-078-371-9533

Securities Code:7012

https://global.kawasaki.com/en/

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3 Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

- Basic Views

The KHI *URXS¶V EDVLF VWDQFH RQ FRUSRUDWH JRYHUQDQFH L
sound management while forming solid relationships with all stakeholders, including shareholders, customers, employees, and communities, through highly transparent management practices. The Group is striving to further strengthen and enhance corporate governance systems as appropriate for its businesses and scale.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

This report conforms with the revised Corporate Governance Code that came into effect in June 2021.

Disclosure Based on the Principles of the Corporate Governance Code Update

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(Principle 1-4 Cross-Shareholdings)

To improve capital efficiency, the Company will gradually reduce cross-shareholdings after sufficient dialogue with the relevant parties. In addition, the Board of Directors annually reviews the significance of each shareholding and whether the benefits and risks associated with the holding are commensurate with the cost of capital. Voting rights shall be exercised in a manner that leads to the sustainable growth of each respective company and the enhancement of enterprise value from a medium- to long-term perspective. In addition, the Company will oppose proposals that damage shareholder value.

(Principle 1-7 Related Party Transactions)

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In the event of transactions with the Company's officers, major shareholders, or other such parties, the Board of Directors approves such transactions in accordance with the Rules for Transactions with Officers, etc. (Tentative Translation)

Approach and Voluntary Measurable Goals to Ensure Diversity in Core Human Resources

The Company places importance on creating an organization where employees with diverse perspectives and values can fully demonstrate their abilities and maximize their achievements, and actively and continuously hires and promotes diverse human resources such as women, Japanese employees, and mid-career hires with wide-ranging work ex

2. Basic Stance and Basic Policy on Corporate Governance

7KH &RPSDQ\ V EDVLF SROLF\ RQ FRUSRUDWH JRYHUQDQFH L
Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration

'HFLVLRQV 2YHUYLHZ RI &XUUHQW &RUSRUDWH *RYHUQDQFH
Company's website, in the Annual Securities Report, *Kawasaki Report* (integrated report), and other publications.

Corporate Governance .WWSV JOREDO NDZDVDNL FRP HQ FRUS VXVWL

3. Policies and Procedures for Determining Remuneration for Directors and Corporate Officers

1. Firmly establishing leadership succession plans

2. Securing diversity among core human resources

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V\VWHPDWLF GHYHORSPHQWDO VFKHPH IRU IHPDOH OLQH P
H[SORUDWLRQ KXPDQ UHVRXUFHV ZLWK HVVHQWLDO SRVW
UHODWLRQ WR DFKLHYLQJ PDQDJHPHQW JRDOV LQFOXGLQJ
&RPPLWWHH DQG UHIOHFW WKLV LQ FRPSDQ\ZLGH DQG GLY

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We will actively engage in dialogue with our shareholders to explain our business strategies and management policies, as well as to reflect the knowledge gained through the dialogue in our management in order to improve our enterprise value over the mediu and long term. For this reason, except in unavoidable cases such as scheduling conflicts, appropriate persons such as Directors and Corporate Officers, including the president, will meet with shareholders who request dialogue, depending on their wishes and shareholding ratio. The policy regarding the development of systems and initiatives to promote constructive dialogue with shareholde(we)6(/.)4(onflic)3(ts, ap) ET (re)7(holde(we)6(/.)4(onflic)3(ts, ap)

[Status of Major Shareholders] Update

Name/Company Name	Number of shares owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Accou		
Custody Bank of Japan, Ltd. (Trust Account)		
Nippon Life Insurance Company	5,751,661	3.42
Kawasaki Heavy Industries Employee Stock Ownership Association		
Kawasaki Heavy Industries, Ltd. Kyoueikai		

Fiscal Year End	March
Type of Business	Transportation equipment
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000

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Attribute	Relationship with the Company*

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Name	$XGLW 6XSHUYL &RPPLW\ 0HPEHU	'HVLJQDWHG DV ,QGHSHQ 'LUHFWR	6XSSOHPHQWDU ([SODQDWLRQ RI WKH 5HODWL	5HDVRQV IRU $S
Jenifer Rogers		Õ	Š	

serves as an executive officer. The annual consulting fees are no more than 10 million yen, and Ms. Brock satisfies the criteria for determining the independence of officers established by the Company, and accordingly, the Company hasdetermined that she is sufficiently independent and qualified to serve as an independent officer.

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([F K D Q J H ¶ V V W D Q
L Q G H S H Q G H Q F H D
R I K D Y L Q J D F R Q
Z L W K J H Q H U D O V

Atsuko Ishii õ õ s̃

				H Q V X U L Q J W K H V F & R P S D Q \ ¶ V P D Q D J H Q K D Q F L Q J L W V H D V D Q 2 X W V L G H $ 6 X S H U Y L V R U \ & R P 0 H P E H U R I W K H & I . In consideration of these points, the Company has determined that he is suitable a an Outside Director serving as an Audit & Supervisory Committee Member. Furthermore, the Company has appointed him an independent officer, as it judge that he meets the Tokyo Stock ([F K D Q J H ¶ V V W D Q independence and is not at risl of having a conflict of interest with general shareholders.

Audit & Supervisory Committee

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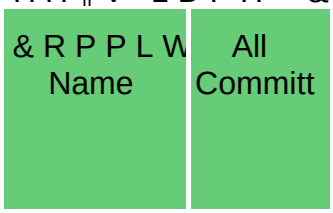
All

&RPPLWWHH¶V 1DPH &RPSRVLWLRQ DQG $WWULEXWHV RI &



Committee meeting attendance in fiscal 2023 (Members and positions are as of June 22, 2023.)

		Nomination	Compensation
Representative Director, President and Chief Executive Officer	Yasuhiko Hashimoto	10/10	7/7
Vice President and Senior Executive Officer	Katsuya Yamamoto	10/10	7/7
Outside Director	Ryoichi Saito	10/10	7/7
Outside Director			

Supplementary Explanation

The details of the performance-based compensation system are disclosed in the Annual Securities Report.

Annual Securities Report https://www.khi.co.jp/ir/library/financial.html (Japanese)

Recipients of Stock Options	

Supplementary Explanation

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Director Remuneration

'LVFORVXUH RI ,QGLYLGXDO	Selected Directors

Supplementary Explanation

The total amount of compensation paid by the Company within the limit based on the resolution of the General Meeting of Shareholders for fiscal 2022 (April 1, 2023 to March 31, 2024) is as follows

Directors (5 people, excluding Audit & Supervisory Committee Members and Outside Directors): ¥389 million

Audit & Supervisory Committee Members (3 people, excluding Outside Directors): ¥73 million

Outside Directors (8 people): ¥99 million

The total amount of compensation by type and the compensation of some Directors are individually disclosed in the Annual Securities Report in accordance with the provisions of the Cabinet Office Ordinance on the disclosure of corporate information.

Annual Securities Report https://www.khi.co.jp/ir/library/financial.html (Japanese)

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Details of matters pertaining to the policy for determining the amount of compensation or its calculation method are disclosed in the Annual Securities Report.

Annual Securities Report https://www.khi.co.jp/ir/library/financial.html (Japanese)

Support System for Outside Directors

The Corporate Planning Department of the Head Office holds regular briefings on agenda items for all Outside Directors, and provides necessary support such as distributing Board of Directors materials in advance. In addition to this, the full-time Audit & Supervisory Committee Members provide various information to the Outside Directors, who are members of the Audit & Supervisory Committee, through the Audit & Supervisory Committee and business audits. In addition, the Office of Audit & Supervisory Committee staff provides various information to the Compensation Advisory Committee Outside Director, who is an Audit & Supervisory Committee Member, through the Audit & Supervisory Committee and business audits.

Status of Persons Retired from Representative Director and President, etc.

1 D P H V H W F Bohdan Dykyi (Vice Chairman)

Name	Title/Position	'XWLHV	:RUNLQJ $UUDQJHI &RQGLWLI)XOOWLPH 3DUWWLPH &RPSHQVI HW¥F	'DWH RI 5HWLUHP IURP 3UHVLGH HWF	7HUP
0DVDPR 7D]DNL	+RQRUDU $GYLVRU	$GYLFH D &RPSDQ\ UHTXHVÎÉÍ			

for each business and project, and project,

Outside Director/Audit & Supervisory Committee Member	Atsuko Ishii	16/16
Outside Director/Audit & Supervisory Committee Member	Ryoichi Saito	16/16
Outside Director/Audit & Supervisory Committee Member	Susumu Tsukui	16/16

(3) Audit Status

(a) Internal Audits

The Auditing Department, which is an internal audit division and consists of 8 persons, works to improve the internal control function by, for example, conducting regular audits to confirm that the *URXS¶V H[HFXWLRQ RI JHQHUDO EXVLQHVV DFWLYLWLHV L internal rules. Furthermore, the Audit & Supervisory Committee and the Auditing Department exchange information regarding their respective audit results and findings.

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(b) Audits Conducted by the Audit & Supervisory Committee

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Inspect important documents (full-time Audit & Supervisory Committee Members)

'HUDLOV RI $FWLYLWLHV) XOO-WLPH Outside

Attend meetings of the Board of Directors

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PHHWLQJV RI WKH %RDUG RI 'LUHFWRUV &RQIHUHQFH 0DQDJ

%XVLQHVV 6WUDWHJ\ &RXQFLO ([HFXW (*1)

6XSHUYLVRU\ &RPPLWWHH &RPPLWWHH 6SHFLDO &RPPLWWHH

([HFXWLYH 2IILFHUV &RPPLWWHH

Meet with Directors (internal and outside)

$WWHQG PHHWLQJV RI WKH %RDUG RI 'LUHFWRUV &RPPLWWHH (*2)

&RPSHQVDWLRQ $GYLVRU\ &RPPLWWHH

Meet with internal company presidents and 6XSHUYLVRU\ RI

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RIILFHUV

,QYHVWLJDWH WKH VWDWXV RI EXVLQHVV H[

RSHUDWLRQV DQG HYDOXDWLRQV RI LQ

UHSRUWLQJ DQG WKH ILQDQFLDO VWDWXV (*3)

LQWHUQDO FRPSDQLHV DQG GLYLVLRQ

/LDLVRQ PHHWLQJV ZLWK WKH $XGLWLQJ 'H

/LDLVRQ PHHWLQJV ZLWK WKH &RPSOLD

Meet ZLWK WKH IXOOWLPH $XGLW 6XSHU

*URXS &RPSDQLHV LQFOXGLQJ .DZDVDN (*4)

.DZDVDNL 0RWRUV

Conduct surveys of subsidiaries LQ -DSDQ (*3)

Conduct surveys of overseas subsidiaries

Meet ZLWK DFFRXQWLQJ DXGLWRUV

9LHZLQJ FRSLHV PDNLQJ GRFXPHQWV DQ

$WWHQGDQFH GHSHQGV RQ VFKHGXOH RI WKH

7ZR RXWVLGH $XGLW 6XSHUYLVRU\ &RPPLWWHH 0HPEHUV

DWWHQG

2QH RXWVLGH $XGLW 6XSHUYLVRU\ &RPPLWWHH 0HPEHU

$OO RXWVLGH $XGLW 6XSHUYLVRU\ &RPPLWWHH

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The full-time Audit & Supervisory Committee Members attend important meetings, such as those of the Board of Directors and Management Committee, voicing their opinions as needed. Through the

3. Measures to Ensure Due Respect for Stakeholders

	6XSSOHPHQWDU\ ([SODQD
6WLSXODWLRQ RI 5HVSHFWLQJ WKH 6WDNHKROGHUV	The Kawasaki Group Mission Statement sets forth the missi that the KHI Group should fulfill for its stakeholders as the Group Mission. In addition, the Kawasaki Group Code of Conduct stipulates the ethical standards that directors and employees should have and the responsibilities they should fulfill toward society and stakeholders in the course of their daily business activities.
,PSOHPHQWDWLRQ (QYLURQPHQWDO $FWLYLWLHV HWF	:LWK WKH %RDUG RI 'LUHFWRUV RQ V ERG\ RQ VXVWDLQDELOLW\ ZH KDY VXVWDLQDELOLW\ LQ RXU PLVVLRQ FKDOOHQJH RI VRFLDO LVVXHV SU EHKDYLRUV WKURXJKRXW WKH IRXQGDWLR HQFRXUDJLQJ GLDORJXH ZLWK VWD JOREDO HQYLURQPHQW LVVXHV WK LPSRUWDQW LQ FRUSRUDWH DFWLY GHSOR\LQJ WKH (QYLURQPHQWDO ZKLFK ZDV HVWDEOLVKHG SXUVXDQ UHVROXWLRQ WR WKH EXVLQHVV PHDVXUHV 7R VXSSRUW WKH HDUO VRFLHW\ ZH VHHN WR DFKLHYH 1H WKH &RPSDQ\ DQG LWV GRPHVWLF DQG WKURXJK RXU SURGXFWV DQG IUHH VROXWLRQV EXLOW RQ WKH SUR DQG VRFLHW\

Á Matters Related to the Internal Control System

1. Basic Views on Internal ControlSystem and the Progress of System Development

< Basic Internal Control System Policy >

The Kawasaki Group has established an appropriate organization, developed internal rules and regulations, communicated information, and executed business appropriately in order to realize its P D Q D J H P H Q W S K L O R V R S K \ R I ³. D Z D V D N L W K Z H R U N L Q J W R J H W K H U ´ D Q G H V W D E O L V K L Q J Group Mission (mission and role to be fulfilled), Kawasaki Values, Kawasaki Group Management Principles, and Kawasaki Group Action Guidelines. In addition, by continuously reviewing and improving the internal control system, the Company will further strengthen the efficient and legitimate corporate system that contributes to the sound and sustainable growth of the Group. Based on the abo the Company has established an internal control system as follows.

D 6 \ V W H P V W R (Q V X U H W K H $ S S U R S U L D W H Q H V V R I W K H & R

1. Systems for ensuring that the execution of duties by Directors and employees complies with laws an regulations and the Articles of Incorporation (Article 399-13, Paragraph 1, Item 1 (c) of the Companies Act; Article 110-4, Paragraph 2, Item 4 of the Enforcement Regulations of the Companies Act):

€ 7 K H & R P S D Q \ V K D O O H V W D E O L V K D Q G G L V V H P L Q D W H W K H & R Q G X F W ´ Z K L F K V K D O O V H U Y H D V W K H E D V L V ¢Ä<¦ ›ó o# Q D ° 0\

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6 \ V W H P V I R U U H W D L Q L Q J D Q G P D Q D J L Q J L Q I R U P D W L R Q S
(Article 110-4, Paragraph 2, Item 1 of the Enforcement Regulations of the Companies Act):

Information related to the execution of duties by Directors (minutes, records of decisions and their accompanying materials, accounting books and vouchers, and other information) shall be properly stor
D Q G P D Q D J H G L Q D F F R U G D Q F H Z L W K V H F X U L W L H V D Q G R W K H U U H O D W H G U X O H V
the Directors, and employees shall have access to such information at any time.

Confidential information and personal information shall be appropriately stored and managed in accordance with company rules, and the effectiveness of such storage and management shall be through business audits and other means.

3. Rules and other systems pertaining to the management of risk of loss (Article 110-4, Paragraph 2, Item 2 of the Enforcement Regulations of the Companies Act):

To appropriately deal with various risks, the Company shall establish management methods and management arrangements in accordance with the type of risk, a system for uniformly monitoring the effectiveness and efficiency of each management arrangement, and a system for reporting important matters to the Board of Directors. Through their operation, the Company shall manage risks in an individual and integrated manner.

To prepare for the emergence of risks, the Company shall establish Conduct Guidelines for emergenc situations in advance, appoint a Crisis Management Officer at each business site, and establish a syst to minimize losses.

When a serious risk becomes apparent, it should be promptly reported to the president, who is the Ch Crisis Management Officer, based on the predetermined reporting route.

In preparation for the occurrence of a large-scale earthquake, pandemic, or other disaster, the Company shall identify in advance the important operations to be continued or restored on a priority basis and establish a business continuity plan to minimize WKH LPSDFW RQ WKH &RPSDQ\¶V E time required for restoration.

6 \ V W H P V I R U H Q V X U L Q J W K H H I I L F L H Q W H [H F X W L R Q R I W K
3 of the Enforcement Regulations of the Companies Act):

Based on the significance of the existence and role of the corporate group consisting of the Company an L W V V X E V L G L D U L H V ³W K H * U R X S ´ D V F O D U L I L H G L Q W K H . D Z vision for the Group as a whole and share goals to be achieved in the future.

In order to realize the long-term vision, based on the management policy determined by the Board of Directors, the business execution departments will incorporate the policy into a concrete management pla and each organization, executive officer and employee will set and implement their own goals to achieve the plan. In addition, the Board of Directors periodically receives reports on the progress of the management plan and supervises the execution of business.

The Company shall appoint executive officers based on the resolution of the Board of Directors, determi their responsibilities, and clarify the business execution system by determining the division of duties of ea organization in accordance with the Company¶V UHJXODWLRQV ,Q DGGLWLRQ W efficiency of the execution of duties by the Directors by stipulating the authority for decision-making in the corporate rules and delegating authority to the executive officers to an appropriate extent.

When exercising the authority delegated to the president in the corporate rules, the Management Committee, which is established as the advisory body to the President, shall deliberate on the matter

depending on the importance of the authority, thereby ensuring the appropriateness and efficiency of business execution. In addition, an Executive Officers Committee has been established as a forum for the dissemination of management policies and plans to executive officers and for the exchange of opinions, etc., in order to align the management of the KHI Group.

In accordance with the corporate regulations, each internal company, Kawasaki Railcar Manufacturing, and Kawasaki Motors shall make its own decisions under the authority and responsibility delegated to it, and shall conduct flexible business operations that adapt to changes in the business environment. In addition, each internal company, Kawasaki Railcar Manufacturing, and Kawasaki Motors will establish a management committee headed by the president of the internal company, the President of Kawasaki Railcar Manufacturing, and the President of Kawasaki Motors, who will be ultimately responsible for the execution of the business.

b. 6\VWHPV QHFHVVDU\ WR HQVXUH WKH DSSURSULDWHQHVV RI strive to develop the following systems in accordance with the nature, scale, region, and importance of each VXEVLGLDU\¶V EXVLQHVVWHQRHVQXRWHKWHUDSSURSULDWHQHVV RI

1. Systems to ensure that the execution of duties by directors and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation (Article 4, Paragraph 2, Item 5 (d) of the Enforcement Regulations of the Companies Act):

From its standpoint as the parent company, the Company shall oversee the internal control of subsidiaries and establish a system to ensure that the Group as a whole achieves its objectives, such as the effectiveness and efficiency of business, reliability of financial reporting, compliance with laws and regulations, and preservation of assets, as well as the appropriateness of business. The Company also shall supervise and WKLV V\VWHP¶V RSHUDWLRQ

The Company-wide Compliance Committee shall deliberate and decide on policies and various measures concerning the Code of Conduct and compliance for the entire Group. In addition, the relevant divisions of the Head Office that manage the subsidiaries, each internal company, Kawasaki Railcar Manufacturing, and Kawasaki Motors shall collaborate to monitor the operation status of the subsidiaries.

The Company, as a shareholder of subsidiaries, shall exercise control through the exercise of voting rights HDFK WKH VXEVLGLDU\¶V *HQHUDO 0HHWLQJ RI 6KDUHKROGHUV the subsidiary by dispatching to the subsidiary, as appropriate, part-time directors or part-time Audit & 6XSHUYLVRU\ 0HPEHUV RU EHWWHU WKHP DUH Q RW WKHPVHOY VXEVLGLDU\¶V Articles of Incorporation, the Company shall establish rules such as rules for making final decisions related to the management of subsidiaries and develop a system to manage appropriate group manageme The

3. Rules and other systems for managing the risk of loss of subsidiaries (Article 110-4, Paragraph 2, Item 5 (b) of the Enforcement Regulations of the Companies Act):

The Company shall establish a risk management system for the entire Group and strive to avoid and minimize risks or losses caused by risks.

The Company shall instruct each subsidiary to formulate a policy for dealing with crises and to establish a system for crisis management in preparation for the emergence of risks in the subsidiary.

When a serious risk becomes apparent, it shall be promptly reported to the Company in accordance with t predetermined reporting route.

4. System to ensure that the execution of duties by directors of subsidiaries is carried out efficiently (Article 110-4, Paragraph 2, Item 5 (c) of the Enforcement Regulations of the Companies Act):

While respecting the autonomy of the management of each company of the Group, the Company shall sh the basic ideas and visions expressed in the Kawasaki Group Mission Statement, formulate an

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The Audit & Supervisory Committee Members appointed by the Company shall be persons with appropriate experience and competence and the necessary knowledge relating to finance, accounting, and legal affairs; in particular, they should include at least one person with sufficient knowledge of finance and accounting.

2. Basic Views on Eliminating Anti-Social Forces