

**Kawasaki Group
Sustainable Procurement
Guidelines**

**Procurement Division
Kawasaki Heavy Industries, Ltd.**

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The Kawasaki Group conducts procurement activities based on the following Kawasaki Group Policies for Material Procurement.

I. Kawasaki Group Policies for Material Procurement

Basic Policies

The Kawasaki Group conducts procurement activities based on the Kawasaki Group's Mission, Vision, and Statement, the encapsulation of the Group's management principles.

X Fair and Impartial Procurement

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

X Relationships with Business Partners

The Kawasaki Group will take a long-term perspective as it strives to build relationships of trust with business partners based on mutual respect for one another's vision and position with the aim of mutual enhancement of competitiveness and prosperity.

X Compliance

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

X Consideration for Human Rights, Labor and Occupational Safety and Health

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

X Harmony with the Global Environment

(5) Confidential Information

You must implement stringent measures to ensure the appropriate management and strict retention of information obtained through transactions and to prevent the leakage of such information. This applies to information regarding technologies, products, pricing and other business matters as well as personal information regarding business partners and other confidential information. In addition, you must refrain from the improper acquisition and disclosure of such information and properly manage such information via the implementation of preventive measures against computer and network security threats so as not to expose yourself and other companies to risk

(6) Protection of Intellectual Property.

You must take care not to improperly acquire or wrongfully use patent rights, utility model rights, design rights, trademark rights, copyrights, or other intellectual property or technical

(9) Insider Trading

You must refrain from buying or selling the stock of your company or other companies in a way that leverages unpublished critical information that may influence the stock price. You must also refrain from encouraging others to engage in stock trading that leverages such information or provide them with such information

(10) Acts Involving Conflicts of Interest

You must prohibit your employees from acquiring benefits for themselves or a third party by sacrificing the interest of the company.

(11) Responsible Sourcing of Minerals

x You should prevent the purchase and use of conflict minerals ()

2. Consideration for Human Rights, Labor, and Occupational Safety and Health

2.1 Human Rights, Labor Practices

(1) Labor Related Laws and Ordinances

You must comply with the labor related laws and ordinances enforced in the countries and regions in which your corporate activities take place. You must also pay the greatest possible respect to international norms of behavior and engage in thoroughgoing occupational safety and health management.

(2) Human Rights

- x You must treat all people with equal dignity and respect regardless of race, color, gender, age, nationality, social or family origin, sexual orientation, gender identity, marital status, religion,**

- x **When you employ workers through outsourcing providers, you should request that such outsourcing providers comply with the laws and ordinances enforced in the countries and regions in which your corporate activities take place.**

(5) Freedom of Association and Right to Collective Bargaining

You must respect employees' freedom to associate, join a labor union, and engage in protests without being subject to retaliation, intimidation, or harassment. You must also provide opportunities for dialogue between labor unions and management.

(6) Exclusion of Transactions with Companies that Benefit from Inhumane Labor Practices

You should investigate your suppliers to confirm they are not benefitting from inhuman labor practices, including unfair labor agreements, working regulations, or wage regulations.

(7) Approach to Respect for Human Rights

You should strive to establish a framework for human rights due diligence to implement ongoing process to prevent and mitigate negative impacts on human rights.

2.2 Safety and Health Management

(1) Occupational Safety and Health

As a business operator, you should establish disaster prevention standards, exert the utmost efforts to prevent workplace accidents, and take a thoroughgoing approach to occupational safety management. In addition, you should engage in conscientious occupational health management, including employee health management.

(2) Safety Measures for Machinery

- x **You should conduct safety evaluation of equipment, machinery, etc., and take necessary measures to ensure safety and prevent health hazards, etc.**
- x **You should perform necessary inspections and maintenance, including daily inspections, in addition to inspections required by the laws and ordinances.**
- x **You should take necessary measures to ensure safety and prevent health hazards, etc. in the event of an abnormality.**

(3) Sanitation

- x **With regard to sanitary facilities such as restrooms and cafeterias provided by business operators, you should strive to maintain a safe and clean working environment by paying attention to hygiene.**

(4) Safety and Health Communication

- x **You should inform employees of the work manual or emergency instructions regarding safety assurance and prevention of health hazards.**

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3. Ensuring Quality and Safety

(1) Quality Assurance

In addition to assuring the reliability and safety of products and services, you should ensure a level of quality that satisfies Kawasaki's requirements.

(2) Quality Control Systems

You should create, maintain, and improve optimal quality control systems in order to maintain and assure the quality of products and services.

(3) Responsibility for Third Parties

You should avoid causing any hazard, harm, or damage to any third party or otherwise endangering such entity's livelihood, physical well-being, or property.

(4) Appropriate Response to Product Accidents and/or the Distribution of Defective Products

You should establish a system for handling product accidents and/or the unintentional distribution of defective products via the implementation of appropriate countermeasures, including the disclosure of information, contacting the relevant authorities, executing a product recall, and helping purchasers carry out safety measures.

(5) Traceability

You should keep records of suppliers and all other relevant counterparties playing a role in each business process from the purchase of raw materials and parts to manufacturing, assembly, distribution, and sales to allow us to trace the purchase history of said materials and parts.

4. Reinforcing Competitiveness

(1) Enhancement of Competitiveness and Creation of Added Value

You should develop and provide technologies, products, and services that are competitive and have high added value.

(2) Provision of Information on New Materials, New Technologies, New Manufacturing Methods, Etc.

You should strive for innovation in technical development and production technology and actively provide information on new materials, new technologies, new manufacturing methods, and so on.

(3) Promotion of Cost Reductions

You should actively promote cost reductions via the use of such means as value engineering (VE).

5. Stable Supply

(1) Stable Supply

You should build production and crisis management systems capable of maintaining the stable procurement and supply of materials.

(2) Observance of Delivery Schedules

You should implement thoroughgoing measures to ensure the management of day-to-day operational progress and to observe delivery schedules.

(3) Development of BCPs

You should establish a plan/system beforehand to secure the ability to continue your business if such an emergency as a disaster or epidemic were to occur.

(3) Environmental Substances of Concern

You should properly manage environmental load substances arising from your corporate activities and strive to reduce their emission, with the aim of addressing environmental concerns in the course of business operations on an ongoing basis.

(4) Pollution Prevention and Environmental Protection

You should institute measures required to prevent air pollution, water pollution, soil pollution and noise pollution as well as vibration, ground subsidence, offensive odors, and other forms of pollution arising from your corporate activities, and strive to preserve the environment.

(5) Efficient Use of Resources

- x You should reduce final waste emissions by properly disposing of waste in conformity with recycling-related laws and regulations.**
- x You should minimize the use of natural resources such as water, fossil fuels, minerals, and virgin forest products by practicing process changes, material substitution, reuse, conservation, and recycling related to production and other activities.**

(6) Global Environmental Protection

- x With the goal of achieving a decarbonized society, you should promote the reduction of greenhouse gas emissions such as CO₂, methane, and fluorocarbons generated by your corporate activities, as well as the improvement of energy efficiency, in order to protect the global environment.**
- x You should set targets for greenhouse gas emissions reduction activities and strive to manage emissions.**

8. Harmonious Coexistence with Society

(1) Social Contribution

You should voluntarily and actively engage in social contribution activities and otherwise contribute to the sustainable development of the international community and regional communities through your corporate activities.

Our Call for Promotion of Sustainability Initiatives for the Entire Supply Chain

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