, and distributors of the Group are also requested to adhere to the Code where applicable.</p> <p>[p.17] Political Activity and Lobbying</p> <p>[...] We do not engage in illegal lobbying.</p> <p>Lobbying</p> <p>Lobbying refers to interacting with the legislature or the government, including not only legislators and government officials but also their employees, agents, or representatives, regarding legislative or regulatory issues that may affect the Group. When engaged in lobbying, we must comply with all applicable laws and act ethically.</p> <p>[...] Many countries and localities have strict laws concerning political donations and lobbying activities. Violation of these laws may result in significant civil, administrative, and criminal penalties for the Group and individual officers and employees (including fines, suspension of qualifications or licenses, being barred from engaging in the business, etc.), as well as immeasurable reputational harm to the Group.</p> <p>[p.18] Actions to be Taken by Individuals:</p> <p>[...]</p> <ul style="list-style-type: none"> <li>• When lobbying on behalf of the Group, be sure to carry out proper registration in each country as needed and obtain prior approval from relevant local government departments or agencies. Interactions with legislators and government officials, as well as other employees, agents, or representatives of the legislature or the government, should be conducted in an open, honest, candid, and transparent manner in accordance with all applicable laws to avoid even the appearance of impropriety.</li> </ul>

<b>Question</b>
<b>5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any information on its lobbying aims, topics or activities.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>5.2.3 Does the company publish full details of its global lobbying expenditure?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any details about its global lobbying expenditure.
<b>Evidence</b>
No evidence found.

### 5.3 Gifts and Hospitality

<b>Question</b>
<b>5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>There is evidence that the company has a policy on the giving and receipt of gifts and hospitality. There is evidence that this policy addresses the risks associated with gifts and hospitality given to and received from public officials, and it indicates that all gifts and entertainment received and given must be recorded.</p> <p>However, the company receives a score of ‘1’ because its publicly available policy does not provide financial or proportional limits nor different approval procedures for different types of promotional expenses. There is also no evidence that all gifts and hospitality above a certain threshold are recorded in a dedicated central register that is accessible to those responsible for oversight of the process.</p>
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a>                  [p.6] Applicability of the Code:</p> <p>The Kawasaki Group Code of Conduct (the “Code”) applies to all officers, employees, temporary contract employees, and agents (the “officers and employees”) of the Kawasaki Heavy Industries Group (the “Group” ), a corporate group consisting of Kawasaki Heavy Industries and its subsidiaries. Furthermore, non-controlled affiliates, suppliers, independent contractors, and distributors of the Group are also requested to adhere to the Code where applicable.</p> <p>[p.13] Anti-Bribery and Anti-Corruption Compliance                  We do not engage in bribery or other forms of corruption and do not provide any inappropriate entertainment or gifts.</p> <p>The Group is committed to strict compliance with the letter and spirit of Japan’s anti-corruption laws, the United States Foreign Corrupt Practices Act ( “FCPA” ) and other applicable anti-corruption legislation enacted in various jurisdictions around the globe (collectively, “Anti-Corruption Laws” ). Anti-Corruption Laws generally prohibit making payments, promises, or offers of anything of value to government officials or employees (at any level), political candidates, or political party officials to obtain or retain business or to secure an improper advantage. Anti-Corruption Laws also generally prohibit bribery in the commercial setting, i.e., providing anything of value to improperly influence anyone, whether they are a government official or a private business partner. The jurisdictional reach of Anti-Corruption Laws can be broad, and the Group requires full compliance with all Anti-Corruption Laws and this Policy by all directors, officers, employees, consultants, and other representatives of the Group, as well as any third parties acting on the Group’s behalf, regardless of citizenship or work location. Violations of such laws can carry severe civil, administrative, and criminal penalties for all involved.</p> <p><b>Entertainments and gifts</b></p> <p>Excessive or inappropriate gifts or entertainment affects transparency of our operations and distorts incentives in business transactions. Entertainment and gifts in business activities must have a lawful and legitimate business purposes. Common sense and moderation are vital. Many countries have strict laws concerning entertainment and gifts, and we must adhere to any of those laws stipulating specific monetary limits. Conduct implicating anti-corruption laws includes the provision of “anything of value” to any individual, whether directly to the individuals or indirectly channelled through their family, friends, business partners, or any other third party. “Anything of value” is broadly defined and includes non-cash items such as gifts, entertainment, event tickets, lodging, golf outings, favors, services, loans and loan guarantees, investment or business opportunities, the use of property or equipment, job offers (even to the recipient’s relatives or friends), a donation to a charitable institution or political contribution, transportation, and the payment or reimbursement of debts. Even small payments or benefits are</p>



prohibited if they are intended as bribes. The relevant conduct here includes not only the actual giving and receiving of gifts or entertainment but also offers, promises, authorization to provide, and attempts at providing anything of value. Even if the monetary value is small, the provision or acceptance of gifts or entertainment with the purpose of obtaining an unfair business advantage can be inappropriate or illegal.

#### [p.14] Entertainment and Gifts to Public Officials

“Public officials” refers to 1) any officer or employee of a government or any department, agency, or instrumentality thereof; 2) any officers or employees of a public international organization; or 3) any person acting in an official capacity for or on behalf of 1) and 2). This includes not only members and employees of national or local governments and legislatures but also members and employees of state-owned and state-controlled entities. Provision of entertainment and gifts to domestic or foreign public officials, even in small amounts, is considered bribery under the laws of many countries and may be subject to severe civil, administrative, and criminal penalties. In addition, in some situations, public officials may request “facilitation payments,” which are payments made to public officials to expedite or to secure the performance of routine governmental action. Facilitation payments are prohibited under the laws of most countries. Accordingly, any improper payments, no matter how small the amount, are strictly prohibited under this policy. To be clear, the Group does not allow bribery of any type—whether to persons of private entities (e.g., commercial bribery) or to public officials.

Gifts and entertainment provided to public officials may implicate the laws of not only the country and region in which they took place, but also laws of third countries such as the United States Foreign Corrupt Practices Act.

#### Actions to Be Taken by Individuals

- Adhere to the rules and regulations of each the Group company and department regarding anti-bribery and anti-corruption, as well as entertainment and gifts
- When providing or receiving entertainment and gifts, confirm the following:
  - The entertainment and gifts will not inappropriately affect decision-making regarding transactions, are not made with corrupt intent, and are legal in your country and the country of the recipient;
  - The entertainment and gifts serve a legitimate business purpose, and the value and nature of the entertainment and gifts are appropriate to the business relationship and local custom;
  - The entertainment and gifts do not violate the standards of conduct of the recipient’s organization or any contractual agreement;
  - Prior approval from appropriate personnel has already been obtained and the entertainment and gifts are otherwise permitted by the Group’s policies; and
  - All records of the entertainment and gifts are properly kept, including records of the date, amount, and contents.
- If you become aware of inappropriate entertainment and gifts, promptly report them to your supervisor, the relevant departments, or the Compliance Department.
- Do not provide payments, entertainment, or gifts to public officials, even upon their request. If you receive a request for facilitation payment, make a record of such request, report it immediately to your supervisor or the relevant departments, and seek further instructions.

## 6. Supply Chain Management

<b>Question</b>
<b>6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>There is evidence that the company's procurement department is involved, in some capacity, in the establishment of new suppliers and that it is the main body responsible for oversight of supplier relationships.</p> <p>However, the company receives a score of '1' because there is no evidence that the company assures itself of the procurement department's appropriate involvement in this process at least every three years.</p>
<b>Evidence</b>
<p><b>[6] Supply Chain Management (Webpage)</b>                  Accessed 07/07/2019  <a href="http://global.kawasaki.com/en/corp/sustainability/procurement/index.html">http://global.kawasaki.com/en/corp/sustainability/procurement/index.html</a>                  Thorough Compliance</p> <p>Each year, Kawasaki holds a group workshop intended for procurement divisions within the Group to ensure compliance with procurement-related laws and regulations, particularly the Subcontractors' Act (formally, the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors) and the Construction Industry Law. Of note, with regard to the Subcontractors' Act, not limited to procurement department, we maintain proactive measures for dissemination and enlightening, as outlined below.</p> <ul style="list-style-type: none"> <li>• In October 2009, we published a collection of examples of Subcontractors' Act violations, using actual cases in which other companies had contravened this law.</li> <li>• In April 2013, we posted a checklist for self-auditing compliance status pursuant to the Subcontractors' Act on the corporate intranet. This checklist functions as a tool for identifying any administrative activity prone to violations of the Subcontractors' Act and for correcting such situations.</li> <li>• Since fiscal year ended March 31, 2012, we have held sessions, mainly for design and manufacturing divisions at plants and major affiliated companies. In fiscal year ended March, 2018, the sessions attracted 844 participants. (Reference: To date, 4,293 people have attended the sessions.)</li> </ul> <p><b>[5] CSR Procurement Guidelines (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/csr_tyoutatsu_guideline.pdf">https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/csr_tyoutatsu_guideline.pdf</a>                  [p.1] I. Introduction</p> <p>Our social commitment in the Kawasaki Group is expressed in the words, "Kawasaki, working as one for the good of the planet." As we see it, the most important tasks we face are to achieve the mission of the Group by addressing the needs of society surely and precisely, and to work together with all our stakeholders to build a brighter future.</p> <p>In order to achieve our mission, we need to conduct sound corporate management, but also enhance our sensitivity to social demands and changes.</p> <p>Regarding the environment surrounding our company, more and more attention is being paid to our approach to CSR (*), including increase of ESG investment. *CSR: Corporate Social Responsibility.</p> <p>Under such situation, in order to enhance the relationships of trust with our business partners and to implement CSR throughout the entire supply chain, we developed the "CSR Procurement Guideline" in April 2012 as a guide for CSR activities which we expect for our business partners. After that, we conduct the questionnaire survey to find out if they were in compliance status with the guideline.</p>

In response to the changes and the increase in social demands for CSR, we have revised the “CSR Procurement Guideline” to further encourage CSR activities with our business partners. This revision asks each business partner to take a new approach.

As one of our business partners, we encourage you to establish a system to promote CSR activities with reference to this guideline, and introduce this to your suppliers to disseminate CSR activities across the entire supply chain. We appreciate your understanding and cooperation. We hope that promoting CSR activities with all of our business partners will increase prosperity for all.

May 2018  
Procurement Division  
Kawasaki Heavy Industries, Ltd.

[p.2] II. Kawasaki's Basic Policies for Material Procurement

Kawasaki is working in accordance with the Basic Policies for Material Procurement to expand procurement activities. Basic Policies for Material Procurement KHI will conduct procurement activities in accordance with the KHI Group Mission Statement, which embodies the management principles for the Kawasaki Group.

- Fair and Impartial Procurement

We will provide broad and impartial opportunities for our business partners, and will make selections with integrity and good faith after conducting comprehensive and fair evaluations of quality, price, delivery schedule, technological development capabilities, and other such factors.

**[9] ESG Data Book 2019 (Document)**

Accessed 16/03/2020

[https://global.kawasaki.com/en/corp/sustainability/esg/esg\\_2019\\_e.pdf](https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf)

[p.48] Fiscal 2018 Results

- Carried out a survey of major overseas suppliers (65 companies).
- Revised the CSR Procurement Guidelines in May 2018 and published them on the Company website. Planning to distribute the guidelines and the Kawasaki Group Code of Conduct to suppliers in fiscal 2019.
- Business briefings and study meetings held for the suppliers of internal companies and business divisions included a briefing titled “CSR Promotion with Business Partners.” This briefing was held 9 times for approximately 650 companies in fiscal 2018.

[p.50] Supply Chain Risk Assessment

In fiscal 2016, Kawasaki conducted a survey of domestic suppliers to assess their compliance with our CSR Procurement Guidelines and received responses from roughly 1,400 suppliers. In fiscal 2018, we carried out a survey of major overseas suppliers (65 companies) to understand their current CSR activities. Moving forward, we will implement measures to strengthen CSR efforts throughout the supply chain based on the results of these surveys.

[p.51] Efforts to Improve the Practices of Suppliers

The basic agreements that Kawasaki forms with its suppliers include provisions recognizing the importance of corporate social responsibility on the part of both parties and stating that they will independently and proactively engage in business and social activities with due consideration given to the sustainable development of the environment and society.

Furthermore, Kawasaki has created the CSR Procurement Guidelines, which outline its expectations for its suppliers, with the aim of promoting CSR, including human rights considerations, throughout the supply chain. These guidelines are published on Kawasaki's website and distributed to suppliers. To confirm the initiatives of suppliers, in fiscal 2016, Kawasaki conducted a survey of its domestic suppliers and received responses from roughly 1,400 companies. In fiscal 2018, we carried out a similar survey of 65 major overseas suppliers and received responses that were largely as expected.

In addition, from fiscal 2018, we are providing briefings to directly explain our approach to CSR to suppliers and requesting that they strengthen their CSR initiatives, including efforts to address human rights issues.

<b>Question</b>
<b>6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company conducts anti-bribery and corruption due diligence on its suppliers.
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a>                  [p.56] Working with suppliers</p> <p>[...]</p> <p>When selecting suppliers, take into account not only factors like quality, price, and delivery dates, but also fulfilment of social responsibilities, such as compliance with laws and regulations, respect for human rights and safety, and protection of the environment.</p> <p><b>[5] CSR Procurement Guidelines (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/csr_tyoutatsu_guideline.pdf">https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/csr_tyoutatsu_guideline.pdf</a>                  [p.1] I. Introduction                  Our social commitment in the Kawasaki Group is expressed in the words, "Kawasaki, working as one for the good of the planet." As we see it, the most important tasks we face are to achieve the mission of the Group by addressing the needs of society surely and precisely, and to work together with all our stakeholders to build a brighter future.</p> <p>In order to achieve our mission, we need to conduct sound corporate management, but also enhance our sensitivity to social demands and changes.</p> <p>Regarding the environment surrounding our company, more and more attention is being paid to our approach to CSR (*), including increase of ESG investment. *CSR: Corporate Social Responsibility.</p> <p>Under such situation, in order to enhance the relationships of trust with our business partners and to implement CSR throughout the entire supply chain, we developed the "CSR Procurement Guideline" in April 2012 as a guide for CSR activities which we expect for our business partners. After that, we conduct the questionnaire survey to find out if they were in compliance status with the guideline.</p> <p>In response to the changes and the increase in social demands for CSR, we have revised the "CSR Procurement Guideline" to further encourage CSR activities with our business partners. This revision asks each business partner to take a new approach.</p> <p>As one of our business partners, we encourage you to establish a system to promote CSR activities with reference to this guideline, and introduce this to your suppliers to disseminate CSR activities across the entire supply chain. We appreciate your understanding and cooperation. We hope that promoting CSR activities with all of our business partners will increase prosperity for all.</p> <p>May 2018                  Procurement Division                  Kawasaki Heavy Industries, Ltd.</p> <p>[p.2] II. Kawasaki's Basic Policies for Material Procurement                  Kawasaki is working in accordance with the Basic Policies for Material Procurement to expand procurement activities. Basic Policies for Material Procurement KHI will conduct procurement activities in accordance with the KHI Group Mission Statement, which embodies the management principles for the Kawasaki Group.</p>

- Fair and Impartial Procurement

We will provide broad and impartial opportunities for our business partners, and will make selections with integrity and good faith after conducting comprehensive and fair evaluations of quality, price, delivery schedule, technological development capabilities, and other such factors.

#### **[6] Supply Chain Management (Webpage)**

Accessed 07/07/2019

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

Basic Policies for Material Procurement

Basic Policies

##### *Fair and Impartial Procurements*

We will provide broad and impartial opportunities for our business partners, and will make selections with integrity and good faith after conducting comprehensive and fair evaluations of quality, price, delivery schedule, technological development capabilities, and other such factors.

##### *Relationships with Business Partners*

We seek to realize optimal quality, cost and delivery schedule together with stable procurement by taking a long-term perspective to build relationships of trust with business partners with the aim of mutual enhancement of competitiveness and prosperity.

##### *Compliance*

We will observe related statutes and regulations as well as social norms. We will place information gained through procurements under appropriate controls, and will take thoroughgoing measures to protect confidential information and prevent leaks.

##### *Consideration for human rights, labor and occupational safety and health*

We will advance procurement activities that have consideration for human rights, the work environment and occupational safety and health.

##### *Harmony with the global environment through green procurement*

We will advance procurement that has consideration for the global environment with respect to the materials used in products.

[...]

Thorough Compliance

Each year, Kawasaki holds a group workshop intended for procurement divisions within the Group to ensure compliance with procurement-related laws and regulations, particularly the Subcontractors' Act (formally, the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors) and the Construction Industry Law. Of note, with regard to the Subcontractors' Act, not limited to procurement department, we maintain proactive measures for dissemination and enlightening, as outlined below.

- In October 2009, we published a collection of examples of Subcontractors' Act violations, using actual cases in which other companies had contravened this law.
- In April 2013, we posted a checklist for self-auditing compliance status pursuant to the Subcontractors' Act on the corporate intranet. This checklist functions as a tool for identifying any administrative activity prone to violations of the Subcontractors' Act and for correcting such situations.
- Since fiscal year ended March 31, 2012, we have held sessions, mainly for design and manufacturing divisions at plants and major affiliated companies. In fiscal year ended March, 2018, the sessions attracted 844 participants. (Reference: To date, 4,293 people have attended the sessions.)

<b>Question</b>
<b>6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?</b>
<b>Score</b>
1
<b>Comments</b>
<p>There is evidence that the company requires suppliers to have anti-bribery and corruption policies that prohibit foreign and domestic bribery, facilitation payments, as well as policies that address gifts, hospitality and whistleblowing. There is evidence that the company requires that its suppliers follow its own Code of Conduct, which includes its anti-bribery and corruption policy.</p> <p>However, the company receives a score of ‘1’ because it is not clear that the company has provisions in place to ensure that suppliers adhere to these policies, nor that the company conducts assurance of its suppliers’ policies.</p>
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a>                  [p.6] Applicability of the Code:</p> <p>The Kawasaki Group Code of Conduct (the “Code” ) applies to all officers, employees, temporary contract employees, and agents (the “officers and employees” ) of the Kawasaki Heavy Industries Group (the “Group” ), a corporate group consisting of Kawasaki Heavy Industries and its subsidiaries. Furthermore, non-controlled affiliates, suppliers, independent contractors, and distributors of the Group are also requested to adhere to the Code where applicable.</p> <p>[p.7] Actions to Take When You Discover a Violation:</p> <p>If you discover any violation of the Code, promptly report it to your supervisor and the relevant departments. If, for any reason, it is not practical, or if it is difficult, to report to your supervisor or the relevant departments, report to the Compliance Department. The Group takes measures to keep confidential the identities of the officers and employees who submit their reports. When submitting concerns, you are asked to provide as much detailed information as possible. Providing detailed, rather than general, information will assist us in effectively investigating complaints. Even if the report turns out to be a mistake and no violation is found, the individual who reported it will not be held responsible as long as the individual reported it in good faith. All conversations, calls, and reports made under this policy in good faith will be taken seriously. Any allegations that are knowingly false or without a reasonable belief in the truth and accuracy of such information will be viewed as a serious disciplinary offense.</p> <p>[p.13] Anti-Bribery and Anti-Corruption Compliance                  We do not engage in bribery or other forms of corruption and do not provide any inappropriate entertainment or gifts.</p> <p>The Group is committed to strict compliance with the letter and spirit of Japan’s anti-corruption laws, the United States Foreign Corrupt Practices Act ( “FCPA” ) and other applicable anti-corruption legislation enacted in various jurisdictions around the globe (collectively, “Anti-Corruption Laws” ). Anti-Corruption Laws generally prohibit making payments, promises, or offers of anything of value to government officials or employees (at any level), political candidates, or political party officials to obtain or retain business or to secure an improper advantage. Anti-Corruption Laws also generally prohibit bribery in the commercial setting, i.e., providing anything of value to improperly influence anyone, whether they are a government official or a private business partner. The jurisdictional reach of Anti-Corruption Laws can be broad, and the Group requires full compliance with all Anti-Corruption Laws and this Policy by all directors, officers, employees, consultants, and other representatives of the Group, as well as any third parties acting on the Group’ s behalf, regardless of citizenship or work location. Violations of such laws can carry severe civil, administrative, and criminal penalties for all involved.</p> <p>Entertainments and gifts</p> <p>Excessive or inappropriate gifts or entertainment affects transparency of our operations and distorts incentives in business transactions. Entertainment and gifts in business activities must have a lawful and legitimate business</p>

purposes. Common sense and moderation are vital. Many countries have strict laws concerning entertainment and gifts, and we must adhere to any of those laws stipulating specific monetary limits. Conduct implicating anti-corruption laws includes the provision of “anything of value” to any individual, whether directly to the individuals or indirectly channelled through their family, friends, business partners, or any other third party. “Anything of value” is broadly defined and includes non-cash items such as gifts, entertainment, event tickets, lodging, golf outings, favors, services, loans and loan guarantees, investment or business opportunities, the use of property or equipment, job offers (even to the recipient’s relatives or friends), a donation to a charitable institution or political contribution, transportation, and the payment or reimbursement of debts. Even small payments or benefits are prohibited if they are intended as bribes. The relevant conduct here includes not only the actual giving and receiving of gifts or entertainment but also offers, promises, authorization to provide, and attempts at providing anything of value. Even if the monetary value is small, the provision or acceptance of gifts or entertainment with the purpose of obtaining an unfair business advantage can be inappropriate or illegal.

[p.14] Entertainment and Gifts to Public Officials

“Public officials” refers to 1) any officer or employee of a government or any department, agency, or instrumentality thereof; 2) any officers or employees of a public international organization; or 3) any person acting in an official capacity for or on behalf of 1) and 2). This includes not only members and employees of national or local governments and legislatures but also members and employees of state-owned and state-controlled entities. Provision of entertainment and gifts to domestic or foreign public officials, even in small amounts, is considered bribery under the laws of many countries and may be subject to severe civil, administrative, and criminal penalties. In addition, in some situations, public officials may request “facilitation payments,” which are payments made to public officials to expedite or to secure the performance of routine governmental action. Facilitation payments are prohibited under the laws of most countries. Accordingly, any improper payments, no matter how small the amount, are strictly prohibited under this policy. To be clear, the Group does not allow bribery of any type—whether to persons of private entities (e.g., commercial bribery) or to public officials.

Gifts and entertainment provided to public officials may implicate the laws of not only the country and region in which they took place, but also laws of third countries such as the United States Foreign Corrupt Practices Act.

[p.56] Disclose Kawasaki Group CSR Procurement Guidelines to suppliers and request their cooperation in the fulfilment of social responsibilities. Continuously monitor the behavior of suppliers and take actions to address any deviations or shortfalls in fulfilment of social responsibilities.

**[5] CSR Procurement Guidelines (Document)**

Accessed 07/07/2019

[https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/csr\\_tyoutatsu\\_guideline.pdf](https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/csr_tyoutatsu_guideline.pdf)

[p.1] I. Introduction

Our social commitment in the Kawasaki Group is expressed in the words, “Kawasaki, working as one for the good of the planet.” As we see it, the most important tasks we face are to achieve the mission of the Group by addressing the needs of society surely and precisely, and to work together with all our stakeholders to build a brighter future.

In order to achieve our mission, we need to conduct sound corporate management, but also enhance our sensitivity to social demands and changes.

Regarding the environment surrounding our company, more and more attention is being paid to our approach to CSR (\*), including increase of ESG investment. \*CSR: Corporate Social Responsibility.

Under such situation, in order to enhance the relationships of trust with our business partners and to implement CSR throughout the entire supply chain, we developed the “CSR Procurement Guideline” in April 2012 as a guide for CSR activities which we expect for our business partners. After that, we conduct the questionnaire survey to find out if they were in compliance status with the guideline.

In response to the changes and the increase in social demands for CSR, we have revised the “CSR Procurement Guideline” to further encourage CSR activities with our business partners. This revision asks each business partner to take a new approach.

As one of our business partners, we encourage you to establish a system to promote CSR activities with reference to this guideline, and introduce this to your suppliers to disseminate CSR activities across the entire supply chain.

We appreciate your understanding and cooperation. We hope that promoting CSR activities with all of our business partners will increase prosperity for all.

May 2018  
Procurement Division  
Kawasaki Heavy Industries, Ltd.

[p.3] A Request to Our Business Partners

KHI business activities are based on our relationships with our business partners. Our pursuit of KHI business activities also involves engagement in the following matters, and we therefore request that our business partners implement similar measures.

1. Compliance

We ask that business partners comply with laws and regulations applicable to their business field and observe social norms. We further ask that they place appropriate controls on information obtained through procurements, and that they take thoroughgoing measures to protect confidential information and prevent leaks.

[p.5] III. A Request to Our Business Partners (Detailed Rules)

A corporation must fulfill its social responsibility by complying with laws and ordinances and by showing consideration for human rights and other such concerns. We ask that our business partners also engage in planning, implementation, and improvement of initiatives in light of item "1. Compliance," which prescribes observation of laws and ordinances, and item "2. Consideration for Human Rights, Labor, and Occupational Safety and Health," which deals with employees.

1. Compliance

(1) Thoroughgoing Measures for Compliance Throughout Corporate Activities Observe the laws and ordinances of the countries and regions where business activities are being conducted and respect international norms of behavior to the greatest possible extent.

[...]

(7) Build Fair and Impartial Relationships Engage in no improper payoffs, exchanges of money, or provision of money to customers or procurement sources, and instead build fair and impartial relationships with them.

(8) Establishment of a Compliance Whistle-Blowing System Establish the system which employees or business partners who become aware of a critical risk such as improper actions performed on the job may report it directly or indirectly through a medium. Ensure that confidentiality will be strictly observed and that the party which reports the matter will not suffer from detrimental treatment.

[p.7] (10) Prohibition of Acts Involving Conflicts of Interest Prohibit the employees from benefitting himself/herself or a third party at the cost of his/her company.

**[6] Supply Chain Management (Webpage)**

Accessed 07/07/2019

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

Basic Stance toward CSR Procurement

While conducting the Group's business activities, it is essential to conduct procurement activities in line with our stance toward CSR that includes consideration for human rights, labor issues, occupational safety and health, and the global environment, in addition to compliance.

Accordingly, we have to gain the cooperation of our business partners, in addition to the Group, and actively promote CSR activities throughout the supply chain.

**[9] ESG Data Book 2019 (Document)**

Accessed 16/03/2020

[https://global.kawasaki.com/en/corp/sustainability/esg/esg\\_2019\\_e.pdf](https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf)

[p.48] Fiscal 2018 Results

- Carried out a survey of major overseas suppliers (65 companies).
- Revised the CSR Procurement Guidelines in May 2018 and published them on the Company website. Planning to distribute the guidelines and the Kawasaki Group Code of Conduct to suppliers in fiscal 2019.



- Business briefings and study meetings held for the suppliers of internal companies and business divisions included a briefing titled “CSR Promotion with Business Partners.” This briefing was held 9 times for approximately 650 companies in fiscal 2018.

[p.50] Supply Chain Risk Assessment

In fiscal 2016, Kawasaki conducted a survey of domestic suppliers to assess their compliance with our CSR Procurement Guidelines and received responses from roughly 1,400 suppliers. In fiscal 2018, we carried out a survey of major overseas suppliers (65 companies) to understand their current CSR activities. Moving forward, we will implement measures to strengthen CSR efforts throughout the supply chain based on the results of these surveys.

[p.51] Human Rights Efforts in the Supply Chain

Efforts to Improve the Practices of Suppliers

The basic agreements that Kawasaki forms with its suppliers include provisions recognizing the importance of corporate social responsibility on the part of both parties and stating that they will independently and proactively engage in business and social activities with due consideration given to the sustainable development of the environment and society.

Furthermore, Kawasaki has created the CSR Procurement Guidelines, which outline its expectations for its suppliers, with the aim of promoting CSR, including human rights considerations, throughout the supply chain. These guidelines are published on Kawasaki’s website and distributed to suppliers. To confirm the initiatives of suppliers, in fiscal 2016, Kawasaki conducted a survey of its domestic suppliers and received responses from roughly 1,400 companies. In fiscal 2018, we carried out a similar survey of 65 major overseas suppliers and received responses that were largely as expected.

In addition, from fiscal 2018, we are providing briefings to directly explain our approach to CSR to suppliers and requesting that they strengthen their CSR initiatives, including efforts to address human rights issues.

<b>Question</b>
<b>6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>Based on publicly available information, there is some evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme and standards are required of sub-contractors throughout the supply chain.</p> <p>However, the company receives a score of ‘1’ because this evidence is in the form of a simple statement and it is unclear how the company does this in practice.</p>
<b>Evidence</b>
<p><b>[5] CSR Procurement Guidelines (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/csr_tyoutatsu_guideline.pdf">https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/csr_tyoutatsu_guideline.pdf</a>                  [p.1] I. Introduction                  Our social commitment in the Kawasaki Group is expressed in the words, "Kawasaki, working as one for the good of the planet." As we see it, the most important tasks we face are to achieve the mission of the Group by addressing the needs of society surely and precisely, and to work together with all our stakeholders to build a brighter future.</p> <p>In order to achieve our mission, we need to conduct sound corporate management, but also enhance our sensitivity to social demands and changes.</p> <p>Regarding the environment surrounding our company, more and more attention is being paid to our approach to CSR (*), including increase of ESG investment. *CSR: Corporate Social Responsibility.</p> <p>Under such situation, in order to enhance the relationships of trust with our business partners and to implement CSR throughout the entire supply chain, we developed the “CSR Procurement Guideline” in April 2012 as a guide for CSR activities which we expect for our business partners. After that, we conduct the questionnaire survey to find out if they were in compliance status with the guideline.</p> <p>In response to the changes and the increase in social demands for CSR, we have revised the “CSR Procurement Guideline” to further encourage CSR activities with our business partners. This revision asks each business partner to take a new approach.</p> <p>As one of our business partners, we encourage you to establish a system to promote CSR activities with reference to this guideline, and introduce this to your suppliers to disseminate CSR activities across the entire supply chain. We appreciate your understanding and cooperation. We hope that promoting CSR activities with all of our business partners will increase prosperity for all.</p> <p>May 2018                  Procurement Division                  Kawasaki Heavy Industries, Ltd.</p>

<b>Question</b>
<b>6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any data on ethical or anti-bribery and corruption investigations and the associated disciplinary actions relating to its suppliers.
<b>Evidence</b>
No evidence found.

## 7. Agents, Intermediaries and Joint Ventures

### 7.1 Agents and Intermediaries

<b>Question</b>
7.1.1 Does the company have a clear policy on the use of agents?
<b>Score</b>
0
<b>Comments</b>
There is no publicly available evidence that the company has a policy on the use of agents.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company conducts anti-bribery and corruption due diligence on its agents or intermediaries.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company aims to establish the beneficial ownership of its agents and intermediaries.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>7.1.4 Does the company’s anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is some evidence that the company’s anti-bribery and corruption policy applies to agents. However, the company receives a score of ‘0’ because there is no publicly available evidence that such provisions are included as contractual clauses with these entities, nor that contractual agreements include audit and termination rights.</p>
<b>Evidence</b>
<p><b>[1] Kawasaki Code of Conduct (Document)</b>                  Accessed 07/07/2019  <a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a>                  [p.6] Applicability of the Code:</p> <p>The Kawasaki Group Code of Conduct (the “Code” ) applies to all officers, employees, temporary contract employees, and agents (the “officers and employees” ) of the Kawasaki Heavy Industries Group (the “Group” ), a corporate group consisting of Kawasaki Heavy Industries and its subsidiaries. Furthermore, non-controlled affiliates, suppliers, independent contractors, and distributors of the Group are also requested to adhere to the Code where applicable.</p> <p>[p.13] Anti-Bribery and Anti-Corruption Compliance</p> <p>We do not engage in bribery or other forms of corruption and do not provide any inappropriate entertainment or gifts.</p> <p>The Group is committed to strict compliance with the letter and spirit of Japan’s anti-corruption laws, the United States Foreign Corrupt Practices Act ( “FCPA” ) and other applicable anti-corruption legislation enacted in various jurisdictions around the globe (collectively, “Anti-Corruption Laws” ). Anti-Corruption Laws generally prohibit making payments, promises, or offers of anything of value to government officials or employees (at any level), political candidates, or political party officials to obtain or retain business or to secure an improper advantage. Anti-Corruption Laws also generally prohibit bribery in the commercial setting, i.e., providing anything of value to improperly influence anyone, whether they are a government official or a private business partner. The jurisdictional reach of Anti-Corruption Laws can be broad, and the Group requires full compliance with all Anti-Corruption Laws and this Policy by all directors, officers, employees, consultants, and other representatives of the Group, as well as any third parties acting on the Group’ s behalf, regardless of citizenship or work location. Violations of such laws can carry severe civil, administrative, and criminal penalties for all involved.</p> <p>Entertainments and gifts</p> <p>Excessive or inappropriate gifts or entertainment affects transparency of our operations and distorts incentives in business transactions. Entertainment and gifts in business activities must have a lawful and legitimate business purposes. Common sense and moderation are vital. Many countries have strict laws concerning entertainment and gifts, and we must adhere to any of those laws stipulating specific monetary limits. Conduct implicating anti-corruption laws includes the provision of “anything of value” to any individual, whether directly to the individuals or indirectly channelled through their family, friends, business partners, or any other third party. “Anything of value” is broadly defined and includes non-cash items such as gifts, entertainment, event tickets, lodging, golf outings, favors, services, loans and loan guarantees, investment or business opportunities, the use of property or equipment, job offers (even to the recipient’ s relatives or friends), a donation to a charitable institution or political contribution, transportation, and the payment or reimbursement of debts. Even small payments or benefits are prohibited if they are intended as bribes. The relevant conduct here includes not only the actual giving and receiving of gifts or entertainment but also offers, promises, authorization to provide, and attempts at providing anything of value. Even if the monetary value is small, the provision or acceptance of gifts or entertainment with the purpose of obtaining an unfair business advantage can be inappropriate or illegal.</p> <p>[p.14] Entertainment and Gifts to Public Officials</p>

“Public officials” refers to 1) any officer or employee of a government or any department, agency, or instrumentality thereof; 2) any officers or employees of a public international organization; or 3) any person acting in an official capacity for or on behalf of 1) and 2). This includes not only members and employees of national or local governments and legislatures but also members and employees of state-owned and state-controlled entities. Provision of entertainment and gifts to domestic or foreign public officials, even in small amounts, is considered bribery under the laws of many countries and may be subject to severe civil, administrative, and criminal penalties. In addition, in some situations, public officials may request “facilitation payments,” which are payments made to public officials to expedite or to secure the performance of routine governmental action. Facilitation payments are prohibited under the laws of most countries. Accordingly, any improper payments, no matter how small the amount, are strictly prohibited under this policy. To be clear, the Group does not allow bribery of any type—whether to persons of private entities (e.g., commercial bribery) or to public officials.

Gifts and entertainment provided to public officials may implicate the laws of not only the country and region in which they took place, but also laws of third countries such as the United States Foreign Corrupt Practices Act.

#### [p.17] Political Activities

Before agreeing to engage in political activities within the company premises or providing company assets, including space or labor for political activities, the responsible department should carefully weigh the matter and take appropriate action, including obtaining any necessary company approvals. We must deal with national and local legislatures and governments as well as their employees, agents, or representatives in accordance with all applicable laws of the countries in which we operate, including all applicable laws governing political donations. Many countries have strict laws regarding donations to public officials and their staff. In some countries and contexts, political donations may be considered a type of bribery.

Nothing in the Code, however, is intended to infringe upon your ability to make lawful contributions of your own time or funds to political parties or candidates of your choice or to otherwise prohibit you from making a legitimate and legally authorized political contribution. However, you will not be compensated or reimbursed by the Group for any personal contributions.

Many countries and localities have strict laws concerning political donations and lobbying activities. Violation of these laws may result in significant civil, administrative, and criminal penalties for the Group and individual officers and employees (including fines, suspension of qualifications or licenses, being barred from engaging in the business, etc.), as well as immeasurable reputational harm to the Group.

[p.18] Political contributions will be made only in accordance with applicable laws. They will be properly disclosed and handled transparently to avoid even the appearance of impropriety.



<b>Question</b>
<b>7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company considers incentive structures as a risk factor in agent behaviour.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any details of the agents currently contracted to act for and on its behalf.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any data on ethical or bribery and corruption-related investigations, or the associated disciplinary actions, involving its agents.
<b>Evidence</b>
No evidence found.

## 7.2 Joint Ventures

<b>Question</b>
<b>7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company conducts anti-bribery and corruption due diligence when entering into joint ventures.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture relationships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publicly commits to establishing or implementing anti-bribery and corruption policies or procedures in its joint ventures.
<b>Evidence</b>
No evidence found.

<b>Question</b>
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
<b>Score</b>
0
<b>Comments</b>
There is no evidence that the company commits to take an active role in preventing bribery and corruption in its joint ventures.
<b>Evidence</b>
No evidence found.

## 8. Offsets

<b>Question</b>
<b>8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company addresses the corruption risks associated with offset contracting, nor is there evidence that a dedicated body, department or team is responsible for monitoring the company's offset activities.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company has a procedure to conduct risk-based anti-bribery and corruption due diligence on its offset obligations.
<b>Evidence</b>
No evidence found.



<b>Question</b>
<b>8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any details of the offset agents, brokers or consultancy firms currently contracted to act with and/or on its behalf.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>8.4 Does the company publish details about the beneficiaries of its indirect offset projects?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any details of its offset obligations or contracts.
<b>Evidence</b>
No evidence found.

## 9. High Risk Markets

<b>Question</b>
<b>9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is no clear publicly available evidence that the company acknowledges the corruption risks of operating in different markets, nor that risk assessment procedures are used to inform the company's operations in high risk markets. The company publishes some information on its risk management procedures, but there is no evidence that these procedures address market risk.</p>
<b>Evidence</b>
<p><b>[8] Kawasaki Report 2019 (Document)</b>  Accessed 16/03/2020  <a href="https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf">https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf</a>  [p.51] Risk Management</p> <p><i>Basic Stance</i></p> <p>In accordance with the Companies Act, the Kawasaki Board of Directors has adopted a basic policy for internal control systems. Based on this policy, the Company's Risk Management Regulations indicate that risks should be identified, classified, analyzed, and assessed and that risk management (avoidance, reduction, etc.) should be executed appropriately.</p> <p>In addition, to achieve sustained improvements in profitability and enterprise value, the Kawasaki Group Mission Statement identifies risk management as a guiding theme of the Kawasaki Group Management Principles.</p> <p><i>Responding to Major Risks</i></p> <p>To undertake integrated risk management on a Group-wide basis, each year, divisions responsible for operations re-check for the presence of risks, identify major risks that have the potential to significantly impact operations (Group-level risks), and monitor responses to these risks. Furthermore, they specify a few risk items from among those identified that require Group-wide response measures and specifically confirm the status of response to these at the Group-wide level.</p> <p>With regard to individual risks associated with business execution, in accordance with such company regulations as the Major Project Risk Management Regulations, the relevant divisions must assess and analyze such risks in advance and fully consider appropriate responses. In particular, the Company practices even more thorough risk management for major projects with significant impact on operations, including that at the time of bidding and concluding agreements for such projects as well as regular follow-up by the Head Office and internal companies as needed after the project begins.</p>

**Question**

**9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?**

**Score**

**1**

**Comments**

There is evidence that the company publishes a list of its major subsidiaries and associated companies, which is updated on an annual basis.

However, the company receives a score of ‘1’ because the it does not provide full details of its subsidiaries and associates, such as the percentage ownership, country of incorporation or country of operation for each entity.

**Evidence**

**[8] Kawasaki Report 2019 (Document)**  
 Accessed 16/03/2020  
[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18_houkokusyo.pdf)  
 [p.103]

**Major Subsidiaries and Associates** (As of March 31, 2019)

<p><b>Aerospace Systems</b></p> <ul style="list-style-type: none"> <li>NIPPI Corporation</li> <li>Nippi Skill Corporation</li> <li>Kawaju Gifu Engineering Co., Ltd.</li> <li>Kawaju Gifu Service Co., Ltd.</li> <li>KGM Co., Ltd.</li> <li>Kawaju Akashi Engineering Co., Ltd.</li> </ul> <p><b>Energy System &amp; Plant Engineering</b></p> <ul style="list-style-type: none"> <li>Kawasaki Thermal Engineering Co., Ltd.</li> <li>Kawasaki Machine Systems, Ltd.</li> <li>Kawasaki Prime Mover Engineering Co., Ltd.</li> <li>Kawasaki Naval Engine Service, Ltd.</li> <li>EarthTechnica Co., Ltd.</li> <li>Kawasaki Engineering Co., Ltd.</li> <li>KEE Environmental Construction Co., Ltd.</li> <li>Kawasaki Environmental Plant Engineering Co., Ltd.</li> <li>Kawaju Facilitch Co., Ltd.</li> <li>EarthTechnica M&amp;S Co., Ltd.</li> <li>Kawasaki Gas Turbine Europe GmbH</li> <li>Kawasaki Gas Turbine Asia Sdn. Bhd.</li> <li>Kawasaki Gas Turbine Service RUS LLC</li> <li>Kawasaki Machinery do Brasil Máquinas e Equipamentos Ltda.</li> <li>Kawasaki Heavy Industries (Europe) B.V.</li> <li>Kawasaki Heavy Industries (H.K.) Ltd.</li> <li>Wuhan Kawasaki Marine Machinery Co., Ltd.</li> <li>KHI Design &amp; Technical Service, Inc.</li> <li>Kawasaki Heavy Industries Machinery Trading (Shanghai) Co., Ltd.</li> <li>• JP Steel Plantech Co.</li> <li>• Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd.</li> <li>• Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd.</li> <li>• Anhui Conch Kawasaki Engineering Co., Ltd.</li> <li>• Shanghai Conch Kawasaki Engineering Co., Ltd.</li> <li>• Shanghai COSCO Kawasaki Heavy Industries Steel Structure Co., Ltd.</li> </ul> <p><b>Precision Machinery &amp; Robot</b></p> <ul style="list-style-type: none"> <li>Kawasaki Robot Service, Ltd.</li> <li>Kawasaki Hydromechanics Corporation</li> <li>Kawasaki Precision Machinery (U.S.A.), Inc.</li> <li>Kawasaki Precision Machinery (UK) Ltd.</li> <li>Wipro Kawasaki Precision Machinery Private Limited</li> <li>Flutek, Ltd.</li> <li>Kawasaki Precision Machinery (Suzhou) Ltd.</li> <li>Kawasaki Precision Machinery Trading (Shanghai) Co., Ltd.</li> <li>Kawasaki Chunhui Precision Machinery (Zhejiang) Ltd.</li> <li>Kawasaki Robotics (U.S.A.) Inc.</li> <li>Kawasaki Robotics (UK) Ltd.</li> <li>Kawasaki Robotics GmbH</li> <li>Kawasaki Robotics Korea, Ltd.</li> <li>Kawasaki Robotics (Tianjin) Co., Ltd.</li> <li>Kawasaki Robotics (Kunshan) Co., Ltd.</li> <li>Kawasaki (Chongqing) Robotics Engineering Co., Ltd.</li> <li>• Medicaoid Corporation</li> </ul>	<p><b>Ship &amp; Offshore Structure</b></p> <ul style="list-style-type: none"> <li>Kawaju Support Co., Ltd.</li> <li>Kawasaki Marine Engineering Co., Ltd.</li> <li>KHI JPS Co., Ltd.</li> <li>Kawasaki Subsea (UK) Limited</li> <li>• MES-KHI YURA DOCK CO., LTD.</li> <li>• Nantong COSCO KHI Ship Engineering Co., Ltd.</li> <li>• Dalian COSCO KHI Ship Engineering Co., Ltd.</li> </ul> <p><b>Rolling Stock</b></p> <ul style="list-style-type: none"> <li>Alina Yusoki-Yohin Co., Ltd.</li> <li>Kawasaki Rolling Stock Component Co., Ltd.</li> <li>Kawasaki Rolling Stock Technology Co., Ltd.</li> <li>Kansai Engineering Co., Ltd.</li> <li>Sapporo Kawasaki Rolling Stock Engineering Co., Ltd.</li> <li>NICHIGO CORPORATION</li> <li>Kawasaki Rail Car, Inc.</li> <li>• Qingdao Sifang Kawasaki Rolling Stock Technology Co., Ltd.</li> </ul> <p><b>Motorcycle &amp; Engine</b></p> <ul style="list-style-type: none"> <li>Kawasaki Motors Corporation Japan</li> <li>K-Tec Corporation</li> <li>Technica Corp.</li> <li>Autopolis</li> <li>Union Precision Die Co., Ltd.</li> <li>○ Kawasaki Motors Manufacturing Corp., U.S.A.</li> <li>Kawasaki Motors Corp., U.S.A.</li> <li>Canadian Kawasaki Motors Inc.</li> <li>Kawasaki Motores do Brasil Ltda.</li> <li>Kawasaki Motors Europe N.V.</li> <li>Kawasaki Motors Pty. Ltd.</li> <li>India Kawasaki Motors Pvt. Ltd.</li> <li>PT. Kawasaki Motor Indonesia</li> <li>Kawasaki Motors (Phils.) Corporation</li> <li>Kawasaki Motors Enterprise (Thailand) Co., Ltd.</li> <li>Kawasaki Motors (Shanghai), Ltd.</li> <li>Kawasaki Motors Vietnam Co., Ltd.</li> <li>• Changzhou Kawasaki and Kwang Yang Engine Co., Ltd.</li> </ul>	<p><b>Others</b></p> <ul style="list-style-type: none"> <li>Kawasaki Trading Co., Ltd.</li> <li>Kawaju Service Co., Ltd.</li> <li>Kawasaki Technology Co., Ltd.</li> <li>Kawasaki Heartfelt Service Co., Ltd.</li> <li>K Career Partners Corp.</li> <li>Benic Solution Corporation</li> <li>Kawasaki Life Corporation</li> <li>Nippi Kosan Co., Ltd.</li> <li>Kawasaki Heavy Industries (U.S.A.) Inc.</li> <li>Kawasaki do Brasil Industria e Comercio Ltda.</li> <li>Kawasaki Trading do Brasil Ltda.</li> <li>Kawasaki Heavy Industries (UK) Ltd.</li> <li>◆ Kawasaki Heavy Industries Middle East FZE</li> <li>★ Kawasaki Heavy Industries (India) Private Limited</li> <li>Kawasaki Heavy Industries (Singapore) Pte. Ltd.</li> <li>Kawasaki Heavy Industries Management (Shanghai) Ltd.</li> <li>Kawasaki Trading (Shanghai) Co., Ltd.</li> <li>KHI (Dalian) Computer Technology Co., Ltd.</li> <li>Hydrogen Engineering Australia Pty Ltd.</li> <li>Kawasaki Heavy Industries Russia LLC</li> <li>Kawasaki Trading (Thailand) Co., Ltd.</li> </ul>
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• Equity-method associates  
 ○ Includes operations belonging to the Rolling Stock and Aerospace Systems segments  
 ★ Includes operations belonging to the Precision Machinery & Robot segment  
 ◆ Includes operations belonging to the Motorcycle & Engine segment

**Question**

**9.3 Does the company disclose its beneficial ownership and control structure?**

**Score**

**2**

**Comments**

There is evidence that the company is publicly listed on the Tokyo Stock Exchange and Nagoya Stock Exchange, so therefore it is not required to further disclose its beneficial ownership information and automatically scores '2' as per the scoring criteria. The company also publishes information about its major shareholders in its Annual Report.

**Evidence**

**[7] Financial Times Markets Data (Webpage)**

Accessed 03/09/2019

<https://markets.ft.com/data/equities/tearsheet/summary?s=7012:TYO>

**Kawasaki Heavy Industries Ltd**  
7012:TYO

Industrials > Industrial Engineering

PRICE (JPY)	TODAY'S CHANGE	SHARES TRADED	1 YEAR CHANGE	BETA
2,070.00	↑1.00 / 0.05%	494.50k	↓-31.00%	1.6624

Data delayed at least 20 minutes, as of Sep 03 2019 07:00 BST.

**[8] Kawasaki Report 2019 (Document)**

Accessed 16/03/2020

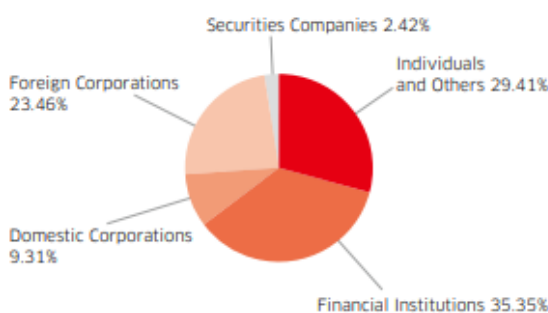
[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18_houkokusyo.pdf)

[p.102]

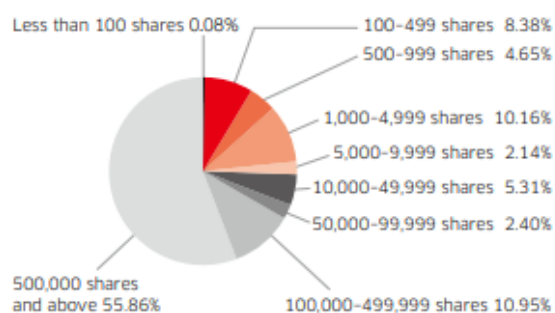
**Major Shareholders**

Shareholder	Number of Shares Owned	Percentage
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,911,600	6.53%
Japan Trustee Services Bank, Ltd. (Trust Account)	8,256,300	4.94%
Nippon Life Insurance Company	5,751,661	3.44%
Mizuho Bank, Ltd.	4,176,412	2.49%
Kawasaki Heavy Industries, Ltd. Kyoeikai	3,768,519	2.25%
JFE Steel Corporation	3,539,040	2.11%
Kawasaki Heavy Industries Employee Stock Ownership Association	3,286,221	1.96%
Sompo Japan Nipponkoa Insurance Inc.	3,057,799	1.83%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	3,051,200	1.82%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	3,012,700	1.80%

**Shareholdings by Type of Shareholder**



**Shareholders by Shareholding Volume**



**Question**

**9.4 Does the company publish a percentage breakdown of its defence sales by customer?**

**Score**

**0**

**Comments**

The company publishes some information about its sales, to indicate that Japan and the United States are its two major customers. The company also indicates that the Japanese Ministry of Defense is its major customer. However, the company receives a score of '0' because it is not clear whether the geographic information provided relates to defence sales specifically or total company sales for defence and non-defence products and services.

**Evidence**

**[8] Kawasaki Report 2019 (Document)**

Accessed 16/03/2020

[https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18\\_houkokusyo.pdf](https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18_houkokusyo.pdf)

[p.97]

*(i) Sales by geographic region*

Net sales for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Japan	¥ 673,963	¥ 668,369	\$ 6,071,192
United States	393,066	381,156	3,540,816
Europe	187,764	172,203	1,691,415
Asia	260,230	237,298	2,344,203
Other areas	79,718	115,215	718,115
Total	¥1,594,743	¥1,574,242	\$14,365,760

Net sales are based on the clients' location and classified according to country or geographical region.

Property, plant and equipment

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Japan	¥422,286	¥420,299	\$3,804,036
North America	30,806	28,030	277,507
Europe	3,219	3,239	28,997
Asia	28,775	27,424	259,211
Other areas	582	804	5,243
Total	¥485,669	¥479,797	\$4,375,002

*(ii) Information by major clients*

**Year ended March 31, 2019**

Clients	Net sales	Related segments
Ministry of Defense	¥216,989 million (\$1,954,680 thousand)	Aerospace Systems, Energy System & Plant Engineering, Ship & Offshore Structure, etc.

**Year ended March 31, 2018**

Clients	Net sales	Related segments
Ministry of Defense	¥237,737 million	Aerospace Systems, Energy System & Plant Engineering, Ship & Offshore Structure, etc.

## 10. State-Owned Enterprises (SOEs)

<b>Question</b>
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
<b>Score</b>
N/A
<b>Comments</b>
N/A
<b>Evidence</b>

<b>Question</b>
10.2 Are the SOE's commercial and public policy objectives publicly available?
<b>Score</b>
N/A
<b>Comments</b>
N/A
<b>Evidence</b>



<b>Question</b>
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
<b>Score</b>
N/A
<b>Comments</b>
N/A
<b>Evidence</b>

<b>Question</b>
10.4 Is the SOE's audit committee composed of a majority of independent directors?
<b>Score</b>
N/A
<b>Comments</b>
N/A
<b>Evidence</b>

<b>Question</b>
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
<b>Score</b>
N/A
<b>Comments</b>
N/A
<b>Evidence</b>

## List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Document	Kawasaki Code of Conduct	09/07/2019	<a href="https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf">https://global.kawasaki.com/en/corp/sustainability/bcg_eng_20190510.pdf</a>
02	Document	Kawasaki Report 2018	09/07/2019	<a href="https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18_houkokusyo.pdf">https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/18_houkokusyo.pdf</a>
03	Webpage	Kawasaki Executives	30/04/2020	<a href="http://global.kawasaki.com/en/corp/ir/policies/executives.html">http://global.kawasaki.com/en/corp/ir/policies/executives.html</a>
04	Webpage	Kawasaki Compliance	09/07/2019	<a href="http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html">http://global.kawasaki.com/en/corp/sustainability/mgmt/compliance.html</a>
05	Document	CSR Procurement Guidelines	09/07/2019	<a href="https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/csr_tyouutsu_guideline.pdf">https://global.kawasaki.com/en/corp/sustainability/procurement/pdf/csr_tyouutsu_guideline.pdf</a>
06	Webpage	Supply Chain Management	09/07/2019	<a href="http://global.kawasaki.com/en/corp/sustainability/procurement/index.html">http://global.kawasaki.com/en/corp/sustainability/procurement/index.html</a>
07	Webpage	Financial Times Markets Data	03/09/2019	<a href="https://markets.ft.com/data/equities/tearsheet/summary?s=7012:TYO">https://markets.ft.com/data/equities/tearsheet/summary?s=7012:TYO</a>
08	Document	Kawasaki Report 2019	16/03/2020	<a href="https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf">https://global.kawasaki.com/en/corp/sustainability/report/environmental/pdf/19_houkokusyo.pdf</a>
09	Document	ESG Data Book 2019	16/03/2020	<a href="https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf">https://global.kawasaki.com/en/corp/sustainability/esg/esg_2019_e.pdf</a>
10	Webpage	Policy and Management Approach for Social Contribution Activities	30/04/2020	<a href="https://global.kawasaki.com/en/corp/sustainability/contribution/policy_on_social_contribution.html">https://global.kawasaki.com/en/corp/sustainability/contribution/policy_on_social_contribution.html</a>
11	Webpage	OpenSecrets Kawasaki PAC Summary	17/11/2020	<a href="https://www.opensecrets.org/political-action-committees-pacs/kawasaki-heavy-industries/C00515742/summary/2018">https://www.opensecrets.org/political-action-committees-pacs/kawasaki-heavy-industries/C00515742/summary/2018</a>