Realization of a Low-Carbon Society

Various global initiatives aimed at controlling global warming have started to come into force, including the taking of effect of the Paris Agreement set at the United Nations Framework Convention on Climate Change. Kawasaki is contributing to the prevention of global warming through its products and manufacturing that use energy without waste.

In order to achieve improvements in the ef ciency of manufacturing at plants in Japan, we are introducing the energy visualization system and working toward the early discovery of waste, and are also promoting the use of renewable energy. In addition, we are contributing to lower CO emissions during product use, through delivery of highly energy ef cient products worldwide.

Key Strategies and Targets under Ninth Environmental Management Activities Plan (FY2017 —FY2019)

CO and energy cost reduction

Targets

^ Reduce resource and energy costs, mainly through wider application of energy visualization system
→ Reduce annual resource and energy costs by at least 5%

_ Reduce CO emissions
→ Reduce CO emissions per unit of sales by at least 3% year on year

` Reduce CO emissions through product-based contributions
→ Identify CO emission reduction effect through product-based contributions and disclose to public

The scope that Kawasaki is required to cover in tracking CO emissions is expanding, characterized by an accelerating trend toward the inclusion of not only its own operations but also those of its supply chain. The standards for calculating emissions along our supply chain include the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, established by the Greenhouse Gas Protocol as an internationally accepted greenhouse gas (GHG) calculation and

Table 1: Fiscal 2017 —the Kawasaki Group's Scope 1 and Scope 2 Calculation Results

Category	Calculation Targets	Calculation Results (10 t-CO /year)
Scope 1		
Direct emissions	Direct emissions through use of fuel at Kawasaki and associated industrial processes	17.9
Scope 2		
Indirect emissions from energy-derived sources	Indirect emissions accompanying use of electricity and heat purchased by Kawasaki	31.3

Category	Calculation Targets	Calculation Results (10 t-CO /year)
Scope 3 (Other indirect emissions) Upstream		
f Purchased goods and services	Emissions associated with activities up to production of raw materials, parts, purchased goods and sales-related materials	556.6 (9.6%)
„ Capital goods	Emissions from construction and production of Kawasaki's capital goods	22.3 (0.4%)
… Fuel- and energy-related activities not included under Scope 1 or Scope 2	Emissions associated with procurement of	

Utilizing Renewable Energy

The Kawasaki Group is making its production and other equipment more energy ef cient, and advancing the use of renewable energy, as efforts to reduce the CO emissions from its plants. We are installing solar power generating systems at our plants, and have a total generation capacity of 4,171 kW, including subsidiaries (some of the equipment installations were subsidized by the New Energy Promotion Council).

In scal 2017, we used about 1.7GWh of power from renewable energy sources in-house and reduced CO emissions by approximately 1,000 tons.

Table 3: The Kawasaki Group's Solar Power Generation Capacity

Name	Power Usage	Generation Capacity (kW)
Iwaoka Photovoltaic Power Generation Station* [1]	Sold via FIT* [2]	1,505
Nagoya Works 1	Used in-house	750
Seishin Photovoltaic Power Generation Station* [1]	Sold via FIT	701
Nishi-Kobe Works	Used in-house	505
Nishi-Kobe Photovoltaic Power Generation Station* 11 q 444 Tm (Sold via FIT)Tj 16.8994965783722	Sold via FIT	422
Akashi Works	Used in-house	
		Generation S*

*1 Power generation facility operated by Kawasaki Trading Co., Ltd.
*2 FIT: Feed-in tariff; a program where renewable energy is bought back at a fixed rate

Figure 9: Nagoya Works 1: 750-kW power generation facility

Figure 10: Kawasaki Trading Co., Ltd. Iwaoka Photovoltaic Power Generation Station: 1,505-kW power generation facility

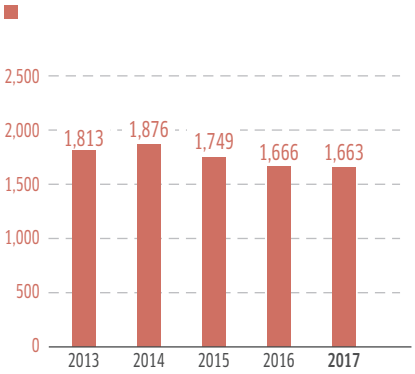

Figure 8: Photovoltaic Output (used in-house)

Reducing CO Emissions through Product-Based Contributions

Kawasaki calculates the CO emission reduction effect of products in use in four categories —energy & environmental engineering, air transportation systems, land/sea transportation systems, and ROBO-MECH —to determine the CO emission reduction effect through product-based contributions, and discloses this information to the public.

An analysis of CO emissions along our supply chain reveals that most of the CO emissions are released during product use, so our goal is to contribute to lower CO emissions through delivery of highly energy ef cient products.

In scal 2017, the CO emission reduction effect through product-based contributions amounted to 898,000 tons, up 20% year on year, thanks to an increase in the number of high-ef ciency power generation systems and biomass boilers, high-propulsion performance ships, and other systems delivered.

Figure 11: CO Emission Reduction Effect through Product-Based