



# KOMATSU CSR REPORT 2015

# KOMATSU CSR REPORT 2015

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# Our Approach to CSR



Komatsu will fulfill its responsibility to society by following its basic policy of contributing to society through core business and by engaging in social contribution activities that take advantage of Komatsu's strengths.

## Our Approach to CSR

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## Our Approach to CSR



### Message from Top Management

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**Pursuing CSR activities through core businesses as our basic principle, we will also engage in social contribution activities that make the best use of Komatsu's strengths to fulfill our responsibilities to society.**



Tetsuji Ohashi  
President

In FY2011, we stated that Komatsu is committed to contributing to society through core businesses, and we designated our CSR Themes: “Enhancing quality of life” by providing products required by society, “Developing people,” which Komatsu has emphasized since its founding, and “Growing with society” by fulfilling our corporate responsibilities in such areas as governance and compliance. In our Mid-term Management Plans, underway since FY2011, we have also clarified and begun to implement worldwide the specific Key Business Activities we will pursue for each CSR Theme. Here are a few examples.

## Our Approach to CSR



### Solving Issues through SMARTCONSTRUCTION

We set out our growth strategies based on innovation in the Mid-range Management Plan “Together We Innovate GEMBA Worldwide,” which covers the period ending March 31, 2016. Our goal is to expand business domains by providing new value through our “DANTOTSU” (unique and unrivaled) solutions, in which we take part in managing and raising the efficiency of entire construction projects for customers in addition to providing our products and services.

The most recent example of this strategy is the “SMARTCONSTRUCTION” business launched in Japan in February 2015. This solution service is intended to realize the safe and high-productivity job sites of the future by connecting all information on worksites through information and communication technology. We are promoting SMARTCONSTRUCTION to contribute to the solution of other anticipated on-site issues for customers, including the severe shortage of experienced workers.

In pursuing innovations such as these, Komatsu also values its collaborations with partners and participates in joint projects involving industry, academia and government, as well as industry-to-industry collaboration. By quickly adopting superior technologies from outside the company and promoting them through our business, we seek to promptly respond with solutions and value that address the challenges faced by our customers and by society at large.

### Activities for Reducing Electricity and Environmental Action throughout the Value Chain

At the Awazu Plant in Ishikawa Prefecture, one of our main plants, the completion of a new assembly line in May 2014 was followed by the commencement of operations of a highly efficient biomass steam boiler system in April 2015. Using wood chips from forest thinning, the system is capable of using exhaust heat for air conditioning and other purposes in addition to generating power. We expect to meet our FY2015 goal of reducing the annual volume of purchased electricity by approximately 90% compared to FY2010.

These initiatives are already being applied to our plants in Japan, in Oyama, Tochigi and Osaka. Moreover, about half of the improvements actually implemented at Komatsu have been selectively adopted by business partners that manufacture our components. Many of these companies have already reported reductions in their electricity use, and we believe we can contribute to raising the competitiveness of our business partners through this initiative, which facilitates the reform of their production processes while reducing their environmental footprint.

## Our Approach to CSR



Reducing CO2 emissions is another area that requires not only in-house action but also a response based on an understanding of the entire value chain. The KOMTRAX remote vehicle management system installed in our products is capable of monitoring how construction equipment is being used at customer job sites, providing us with a tool for proposing fuel-efficient operations. This system also enables Komatsu to gain an accurate grasp of the volume of CO2 emitted at the operating sites where our products are used. Our calculations have shown that operations at customer job sites account for approximately 90% of the volume of CO2 emitted by our products throughout their entire life cycle, from production to disposal. We will continue to develop products that minimize environmental impact and will strive to reduce CO2 emissions throughout our value chain.

### **Pursuing Social Contribution Activities Unique to Komatsu**

While our basic principle is to “Contribute to society through core business,” we also aspire to fulfill our social responsibilities by engaging in social contribution activities that make the best use of our strengths.

Led by our local subsidiaries, Komatsu engages in human resource development and local community support activities that meet local needs in countries around the world. In undertaking these social contribution activities, it is important to focus on those that address issues faced by the local community, to join hands with good partners, and to participate consistently. We aim to engage in social contribution activities that are unique to Komatsu by making use of the know-how accumulated in our businesses and through the participation of our employees, and to enhance the value of these activities by sharing related information across the Group.

We will continue to pursue basic activities for safety, the environment, compliance and quality assurance by bolstering our corporate governance and by having all employees share in the KOMATSU Way in order to enhance our business performance, improve our business foundation, and fulfill our social mission in a balanced manner.

## Our Approach to CSR



We are also actively participating in initiatives such as the United Nations Global Compact and the WBCSD, to take responsibility for doing our part in the world as a global corporation.

July 2015

Tetsuji Ohashi, President



Komatsu participates in the [UN Global Compact \(UNGC\)](#). For more information on the relationship between UNGC's Ten Principles and Komatsu's activities, please see [page 9](#).



wbcasd

Komatsu participates in the World Business Council for Sustainable Development.

# Our Approach to CSR



## CSR Themes and Key Business Activities

We pursue the following three CSR Themes in our efforts to contribute to society through core business, and Key Business Activities are designated for each theme to reflect our latest mid-term management plan and social issues. As for our social contribution activities, we set themes under which Komatsu can apply technologies and know-how which we have accumulated in our core business.

| Contributing to Society through Core Business  |  |  |
|--|--|--|
| Enhancing Quality of Life<br><small>Providing Products Required by Society</small>   | Developing People  | Growing with Society   |
| <ul style="list-style-type: none"> <li>• Providing products and services that contribute to infrastructure development and improve quality of life</li> <li>• Improving productivity, safety and efficiency, and enhancing energy conservation through innovation</li> <li>• Improving environmental efficiency at operation sites and facilities, such as plants</li> <li>• Reducing our impact on the environment throughout the product life cycle</li> <li>• Enhancing safety for society, customers, employees and business partners</li> </ul> | <ul style="list-style-type: none"> <li>• Enhancing our employees and suppliers through the KOMATSU Way</li> <li>• Enhancing our employees and distributors through brand management</li> </ul> | <ul style="list-style-type: none"> <li>• Engaging in dialogues with our stakeholders</li> <li>• Strengthening our corporate governance and compliance</li> <li>• Promoting compliance with environmental, labor, human rights and social norms within the Group and among business partners</li> </ul> |
| Social Contribution Activities   |  |  |
| <ul style="list-style-type: none"> <li>• Donating or offering free rental of equipment that is needed by society</li> <li>• Conducting activities for energy saving, reducing environmental impact and enhancing safety</li> </ul>   | <ul style="list-style-type: none"> <li>• Contributing to human resource development in local communities</li> <li>• Developing the next generation</li> </ul>                                  | <ul style="list-style-type: none"> <li>• Providing social contributions through the use of our core technologies and resources (e.g., disaster relief and activities to remove antipersonnel land mines)</li> <li>• Contributing to the local communities where we do business</li> </ul>              |



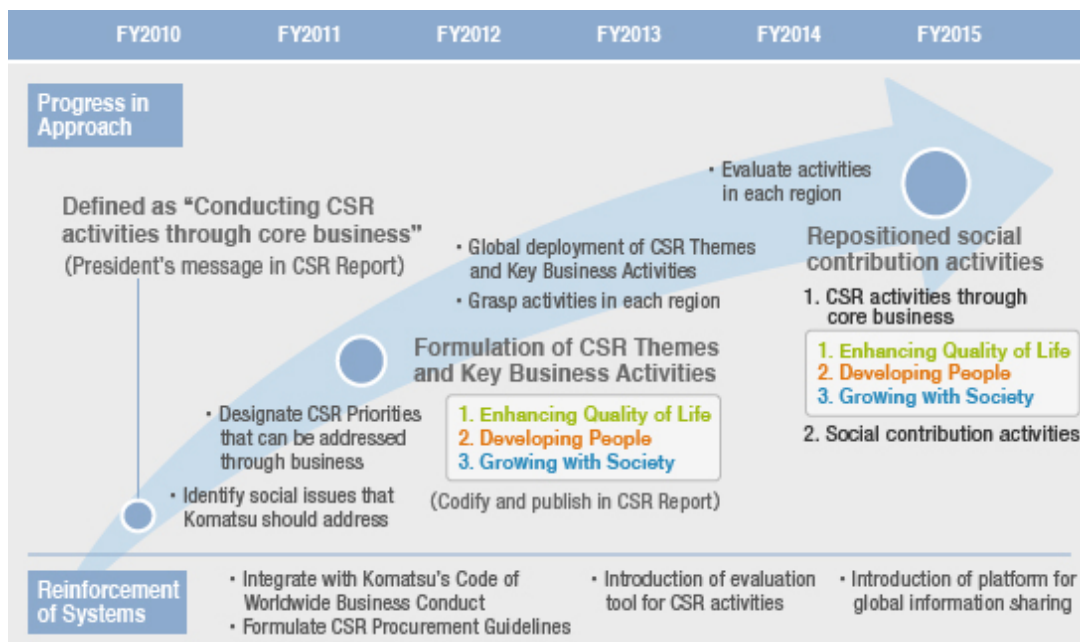
# Our Approach to CSR



## Formulation Process and Review of Komatsu's CSR Priority Issues and Themes

Komatsu conducted a materiality analysis to determine its CSR Priority Issues and Themes with the support of Business for Social Responsibility (BSR), a U.S. nonprofit organization, as a third party. During this process, we identified a set of CSR Priorities, consisting of social issues important both to Komatsu's business and to our stakeholders, as issues Komatsu should address on a global scale. Through repeated internal discussions related to these priority issues, we identified the three CSR Themes.

As we developed these activities, we realized that in addition to undertaking CSR activities through our core business, it was also important to engage in social contribution activities in the local communities in which we operate. Consequently, we revised our approach in FY2015 and repositioned separately CSR activities through core business and social contribution activities.



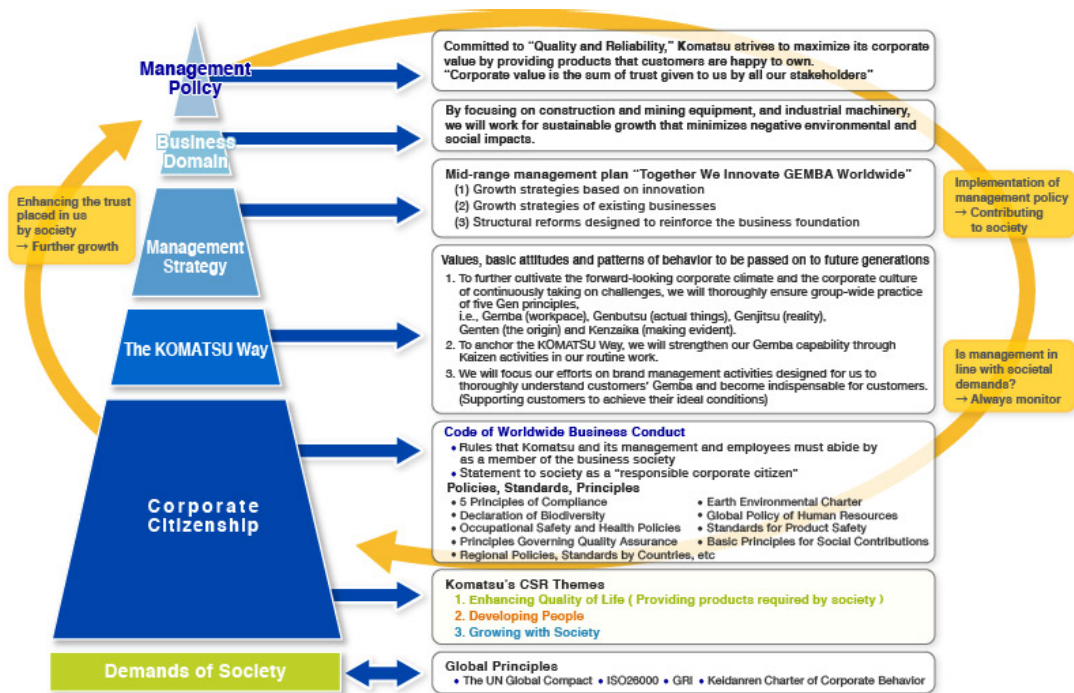
# Our Approach to CSR



## Incorporating CSR into Management

Having clearly defined our CSR themes and key activities, we constantly confirm that Komatsu meets public expectations and requirements throughout the conduct of our business and we deepen our understanding of material issues through dialogues involving stakeholders inside and outside the company. Thus, we seek to earn the trust society has placed in us as we pursue sustainable growth.

In our social contribution activities, we pay due consideration to prevailing issues in the regions where we operate and think through how we can apply our strengths to undertake “activities with a human face” that are uniquely associated with Komatsu.



# Our Approach to CSR



## Comparison with Global Principles

Items Komatsu has identified as being its own CSR priority issues are in line with the international standards such as ISO26000 core subjects/issues and the United Nations Global Compact. In order to take more concrete action, we have incorporated these standards into our internal guidelines, “[Komatsu's Worldwide Code of Business Conduct](#)” and the “[CSR Procurement Guidelines](#),” which we request that our business partners follow as well.

| ISO26000 core subjects /issues | UNGC 10 Principles   | Komatsu's CSR Priorities   | Incorporation into Komatsu's Internal Guidelines<br>*: Items of Komatsu's Worldwide Code of Business Conduct<br>**: Items of Komatsu Group CSR Procurement Guidelines                |
|--------------------------------|--|--|--|
| Organizational Governance      |  | <ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Compliance</li> <li>• Compliance with social norms including business partners</li> </ul>   | <p>*“Quality and Reliability” of organizational structure, business operations, employees and management</p> <p>*Emphasis on corporate governance</p> <p>*Observe business rules</p> |
| Human Rights                   | <p><b>Human Rights</b><br/>Principle 1<br/>Principle 2</p> | <ul style="list-style-type: none"> <li>• Respecting human rights</li> <li>• Compliance with social norms including business partners</li> <li>• Development of local communities</li> <li>• Disaster relief</li> <li>• Improving local residents' quality of life</li> </ul> | <p>*Respect each employee's fundamental human rights</p> <p>*Achieve a balance between work and personal life</p> <p>**Respect human rights</p>                                      |

# Our Approach to CSR



|                                 |  |   |   |
|---------------------------------|--|---|---|
| <p>Labour Practices</p>         | <p><b>Labour</b><br/>Principle 3<br/>Principle 4<br/>Principle 5<br/>Principle 6</p> | <ul style="list-style-type: none"> <li>• Equal employment</li> <li>• Safety and health</li> <li>• Human resource development</li> <li>• Compliance with social norms including business partners</li> </ul> | <ul style="list-style-type: none"> <li>*Dialogue with employees or their representatives</li> <li>*Shall not tolerate child labor or forced labor</li> <li>*Promote equal opportunities for employment and eliminate discrimination/harassment in the workplace</li> <li>*Realize a safe and comfortable work environment</li> <li>**Never get involved in any child or forced labor</li> <li>**Create a work environment where there is no discrimination or harassment</li> <li>**Build up an occupational health and safety operational structure</li> <li>**Establish a fair and just personnel system</li> </ul> |
| <p>The Environment</p>          | <p><b>Environment</b><br/>Principle 7<br/>Principle 8<br/>Principle 9</p>            | <ul style="list-style-type: none"> <li>• Environment-friendly products</li> <li>• Environmental efficiency (facilities, such as plants, and operation sites)</li> <li>• Remanufacturing</li> </ul>          | <ul style="list-style-type: none"> <li>*Provide products, services and systems that are environment-friendly, safe and innovative</li> <li>*Environment protection</li> <li>- Komatsu Earth Environmental Charter</li> <li>- Declaration of Biodiversity by Komatsu</li> <li>**Reduce environmental impact, manage chemical substances and build up environmental management systems</li> </ul>   |
| <p>Fair Operating Practices</p> | <p><b>Anti-Corruption</b><br/>Principle 10</p>                                       | <ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Compliance</li> <li>• Compliance with social norms including business partners</li> </ul>  | <ul style="list-style-type: none"> <li>*Fair competition</li> <li>*Discontinuation of any inappropriate business transactions or practices</li> <li>*Appropriate sociality</li> <li>*Fair and proper relationship with governmental agencies</li> <li>**Engage in free and fair competition and business transactions</li> <li>**Never accept inappropriate cash, gifts or favors</li> </ul>  |
| <p>Consumer Issues</p>          |  | <ul style="list-style-type: none"> <li>• Products that enhance safety</li> <li>• Responsible marketing and customer care</li> <li>• Environment-friendly products</li> <li>• Remanufacturing</li> </ul>     | <ul style="list-style-type: none"> <li>*To always think about the needs of customers and to strive to provide products, services and systems that are safe, environment-friendly and innovative</li> <li>*Environment protection</li> <li>**Never accept inappropriate cash, gifts or favors</li> </ul>   |

# Our Approach to CSR



|  |  |  |  |
|--|--|--|--|
| <p>Community Involvement and Development</p> |  | <ul style="list-style-type: none"> <li>• Development of local communities</li> <li>• Disaster relief</li> <li>• Improving local residents' quality of life</li> <li>• Human resources development</li> </ul> | <p>*To realize and fulfill CSR as a corporate citizen<br/>                 *Groupwide social contribution (5 Principles for social contribution)</p> |
|--|--|--|--|

## Our Approach to CSR



### Dialogue with Our Stakeholders

#### Creating a Variety of Dialogue Opportunities

Engaging in dialogues with our stakeholders is essential for determining the relative effectiveness of Komatsu's management and business in meeting social needs. Every department that has direct contact with our stakeholders is creating opportunities to lay out our company's current situation, receive feedback, and engage in useful discussions.

| Stakeholders       | Purposes  | Examples of Meetings and Activities  | Frequency      |
|--------------------|---|--|----------------|
| Customers          | Collaborate to realize customers' goals and fulfill corporate responsibility                                | Brand Management Activities  | Daily          |
|                    | Collaborate to resolve issues in society and in the regions we operate, participate in local activities     |  | Daily          |
| Business Partners  | President explains business performance, policies and strategies  | Various meetings for Midori-kai  | 3 times a year |
|                    | Conduct safety patrols and provide opportunities such as for support of efforts for obtaining certification |  | As needed      |
| Sales Distributors | President explains business performance, policies and strategies  | Distributor meetings in each region (U.S., Europe, China and Southeast Asia) | Annually       |

## Our Approach to CSR



|  |   |  |   |
|--|---|--|---|
| Employees                                | President explains business performance, policies and strategies  | Meetings with the president  | Semiannually                                    |
|  |   | Sharing Q&A session content with global employees via the intranet | As needed                                       |
|  | Dialogue with the labor union and employee representatives to improve the workplace environment                       | Regular Meetings between Management and Labor Union                | As needed                                       |
| Local Community                          | Explanation of initiatives related to operations, the environment and safety  | Meetings with residents of the local community near the plant      | As needed                                       |
|  | Activities to resolve local issues based on employee suggestions  | Voluntary activities by employees                                  | Daily   |
| Industry-Academia Collaboration Partners | Exchange of ideas and opinions between representatives such as university professors and the Chief Technology Officer | Komatsu Science and Technology Collaboration Council               | Biannually                                      |
| Investors                                | CEO and CFO explains business performance, policies and strategies  | IR Meeting in Japan, U.S. and Europe                               | Japan: Daily<br>U.S. and Europe: Annually       |
|  | Respond to inquiries and SRI surveys  |  | Daily   |
| Individual Shareholders                  | CEO and CFO explains business performance, policies and strategies  | Shareholders Meeting   | 2—3 times a year, held in major cities in Japan |
|  | Plant tours and explanation of operations   | Plant tours for shareholders                                       | About twice a year in Japan                     |

## Our Approach to CSR



### Opinion of an External Stakeholder

#### Progress in Komatsu's CSR Activities and Focus on Contribution to Local Communities



Mr. Dunstan Allison-Hope  
Managing Director, Advisory Services,  
Business for Social Responsibility (BSR)

Komatsu joined BSR in June 2010, and our initial partnership with the company involved establishing strategic priorities and creating an approach to Komatsu's most important sustainability issues. An updated version of these priorities are shown in the materiality section of this report.

Since then, BSR has worked with Komatsu to make progress on these priorities and address new stakeholder expectations that have arisen in recent years.

For example, during 2014 we worked with Komatsu to undertake a corporate-wide human rights impact assessment to identify potential risks and opportunities in Komatsu's key business units and geographies.

BSR concluded that Komatsu's overall human rights risk profile is "medium-low risk." This is due to the fact that Komatsu's main risks are upstream in the supply chain and downstream through product misuse by its customers.

Komatsu also has several opportunities to advance human rights through its business, particularly through its mining business working in local communities to provide skilled jobs and increased economic benefits.

During 2012, BSR engaged internal Komatsu stakeholders and global mining companies to identify how Komatsu can most effectively meet the CSR expectations of key mining sector customers. The review emphasized the importance of understanding local regional expectations, and the role of Komatsu's product innovation to address environmental impacts that directly influence the local social license to operate, such as air emissions, dust, and noise.



## Our Approach to CSR



It was for this reason that an engagement between BSR and Komatsu to review the company's social contribution program resulted in an emphasis on local contribution activities. BSR also facilitated a stakeholder engagement for Komatsu at its Osaka plant.

During this time we have witnessed Komatsu make progress in other areas, too. For example:

- Conducting regular CSR Steering Committee meetings, with senior Komatsu executives setting CSR direction for Komatsu;
- Developing an internal global network on CSR by identifying CSR representatives from major subsidiaries, and sharing leading practices;
- Implementing a new CSR procurement guide, including conflict minerals; and,
- Establishing ambitious energy saving objectives at major manufacturing plants.

Komatsu has a clear grasp of its CSR priorities, risks, and opportunities.

However, as a global company operating and selling in many markets, the main challenge now is implementing CSR strategies at the local level. This implies increasing the capacity of local staff to address CSR issues. It also means ensuring CSR factors are effectively integrated into company policies and procedures, especially in higher risk regions and organizational functions.

# Our Approach to CSR



## Organization to Promote CSR

The CSR Department reports directly to the president, and the CSR Committee chaired by the president provides opportunities for top management to take part in regular discussions on the direction of Komatsu's CSR strategy. Policies for each activity and related issues are discussed by the CSR Steering Committee, which mainly consists of executive officers in supervisory positions and is entrusted with governance functions particularly with respect to the implementation of social contribution activities.

Our CSR activities are one and the same as our daily business activities, and we engage in them through dedicated divisions and committees organized at all Group companies. With respect to our major overseas subsidiaries, we communicate with staff responsible for CSR activities on a daily basis and share information in an effort to bolster our organization and promote CSR activities in each region.



## Our Approach to CSR



### Reinforcement of Our CSR Systems

#### Evaluation Tools for CSR Activities

We evaluate new initiatives to determine whether they are beneficial both to Komatsu's business and to our stakeholders. Particularly with respect to social contribution activities (donations), we have been monitoring their effectiveness as CSR activities since FY2013 by using the Check Sheet we created to assess quantitative effects from these two perspectives and by having the CSR Steering Committee, consisting of executive officers involved in CSR, evaluate the content.

#### Global Information Sharing

Until recently, we regularly conducted questionnaires to collect information on the CSR activities we have undertaken around the world. In FY2015, we launched a bulletin board on our corporate intranet to provide daily updates and facilitate information sharing globally.

We plan to increase the amount of practical information available on the bulletin board toward developing it as a work-ready tool for staff on the frontlines of our CSR activities.

# Our Approach to CSR



## Major Achievements and Mid-term Plans

Komatsu's CSR themes, concrete initiatives of key business activities, and mid-range issues and targets are as follows.

### 1. Contributing to Society through Core Business

- ▣ Articles from the CSR Report   ▣ Articles from the Environmental Report
- ▣ Articles from the Komatsu Report

#### Enhancing Quality of Life—Providing Products Required by Society

| CSR Themes and Key Activities  | Concrete Initiatives   | Mid-range Issues and Targets for Themes  |
|--|--|--|
| <ul style="list-style-type: none"> <li>• Providing products and services that contribute to infrastructure development and improve quality of life</li> <li>• Improving productivity, safety and efficiency, and enhancing energy conservation through innovation</li> <li>• Improving environmental efficiency at operation sites and plants</li> </ul> | <ul style="list-style-type: none"> <li>▣ ■ <b>Working for society through core business</b></li> <li>▣ ■ <b>Innovation and CSR</b></li> <li>• ICT solutions for construction work (SMARTCONSTRUCTION)</li> <li>• Creating and providing value through open innovation</li> <li>■ Introducing environmentally-friendly products and services               <ul style="list-style-type: none"> <li>▣ • <b>Construction equipment that is compliant with the latest emission standards</b></li> <li>▣ • <b>Highly fuel-efficient forklifts</b></li> <li>▣ • <b>Laser cutting machines that significantly reduce electricity use</b></li> </ul> </li> <li>▣ ■ <b>Plants with unrivaled environmental performance and productivity</b></li> <li>▣ ■ <b>Responding to environmental risks</b></li> </ul> | <ul style="list-style-type: none"> <li>■ <b>Growth strategies based on innovation (from the Mid-range Management Plan)</b></li> <li>• Promote the SMARTCONSTRUCTION business</li> <li>• Promote the development of DANTOTSU (unique and unrivaled) products, including open innovation</li> <li>■ <b>Environmental Action Plan</b> (for detailed data, please refer to the Environmental Report)               <ul style="list-style-type: none"> <li>▣ • <b>Environmental management (strengthen the environmental management system, education and training, audits for overseas subsidiaries, reporting)</b></li> </ul> </li> </ul> |

# Our Approach to CSR



|   |  |   |
|---|--|---|
|   | <ul style="list-style-type: none"> <li>▶ <b>Taking measures to maintain biodiversity at business units and facilities</b></li> </ul>   | <ul style="list-style-type: none"> <li>▶ • Research and development (ensure compliance with emission standards, improve the fuel efficiency of products, use biodiesel fuel, improve the recyclability rate, promote reuse and recycling)</li> <li>▶ • Manufacturing (energy conservation, effective utilization of resources, risk management, improvement of the greenery rate)</li> </ul> <p><b>■ Production reform through an initiative to reduce electric power consumption by 50%</b></p> <ul style="list-style-type: none"> <li>• Launch initiative at the Oyama, Tochigi and Osaka plants</li> <li>• Promote kaizen activities at business partners</li> </ul> |
| <ul style="list-style-type: none"> <li>• Reducing environmental impact throughout the product life cycle</li> </ul> | <p><b>■ Reducing environmental impact throughout the product life cycle</b></p> <ul style="list-style-type: none"> <li>▶ • Promoting the “Reman” business</li> <li>▶ • Raising the recyclability of construction equipment</li> </ul> <p><b>■ Reducing environmental impact in procurement and logistics</b></p> <ul style="list-style-type: none"> <li>▶ • Support for business partners for acquiring certification</li> </ul> | <p><b>■ Environmental Action Plan</b> (for detailed data, please refer to the Environmental Report)</p> <ul style="list-style-type: none"> <li>▶ • Procurement and logistics (support for business partners for acquiring certification, shift to means of shipping with low environmental impact, promotion of returnable packing containers, reduction in shipping distance and improvements in shipping efficiency)</li> </ul>   |

# Our Approach to CSR



|  |   |  |
|--|---|--|
|  | <ul style="list-style-type: none"> <li>▶ • Promoting an initiative to reduce electric power consumption by 50% at business partners</li> <li>▶ • Reducing CO2 emissions in logistics</li> </ul>   | <ul style="list-style-type: none"> <li>▶ • Sales and after-sales services (encourage distributors and rental companies to reduce their environmental impact)</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Enhancing safety for society, customers, employees and business partners</li> </ul> | <p><b>■ Occupational health and safety</b></p> <ul style="list-style-type: none"> <li>▶ • Zero accidents with the participation of all employees (example of Chinese initiative)</li> <li>▶ • Response to and report on accidents</li> </ul> <p><b>■ Promoting safety activities at business partners</b></p> <ul style="list-style-type: none"> <li>▶ • Support for acquiring Occupational Health and Safety Assessment certification</li> <li>▶ • Promoting safety patrols</li> </ul> | <p><b>■ Create a healthy and safe workplace</b></p> <ul style="list-style-type: none"> <li>• Eliminate accidents accompanied by lost worktime/fatal occupational injuries across the entire Komatsu Group, including the overseas subsidiaries</li> <li>• Promote the Five-Year Health Development Plan to develop a corporate health culture (Japan)</li> </ul> |

## Developing People

| CSR Themes and Key Activities   | Concrete Initiatives  | Mid-range Issues and Targets for Themes  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Enhancing our employees and suppliers through the KOMATSU Way</li> </ul> | <p><b>■ Promoting the KOMATSU Way</b></p> <ul style="list-style-type: none"> <li>▶ • Educating employees through the KOMATSU Way</li> <li>▶ • Developing local nationals for top management positions</li> <li>▶ • Enhancing human resources at our manufacturing sites and distributors</li> </ul> | <p><b>■ Further encourage the adoption of the KOMATSU Way</b></p> <ul style="list-style-type: none"> <li>• Conduct education by rank and compile case studies rooted in each region with a particular focus on overseas Group companies</li> </ul> |

# Our Approach to CSR



|   | <ul style="list-style-type: none"> <li>■ <b>Supporting human resource development at our business partners</b> <ul style="list-style-type: none"> <li>▣ • Holding “Management Salons” for younger managers at business partners</li> <li>▣ • Activities for enhancing technical capabilities</li> </ul> </li> </ul>                              |  |
|---|--|--|
| <ul style="list-style-type: none"> <li>• Enhancing our employees and distributors through brand management</li> </ul> | <ul style="list-style-type: none"> <li>▣ ■ <b>Promoting brand management initiatives</b></li> </ul>  | <ul style="list-style-type: none"> <li>■ <b>Establish brand management initiatives</b></li> </ul>  |
| Growing with Society  |  |  |
| CSR Themes and Key Activities   | Concrete Initiatives   | Mid-range Issues and Targets for Themes  |
| <ul style="list-style-type: none"> <li>• Engaging in dialogue with our stakeholders</li> </ul>                        | <ul style="list-style-type: none"> <li>■ <b>Engaging in dialogue with our stakeholders</b> <ul style="list-style-type: none"> <li>▣ • Dialogues with our stakeholders</li> <li>▣ • Communication with shareholders and local communities</li> <li>▣ • Communication with business partners</li> </ul> </li> </ul>                                | <ul style="list-style-type: none"> <li>■ <b>Engage in continuous communication with stakeholders</b></li> </ul>  |
| <ul style="list-style-type: none"> <li>• Strengthening our corporate governance and compliance</li> </ul>             | <ul style="list-style-type: none"> <li>■ <b>Efforts on governance, compliance and risk management</b> <ul style="list-style-type: none"> <li>▣ • BCP training and other efforts</li> <li>▣ • Conducting CR (compliance risk) audits</li> <li>▣ • Education on compliance and Komatsu's Worldwide Code of Business Conduct</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>■ <b>Continuous efforts on governance, compliance and risk management</b> <ul style="list-style-type: none"> <li>• Formulating and implementing anti-corruption guidelines</li> <li>• Enhancing the BCP/information security system throughout the Group</li> </ul> </li> </ul> |

# Our Approach to CSR



|  |  |   |
|--|--|---|
|  |  | <ul style="list-style-type: none"> <li>• Improving the CR Audit Technique and increasing the operation level</li> </ul> |
| <ul style="list-style-type: none"> <li>• Promoting compliance with environmental, labor, human rights and social norms within the Group and among business partners</li> </ul> | <ul style="list-style-type: none"> <li>■ <b>Promoting CSR activities at business Partners</b> <ul style="list-style-type: none"> <li>▣ Activities based on the CSR Procurement Guidelines</li> <li>▣ Support for business partners for acquiring environmental certification</li> <li>▣ Support for business partners for acquiring Occupational Health and Safety Assessment certification</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>■ <b>Continuous support for business partners</b></li> </ul>                     |



# Our Approach to CSR



## 2. Social Contribution Activities

### Social Contribution Activities

| CSR Themes and Key Activities  | Concrete Initiatives  | Mid-range Issues and Targets for Themes  |
|--|---|--|
| <p>Pursuing activities unique to Komatsu in the following 6 areas</p> <ul style="list-style-type: none"> <li>• Development of local human resources</li> <li>• Disaster Relief</li> <li>• Local Community Support</li> <li>• Academic Studies and Academia-Industry Collaborations</li> <li>• Environment</li> <li>• Culture and Sports</li> </ul> | <ul style="list-style-type: none"> <li>▣ • Development of local human resources (support for a construction equipment operator training school in Liberia)</li> <li>▣ • Support for disaster reconstruction (response to flooding damage in Chile)</li> <li>▣ • Clearing anti-personnel landmines and reconstruction support</li> <li>▣ • Support for local communities (technical welding support for a technical school)</li> <li>▣ • Support for local communities (activities in Japan that support agriculture and forestry)</li> <li>▣ • Activities by the Women's Judo Team</li> </ul> | <ul style="list-style-type: none"> <li>• Maintaining efforts on the development of human resources and support for local communities that meets local needs</li> <li>• Supporting disaster reconstruction to meet the needs of the affected areas</li> <li>• Enhancing the value of Group activities through global information sharing</li> <li>• Expanding collaboration with the Flower Association of Japan</li> </ul> |

## Our Approach to CSR



### External Evaluations and Activities to Date

#### Commendations from Assessment Bodies



- Selected for inclusion in the Dow Jones Sustainability World Indices (DJSI World and DJSI Asia Pacific), SRI indexes developed by S&P Dow Jones Indices (U.S.) and RobecoSAM (Switzerland)



- Selected for inclusion in the index of companies recognized for their contribution to sustainable development by NYSE Euronext and Vigeo



- Selected for inclusion in the listing of SRI issues developed by Morningstar



- Rated as "Prime" among 35 machinery companies in the December 2009 social responsibility ratings by Oekom, a Germany-based independent CSR assessment company



- Selected as a leading company of the CDP Japan 500 Climate Performance Leadership Index (CPLI) and Climate Disclosure Leadership Index (CDLI) by CDP



- Selected as one of 40 "2014 Nadeshiko Brand" companies by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange

## Our Approach to CSR



# +YOU

一人ひとりがニッポン経済

- Selected as one of 15 companies excelling in ESG by the Tokyo Stock Exchange as part of its “+YOU” project supporting Japanese economic growth

### External Evaluations for CSR Activities (FY2014)

|      |           |  |
|------|-----------|--|
| 2014 | August    | Received the Minister of Education, Culture, Sports, Science and Technology Award of Merit in the 12th Industry-Academia-Government Collaboration Awards for Connective Innovation |
|      | September | Selected for inclusion in the Dow Jones Sustainability Indices (World and Asia Pacific)  |
|      | October   | Ranked 1st in the Machinery sub-group (out of 20) in the Securities Analysts Association of Japan's “2014 Awards for Excellence in Corporate Disclosure”                           |
|      | October   | Selected by CDP for “Climate Performance Leadership” and “Climate Disclosure Leadership” in the CDP Japan 500 report for 2014  |
|      | November  | Ranked 17th overall (out of 538 companies) under the “NICES” company rating system by Nihon Keizai Shimbun, Inc.   |
| 2015 | January   | Ranked 8th (out of 419 companies) in the Manufacturing Sector in Nihon Keizai Shimbun's 18th Environmental Management Survey   |
|      | January   | KFL Series fiber laser cutting machine received the Japan Machinery Federation Chairman's Award in the 2014 Energy-Efficient Machinery Award                                       |
|      | February  | Ranked 23rd (out of 3,800) in the Nikkei Business “Excellent Companies”  |
|      | March     | Ranked 1st (out of 624 companies) in the IntegreX survey   |
|      | March     | Ranked 5th (out of 1,305 companies) in Toyo Keizai's 9th “CSR Company Ranking”   |
|      | March     | Selected as a “2014 Nadeshiko Brand” company that excels in promoting career development for women   |
|      | May       | Selected for inclusion in the “Euronext Vigeo World 120” index   |

## Our Approach to CSR



### CSR Activities to Date (FY2014)

|      |         |  |
|------|---------|--|
| 2014 | May     | New assembly plant began operations at the Awazu Plant (reducing power consumption by half and doubling productivity)  |
|      | June    | Opened a training school for construction machinery operators in Liberia as part of a project promoted by the Japanese government and UNIDO (United Nations Industrial Development Organization) with support from Komatsu |
|      | October | Number of visitors to Komatsu-no-Mori reached 200,000  |

# Our Approach to CSR



## Corporate Profile

### Company Name

Komatsu Ltd.

### Main Businesses

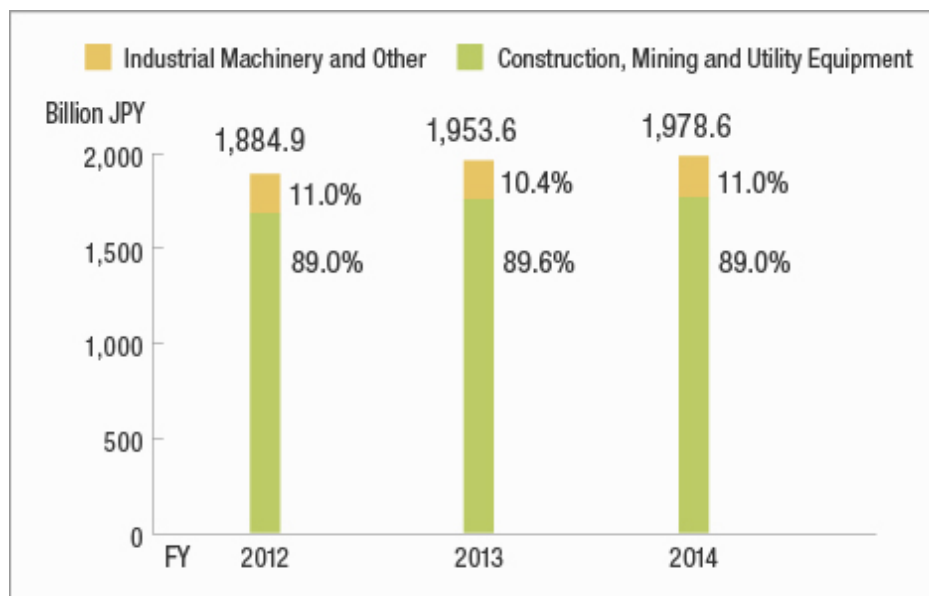
Manufacture and sale of construction and mining equipment, utilities, forest machines and industrial machinery

### Head Office

2-3-6 Akasaka, Minato-ku, Tokyo, Japan

### Net Sales (Consolidated)

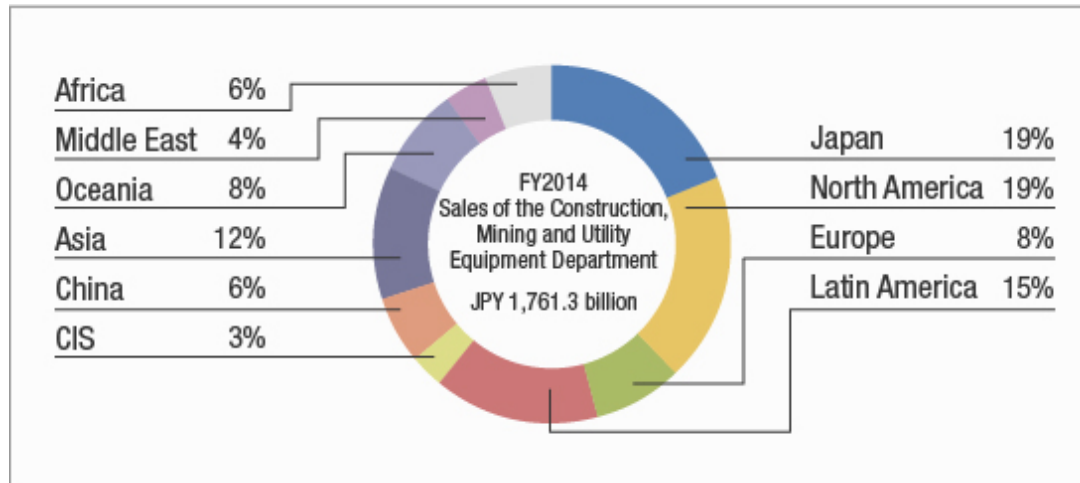
#### Sales to Outside Customers (by operating departments)



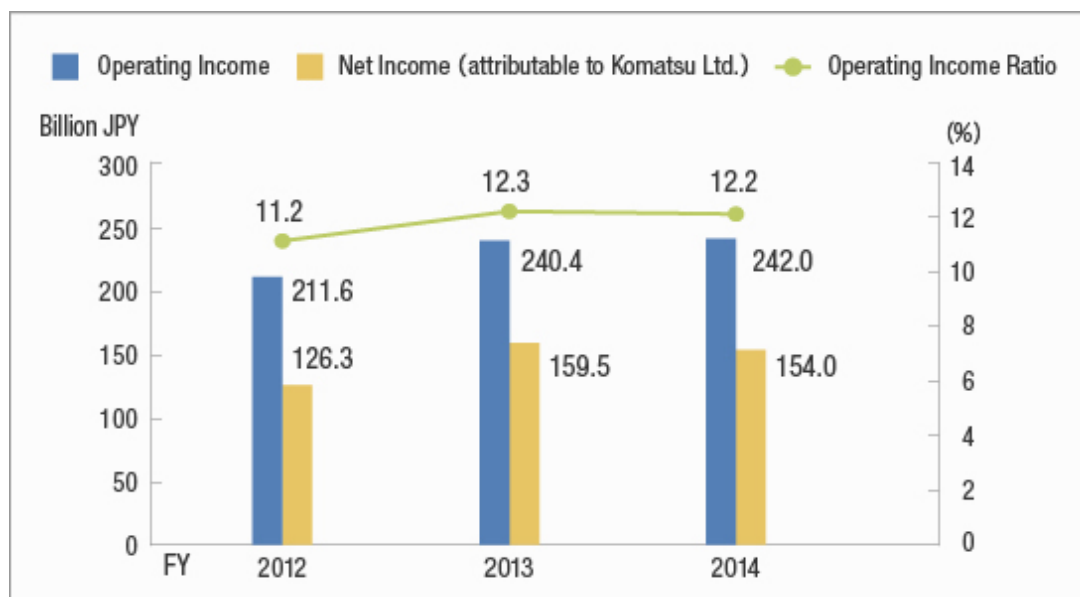
# Our Approach to CSR



Sales of the Construction, Mining and Utility Equipment Department by Region



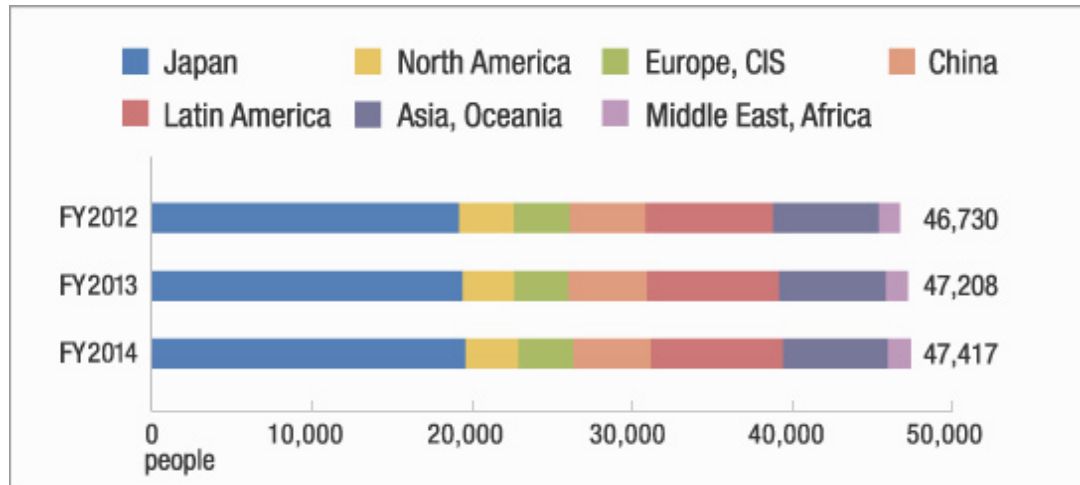
Income and Income Ratio



# Our Approach to CSR



## Number of Employees by Region



## Number of Operations

- Number of Komatsu Group companies (includes Komatsu Ltd.): 177
- Number of production operations for the Construction, Mining and Utility Equipment Department: 39
- Number of distributors for construction and mining equipment: 215
- Number of distributors for forklift trucks: 147



## Enhancing Quality of Life

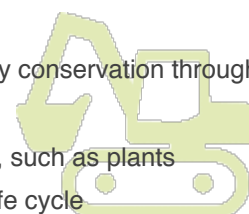
Providing Products Required by Society

CSR Theme 1



### Key Activities under the CSR Theme

- Providing products and services that contribute to infrastructure development and improve quality of life
- Improving productivity, safety and efficiency, and enhancing energy conservation through innovation
- Improving environmental efficiency at operation sites and facilities, such as plants
- Reducing our impact on the environment throughout the product life cycle
- Enhancing safety for society, customers, employees and business partners



### Action Areas, Basic Policies and FY2014 Results

| Action Areas   | Basic Policy and Approach  |
|--|--|
| <p>▣ <b>Contribute to Society through Core Business</b></p>                    | <p>We are helping to enhance quality of life by providing products for use on construction and other sites, including mines and forestry sites.</p>  |
| <p>▣ <b>Innovation and CSR</b><br/>—Smart Construction</p>                     | <p>We release the full power of innovation to deliver value through environmental design, economic efficiencies and safety and are thereby addressing problems faced by our customers and by society.</p>  |
| <p>▣ <b>Quality and Reliability</b><br/>(Responsible customer service)</p>     | <p>In accordance with our basic “Customer First” policy, we view all divisions, including development, production, sales, service and management, from the perspective of the job site and continuously implement change and improvement in our pursuit of maximum satisfaction for our customers.</p> |
| <p>▣ <b>Actions for the Environment</b><br/>(See the Environmental Report)</p> | <p>We consider environmental activities as a top management priority and steadfastly promote environmental preservation activities under the Komatsu Earth Environment Charter.</p>  |
| <p>▣ <b>Occupational Health and Safety</b></p>                                 | <p>Occupational health and safety is a vital focus in Komatsu's business operations. Along with communicating this in the message from the president, the management and employees collaborate by taking action in accordance with the “Occupational Safety and Health Policies.”</p>                  |





## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



## Contribute to Society through Core Business

Komatsu is helping to enhance the quality of people's lives by providing products that are used on construction and other sites, including mines and forestry sites.

In addition, by fully leveraging the power of innovation to provide unique products and services, we are solving the problems faced by our customers and society.

### Contributing to Infrastructure Development and Improving Quality of Life

Komatsu products, such as construction equipment and mining equipment, help build nations and develop comfortable living environments around the world. Construction equipment helps implement the infrastructure for people's livelihoods, through the building of roads and commercial facilities, and the construction of harbors and embankments.

Komatsu products are also prominent in forestry, helping to produce pulp and lumber, and in mines that produce resources, such as metal ore and coal.

#### Civil Engineering and Construction



#### Forestry



#### Mines



### Business Development Focused on Innovation

Komatsu focuses on innovation when providing the above products and services, striving to become a necessary presence for our customers by fulfilling their needs. We are committed to our mission of helping people around the world to enhance their quality of life.

Initiatives that reflect this mission are described below, as examples of how we are meeting the needs of our civil engineering and construction customers.



## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



### Enhancing Quality of Life through Civil Engineering and Construction Business

#### Komatsu's Initiatives

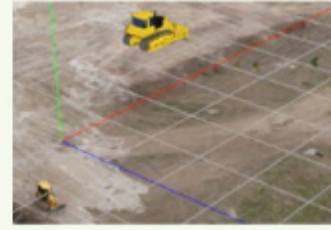
- Provide high-quality construction equipment
- Provide equipment maintenance without interrupting machine operation
- Provide eco-friendly equipment
- Provide highly functional construction solutions



Provide optimum service through a remote vehicle management system (KOMTRAX)



Hybrid excavator that has 25% lower fuel consumption than conventional vehicles



SMART CONSTRUCTION including ICT-intensive construction



#### Solutions to Societal Issues

Reduction of construction time

Superior quality in completing construction

Decreasing CO<sub>2</sub> emissions by improving fuel efficiency

Safety

Contributing to local communities (Developing safe and healthy urban environments)



Helping to enhance the quality of people's lives around the world

As described above, Komatsu has been engaged in the theme "Enhancing Quality of Life," through the provision of products and services needed by our customers and society, while paying due consideration to the environment and safety in the course of conducting its business activities.



## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme ①



## Quality and Reliability—Responsible Commitment to Customers

The fundamental principle of Monozukuri (manufacturing competitiveness) lies in Komatsu's commitment to quality and reliability in order to provide products—both hardware and software—that customers are happy to own. To achieve this, Komatsu puts the customer first as one of its Basic Managerial Policies, with the pursuit of maximum customer satisfaction at the foundation. The company carries out a continuous process of reform and refinement with all divisions responsible for putting this policy into practice, whether in development, manufacturing, sales, after-sales service, or administration. In practical implications, Komatsu includes the global environment, quality assurance, and the education and training of human resources within the scope of its quality management and uses indices to promote such management.

### Our Principles (Komatsu's Principles Governing Quality Assurance)

Komatsu has established the following principles on quality in its products and services, which all subsidiaries and employees are responsible for putting into practice.

#### Principles that Increase Quality and Reliability

Provide products, services, and systems that are environment friendly, safe, and innovative from the perspective of the customer.

#### Definition of Quality Assurance

The company has a responsibility to take actions that will ensure it is able to provide products and services that the customer can purchase and use with a sense of assurance and satisfaction and use for many years to come.

#### Principles Governing Quality Assurance

- (1) Putting customers first, being receptive to the views of the customer, and responding appropriately to the customer, thereby earning the customer's satisfaction, are fundamental to the job of every employee and constitute the responsibility of every employee.
- (2) Complying with international standards and the legal requirements particular to individual countries as a matter of course, and providing products and services that, from the perspective of the customer, have incorporated proper regard for safety and a sense of assurance and that do not easily malfunction, are fundamental to the job of every employee and constitute the responsibility of every employee.
- (3) Providing products and services that incorporate proper regard for global environmental conservation is fundamental to the job of every employee and constitute the responsibility of every employee.



## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



- (4) Providing products and services that are creative and provide benefits to the customer is fundamental to the job of every employee and constitute the responsibility of every employee.
- (5) Giving the customer a sense of safety, assurance, satisfaction, and the ability to use the product for many years to come is a source of happiness for every employee.

### Mechanisms for Quality Assurance

At Komatsu, all employees in each division, from product planning to development, manufacturing, sales, and after-sales service, share a sense of working as a single unit to continually develop products that are safe, innovative, and of high quality. Through a strengthening of Komatsu's unique Monozukuri system, the company is able to introduce competitive DANTOTSU products to the market and provide services and systems with substantial features.

At each step of the development and manufacturing system, meetings are held to consider and evaluate the product. The product's suitability is then assessed and enhanced until the ultimate goal is attained. In this way, the company conducts quality assurance activities that ensure quality and reliability is fully achieved.

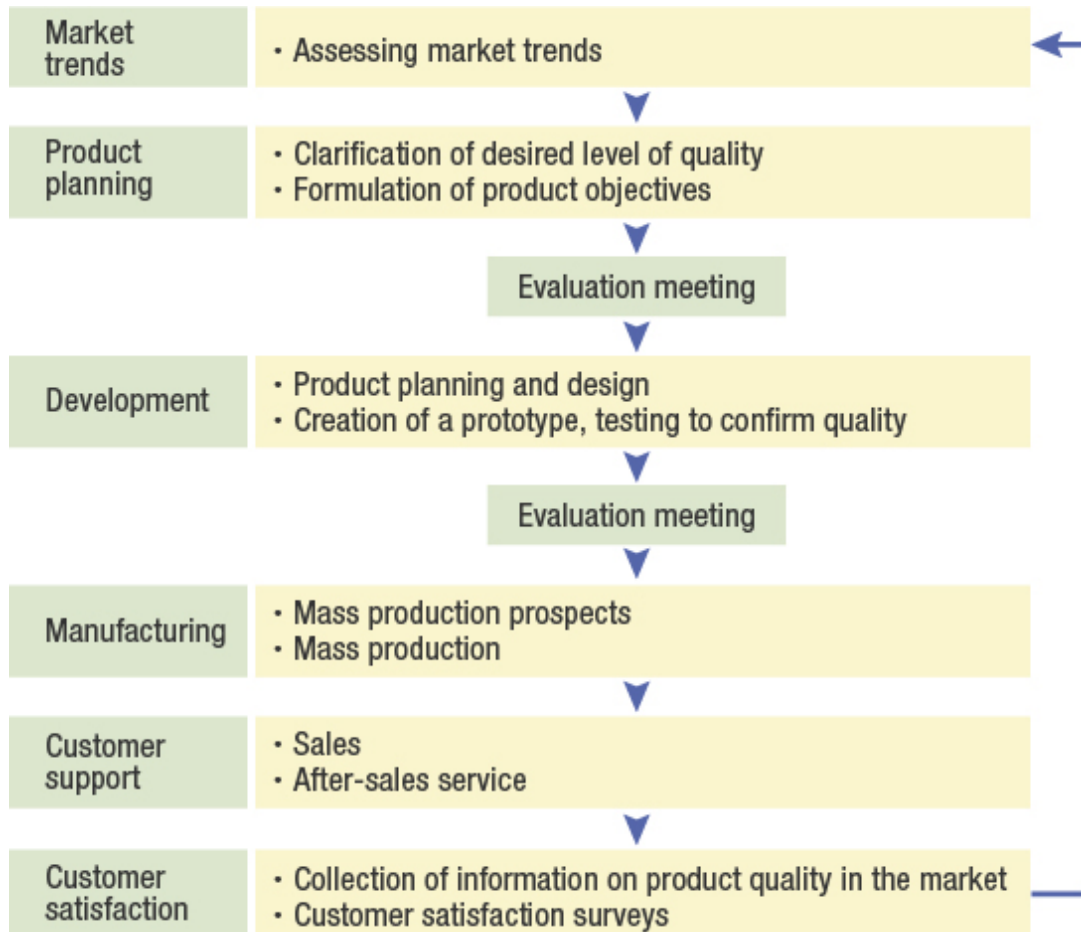
Through such approaches the company is able to strengthen safety assurance and satisfaction for customers while simultaneously providing products and services that take the global environment into account and comply with both international specifications and the regulatory requirements of individual countries.



## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



### Increasing the Degree of Customer Satisfaction

In accordance with its Principles Governing Quality Assurance, Komatsu has piloted a variety of initiatives to increase customer satisfaction. First, Komatsu believes it is extremely important to give serious consideration to customers' views and examine them on a continuous basis. Consequently, the company conducts regular customer satisfaction surveys, including post-launch field surveys. Komatsu uses the results to improve both the products themselves and the structure promoting quality assurance. The surveys help furnish new value to customers as the company develops DANTOTSU products that anticipate customer needs in advance and delivers services with distinct features.

Komatsu is able to raise the level of customer satisfaction through these approaches.



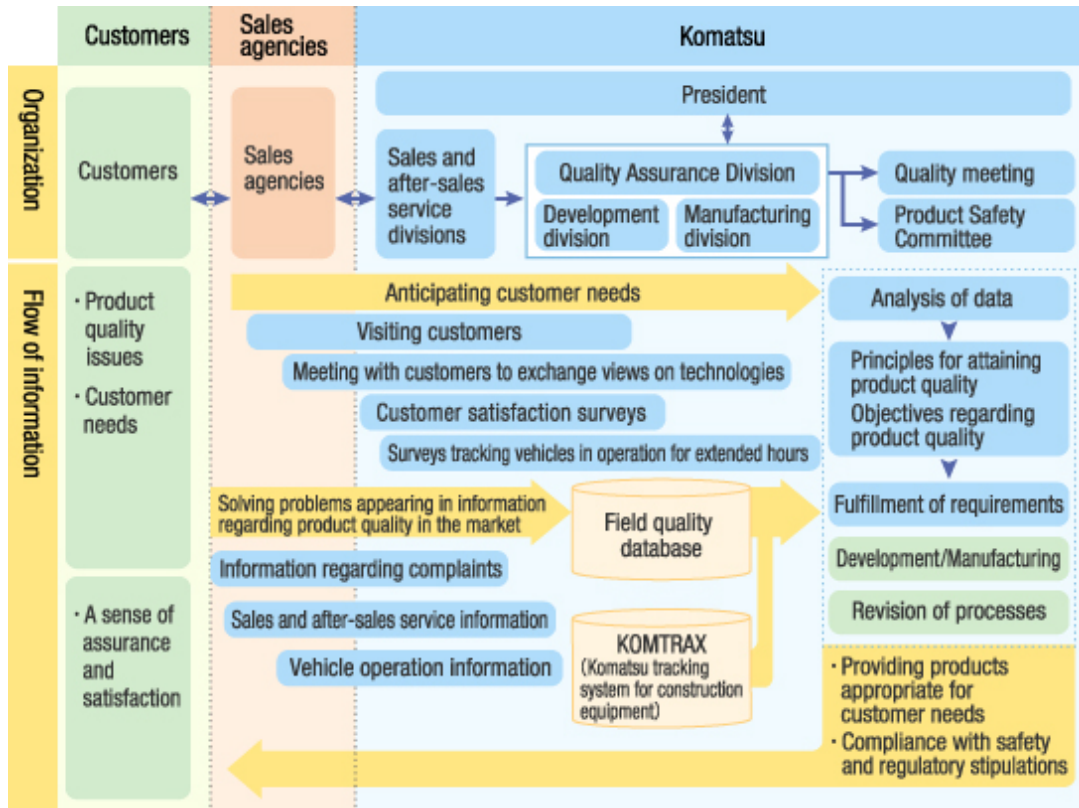
## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



### Komatsu's Structure for Quality Assurance



### Post-launch Field Surveys and Feedback of Results

Komatsu's post-launch field survey is part of its system for comprehensively assessing customers' degrees of satisfaction, with company personnel visiting purchasers of newly launched products to request product evaluations.

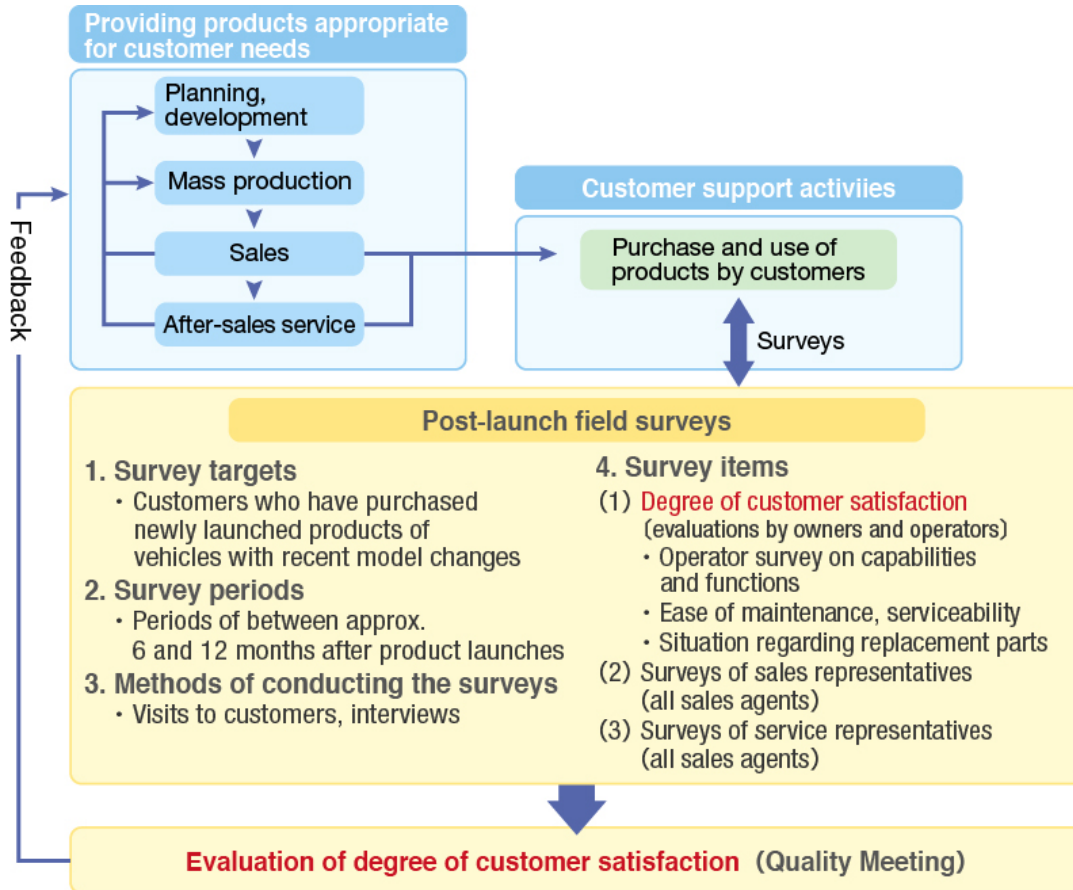
In concrete terms, these personnel listen to customers' feedback on a day-to-day basis regarding the degree of satisfaction toward the quality and reliability of its products. The company pays careful attention to the evaluations, views, and requests concerning its sales and after-sales service and replacement parts. Komatsu processes and analyzes the gathered data to decide upon objectives for improvement. The resulting information is shared across the company, notably with top management, and provided as feedback to divisions at every step in the process, including development, manufacturing, and sales and after-sales service. With the means to improve upon problems and revise the quality assurance system, the company can deliver products and services that satisfy customers.



## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



### Surveys Tracking Vehicles in Operation for Extended Hours\*

Komatsu pursues improvements in product durability and reliability through a system of surveys tracking vehicles in operation for extended hours. This allows the company to provide products that satisfy the customer and consume fewer resources. Most recently, confirmation of equipment operating conditions has been made possible by the utilization of an ICT remote management system called KOMTRAX Plus. With the information provided by KOMTRAX Plus, we are able to confirm and analyze the status of the machine in terms of durability, efficiency and functionality. The company assesses whether or not the results satisfy customers' expectations and the degree to which their demands match product quality objectives at Komatsu. The company designs proposals to rectify areas not achieving the desired quality levels, later integrating these proposals into product revisions or the development of new products. This process increases product durability and reliability and thus extends product lifecycles, leading to greater customer satisfaction and less resource consumption and waste.

\*Defined as vehicles with an operating history of 5,000 hours or more



## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



### Using ICT to Support Customers throughout the Product Life Cycle

Komatsu uses ICT-based remote vehicle management systems known as the Komatsu Tracking System (KOMTRAX) for conventional construction equipment and KOMTRAX Plus for large mining equipment to indicate the current state of a vehicle's "health," its operating status, and other key information.

### Quality Assurance Activities at the Global Level

Komatsu provides products of the highest quality at every location throughout the world by fully implementing quality assurance activities globally. For this purpose, the company aims for uniform technical drawings, manufacturing systems, inspection methods, information collection, and quality management across the globe.

Komatsu labels as "mother plants" certain global manufacturing locations with product development capabilities. These plants serve at the center of worldwide development and manufacturing activities, with their leading-edge technologies and techniques then transferred to other manufacturing locations around the world. This improves technology and enhances product quality, making them uniform throughout the company.

### Standards for Product Safety

Komatsu puts safety and assurance at the forefront in its quality assurance activities. The company has formulated Standards for Product Safety and associated principles and has all employees comply with them in order to deliver products that are safe, provide a sense of assurance, and can be used for many years.

### Information System for Product Safety and Services

In seeking to obtain information on problems with product safety as early as possible, Komatsu has established an information system for product safety and promptly deals with issues. It continuously strives to make improvements so that the company, including top management, can respond quickly through coordinated actions, including (1) assessing the cause of the incident and procedures to be taken, (2) contacting the relevant governing authorities, and (3) deciding to take remedial measures such as a recall of products still on the market.

### Standards for Product Safety

#### (1) Compliance

The provision of products and services that comply with international standards and the legal requirements particular to individual countries is fundamental to the job of every employee and constitutes the responsibility of every employee.





## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme ①



(2) Safety via prevention

The provision of products and services that are safe and provide a sense of assurance, and do no harm to the customer is fundamental to the job of every employee and constitutes the responsibility of every employee.

(3) Security regarding accidents

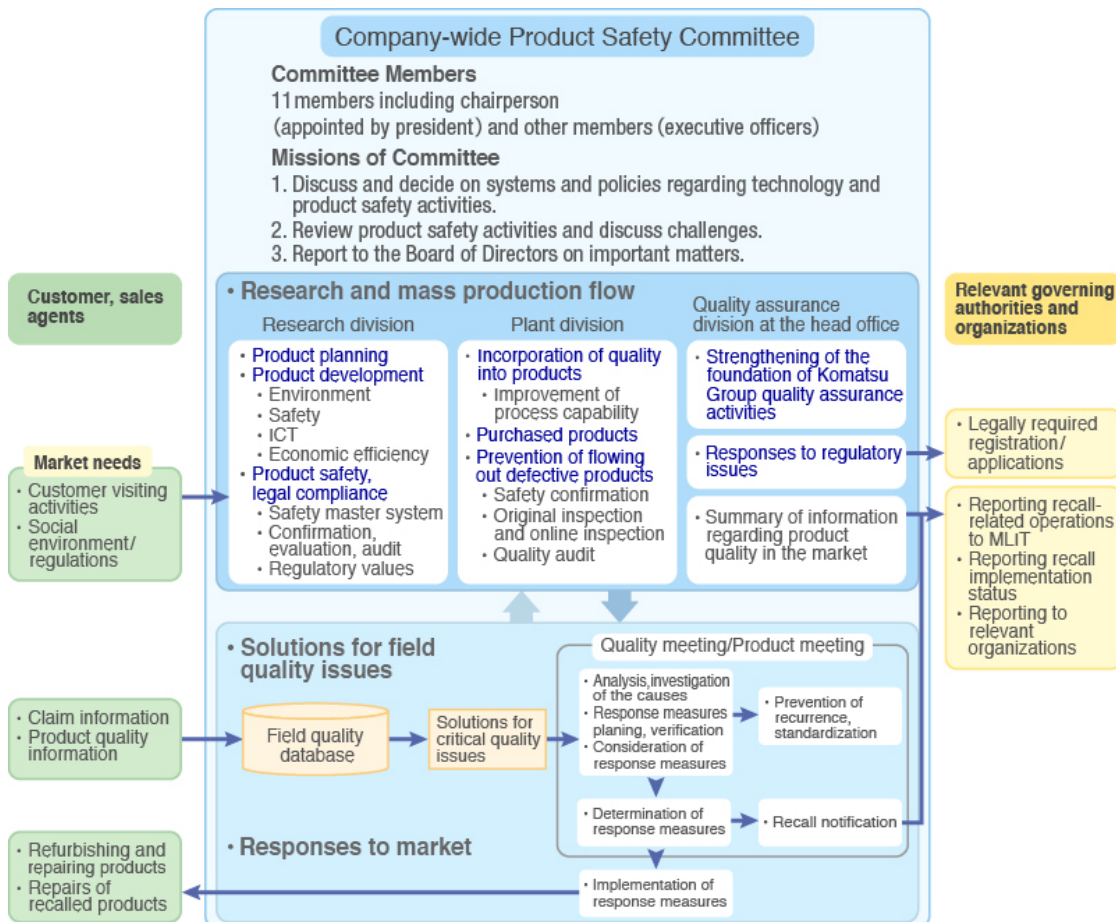
The provision of products and services that minimize any injury that might occur to a customer who has an accident is fundamental to the job of every employee and constitutes the responsibility of every employee.

(4) Transparency

The ongoing provision of advance safety warnings after receiving information from the customer and, in the case of a defect arising in a product or service, prompt response measures and the provision of information, are fundamental to the job of every employee and constitute the responsibility of every employee.

(5) Improvement of organizational climate

In order to create a corporate climate in which product safety is emphasized, the standardization of the safety management system and safety techniques as well as ongoing efforts to improve them are at all times fundamental to the job of every employee and constitute the responsibility of every employee.





## Enhancing Quality of Life

### Providing Products Required by Society

CSR Theme ①



### Providing Product Safety Information to Customers

Komatsu meets legal requirements for providing safety information to customers through (1) direct indication on products or in user manuals, (2) direct explanations by sales and after-sales service personnel, and (3) telephone consultations with sales and after-sales service divisions at plants. The company seeks to address each particular situation with, for example, engineers or top management visiting customers as the situation might require.

### System for Dealing with Recalls

In recent years, customers have become more concerned about product safety in general and product recalls in particular. To help ensure product safety in the market, Komatsu is reinforcing its recall-related organizational strength, comprehensive response capabilities, procedures for prompt corrective measures, and proactive information disclosure while conducting increasingly rigorous monitoring.

#### Procedure regarding recalls:

- (1) Proposal for rectification of the situation based on information regarding the defect; decision regarding what measures the company will take toward the market
- (2) File a notice with relevant authorities as provided under the law
- (3) Inform customers by appropriate means
- (4) Take appropriate corrective measures including, for example, repair, replacement, or refund

#### Means for preventing recalls:

- (1) Strengthening of system for collecting information on product quality in the market
- (2) Promotion of technical verification of the problem involved in the recall and timely decision making
- (3) Regular auditing of recall-related operations

Komatsu strictly oversees compliance with legal requirements. Should a defect be found in its products or services, the company initiates prompt correction measures and moves forward with proactive information disclosure. The graph below indicates the number of incidents in which recall notices were filed. The company will continue to pursue safety to the greatest extent possible in the years to come.



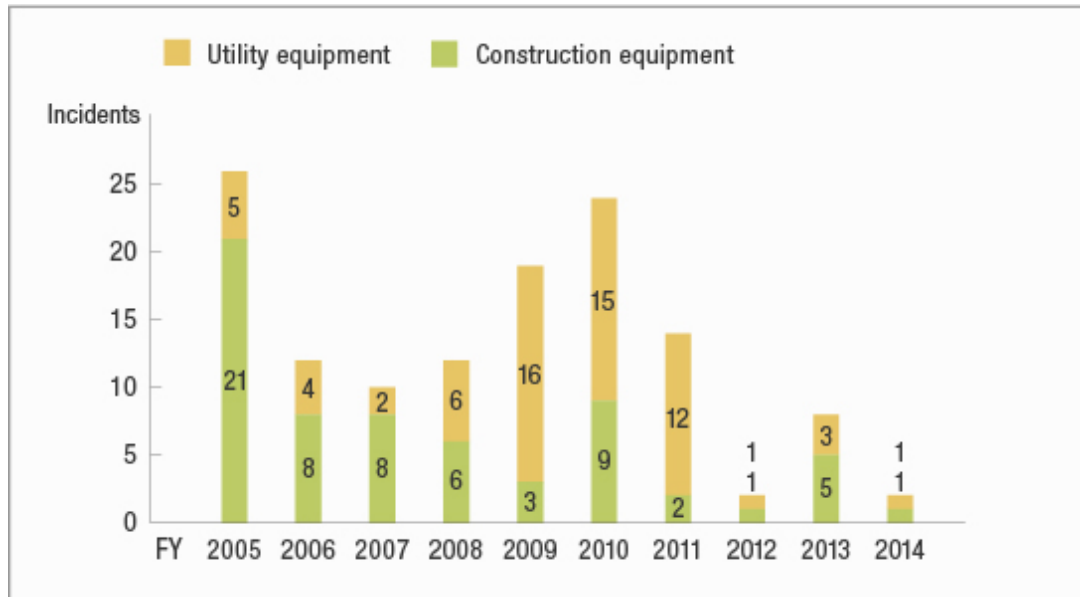
## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



### Number of Incidents with Recall Notices Filed (for construction equipment and utility equipment products sold in Japan)





## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme ①



## Occupational Safety and Health

Occupational safety and health is a key area of focus for Komatsu's business operations, and our strong emphasis on workplace safety is demonstrated across all Group companies and business partners.

### Our Approach to Safety and Health at the Workplace

Komatsu formulates safety and health policies based on the message from the president and disseminates them throughout the Group. We address occupational safety and work on mental and physical healthcare to create a safe and comfortable work environment.

#### Message from the President Concerning Occupational Safety and Health

- (1) The Komatsu Group shall, first of all, strive to ensure a safe and comfortable work environment and maintain and promote employee health.
- (2) The Komatsu Group shall promote proactive occupational safety and health activities in order for all employees to achieve the above conditions by working together as one team.
- (3) Each and every person in a senior management position of the Komatsu Group shall acknowledge the above two matters as top priority tasks and shall take the initiative in demonstrating the execution of daily duties accordingly.

The company has established this occupational safety and health guideline: All Komatsu Group companies, together with all top managers and employees, shall promote occupational safety and health activities so that employees can work in a safe and comfortable work environment in accordance with the policies described below.



## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme ①



### Occupational Safety and Health Policies

(Released as a part of the Komatsu Code of Business Conduct on April 1, 2011)

- (1) Observe the laws and regulations concerning occupational safety and health as well as internal rules, key items common to the Komatsu Group about occupational safety and health, and particularly items agreed as a result of labor-management consultations in each workplace.
- (2) Set up targets for activities based on occupational safety and health policies, review their progress, and endeavor to continuously improve and enhance occupational safety and health activities.
- (3) Carry out occupational safety and health activities in management-and-labor partnership on a full participation basis and keep good communication with stakeholders with regard to occupational safety and health.
- (4) Identify and evaluate the risk for occupational safety and health of a workplace and take appropriate actions accordingly.
- (5) Actively promote employees' healthcare management and support the maintenance and promotion of employees' health.
- (6) Actively promote education, training and qualification acquisition necessary for employees' occupational safety and health activities, and endeavor to develop human resources for safely carrying out their responsibilities in the workplace.
- (7) Subject to appropriate protection of personal information, publicly offer the knowledge and information about occupational safety and health activities obtained through the business activities in order to secure safety and health in society.

Excerpted from "Komatsu's Code of Worldwide Business Conduct"

In addition to our existing health management programs, the Komatsu Group is striving to create its corporate Health Culture after the launch of the Five-Year Health Development Plan in FY2014. The goal of the Health Culture is: to look after one's own health and the health of one's colleagues and to consider and take action on what is necessary for leading a better life. The president announced the "Komatsu Health Declaration" in June 2014 to effectively promote this goal.



## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



### Komatsu Health Declaration

To ensure that Komatsu Group employees can enjoy a better quality of life, we will support their daily health development efforts and strive to provide a workplace environment where they can perform their tasks happily and vigorously with healthy minds and bodies.

June 9, 2014

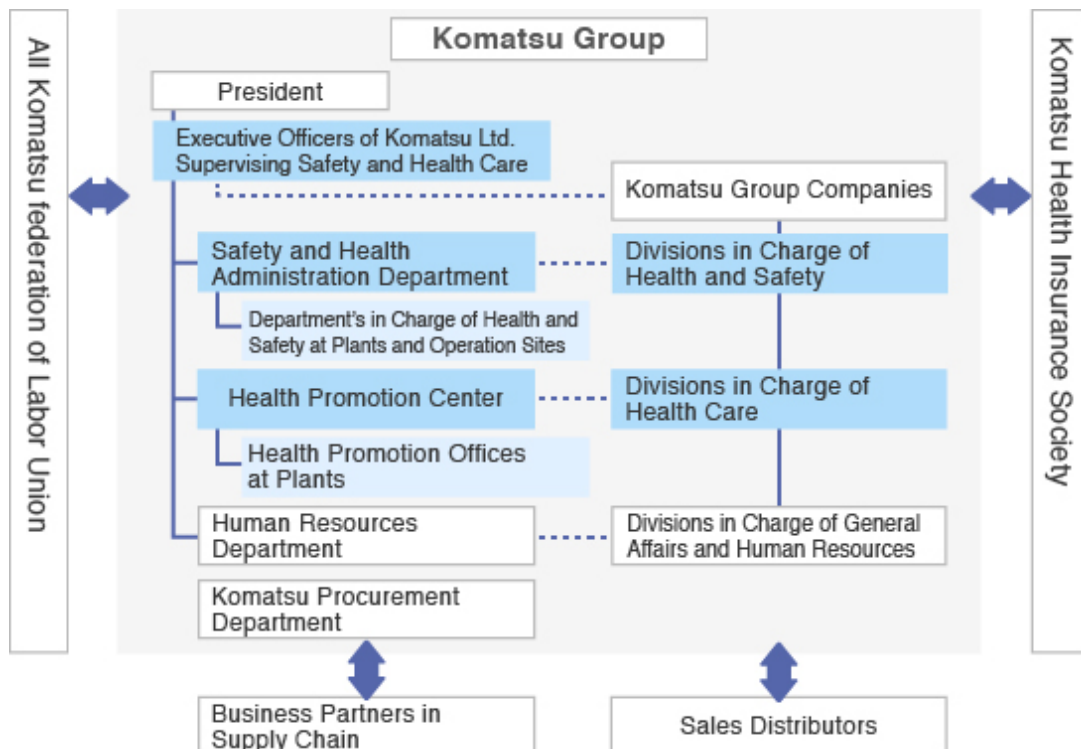
Tetsuji Ohashi  
President

大橋 徹二

### Overview of Safety and Health System

The Komatsu Group enforces strict compliance with safety and health management through the following system structure.

#### Organization





## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



### Meeting Committee Structure

|   |   |
|---|---|
| <p><b>Group Health and safety Conference</b></p> <ul style="list-style-type: none"> <li>└ Safety meetings at Group companies, "Zero Accidents" presentation, etc.</li> </ul>  | <ul style="list-style-type: none"> <li>· Aims to enhance and stimulate the Komatsu Group and raise employee awareness of safety and health management. ; seeks superb safety and health activities throughout the Komatsu Group and partner companies, ; shares information and incorporates these activities into its other divisions; and administers presidential awards related to safety and health.</li> </ul>  |
| <p><b>Group Safety and Health Committee</b></p> <ul style="list-style-type: none"> <li>└ Safety and Health Committees at Group companies</li> <li>└ Health and Safety Committees at Plants and Operation Sites</li> </ul> | <ul style="list-style-type: none"> <li>· Formed to establish cooperation between labor and management in the examining of, debating of, and decision-making for measures aimed at preventing hazards and health risks.; formulates regulations concerning safety and health.; examines, debates, and decides on activity policies for the fiscal year, while also managing the progress of these activities. ; etc.</li> </ul>  |
| <p><b>Global Safety and Environmental Affairs Meeting</b></p> <p><b>Group Safety Supervising Managers Meeting</b></p> <p><b>Health Promotion Meeting</b></p>  | <ul style="list-style-type: none"> <li>· Discusses and shares information on activities to be implemented globally, and colligates them to activities of various overseas subsidiaries.</li> <li>· Formulates and proposes company-wide safety activities.; and expands activities at business sites in accordance with company policy.</li> <li>· Formulates and implements company-wide safety and health management policies.; handles the overall supervision of health management activities throughout various business sites.</li> </ul> |
| <p><b>Health Promotion Committee</b></p>  | <ul style="list-style-type: none"> <li>· Consists of business owners and employees (representative: union) in addition to the Health Insurance Society, ; affirms a common recognition of "Health" and formulates measures and policies intended to enhance the health maintenance of employees and their families.</li> </ul>  |



## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme ①



### Safety and Health Activities

- (1) Raising of management level by implementing the Labor Safety and Health Management System
- (2) Elimination of disaster elements through risk assessment
- (3) Stimulating voluntary improvement activities through the small group “Zero Accidents”
- (4) Hazard simulation training at the “Safety Training Hall”
- (5) Enhancing the quintessential safety of equipment
- (6) Building physical health (health supervision for preventing diseases related to lifestyle, a diabetes management program, support for smokers who would like to quit, etc.)
- (7) Attaining mental health (diagnosing stress, implementing activities to improve the work environment, mental health training, establishing consultation services inside and outside of the company, support for returning to work)
- (8) Improving and maintaining an appropriate work environment
- (9) Prevention of second-hand smoke
- (10) Global and Group-wide activity support for overseas subsidiaries and Japanese business partners

### Main Themes of the Five-Year Health Development Plan

- (1) Addressing lifestyle diseases and cancer: Prevent lifestyle-related diseases and reduce the number of patients, and reduce the severity of diseases
- (2) Addressing tobacco-related diseases: Reduce smoking and prevent passive exposure to smoking
- (3) Addressing mental health: Reduce the number of individuals with mental disorders, provide early response and support return to appropriate workplaces, and create a happy and vigorous workplace
- (4) Addressing risks of impaired health: Eliminate and reduce the risks of impaired health associated with the work environment and operations
- (5) Response for small domestic worksites: Support health development at small worksites (such as sales and service sites)
- (6) Global response: Formulate and promote global measures for occupational safety and health management





## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



### Example of Occupational Safety Efforts in China

Enhancing Safety Levels for the Entire Plant through Safety Reinforcement Activities



Wang Ruomei  
Safety Manager  
Komatsu (Changzhou) Construction Machinery Corp. (KCCM)

Established in 1995, KCCM manufactures medium-sized hydraulic excavators, wheel loaders and industrial machinery. Following the transfer to our new plant in June 2011, we opened a space for accident simulations at the skill training facility that offers about twenty types of simulations, and we are striving to enhance our safety awareness and risk prediction capability by regularly conducting sensory training for all employees.

Under the slogan “Let’s pay attention to the smallest signs and seek improvements to create a safe plant,” KCCM has sought to identify and eradicate risk factors through efforts that have included “Zero Accident” circle activities, interdepartmental safety patrols, enhanced risk prediction training, and the effective use of the safety diary. Despite these efforts, accidents occurred over three consecutive months beginning with April 2014, prompting us to declare an emergency in June to pursue special safety activities.

As part of these safety reinforcement activities, we consulted with every employee on safety, confirmed the priority management tasks, re-emphasized the preventive measures for past accidents, and strengthened facility inspections. We sought to raise the level of safety for the entire plant by clarifying potential risk factors and improving our risk countermeasures. During our safety consultations, we spoke with a cumulative total of 668 employees (100% of target employees), clarified 828 potential risks and implemented solutions (completed 100% of the improvements). In addition, we decided to conduct safety consultations on a regular basis.

We also implemented special safety education for all onsite staff during the period of activities. We provided repeated training sessions for a cumulative total of 360 staff members until they achieved perfect scores in the confirmation tests (implemented for 100% of targeted staff). In addition, we reinforced our risk prediction activities and re-emphasized pointing and calling. We were able to raise the safety awareness of all employees by posting our slogan for the special safety reinforcement activities and internally broadcasting safety precautions. As a result, we have maintained zero accidents since July 2014.

There are no shortcuts to making safety our top priority and ensuring safety. Ever mindful of the Safety First philosophy, we will continue to raise and strengthen safety awareness among all employees. We are committed to steadfastly pursuing the creation of a truly safe workplace.



## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



“Zero Accident” circle activity



Safety patrol

### Status in FY2014

An accident occurred on April 25, 2014, at the Komatsu Castex Ltd. plant in Toyama Prefecture, Japan, in which hot air and slag dispersed from a melting furnace injured five employees, with the loss of one life. Another accident occurred on August 18 at the business site of Shizuoka Forklift Co., Ltd. in Shizuoka Prefecture, Japan, during reassembly of a tire rim, in which the side ring blew off as air was being pumped, resulting in the death of one employee. We are once again going back to the drawing board to work on our safety and health measures more aggressively than ever so that tragic incidents such as these will never happen again.

### Our Response to the Occupational Accident at Komatsu Castex

Immediately following the accident, Komatsu set up an emergency headquarters and on May 2 established an Accident Investigation Committee, including three external specialists. The committee met seven times until November to investigate the cause of the accident and to deliberate on preventive measures. The Final Report of the Accident Investigation Committee was published on December 5 (for more information, please see the press release). In response to the accident, we plan to introduce permanent measures, including the convening of a Safety Assessment Meeting of Safety Assessment Officers, which will include internal specialists, whenever equipment is being installed. Also in response to the recommendations of the Accident Investigation Committee, Komatsu Castex is striving to enhance the safety awareness of each employee by raising the standard of daily safety activities, such as risk assessment and safety diaries, implementing training for site supervising managers toward raising the level of health and occupational safety management, and internally sharing good practices.



## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme ①



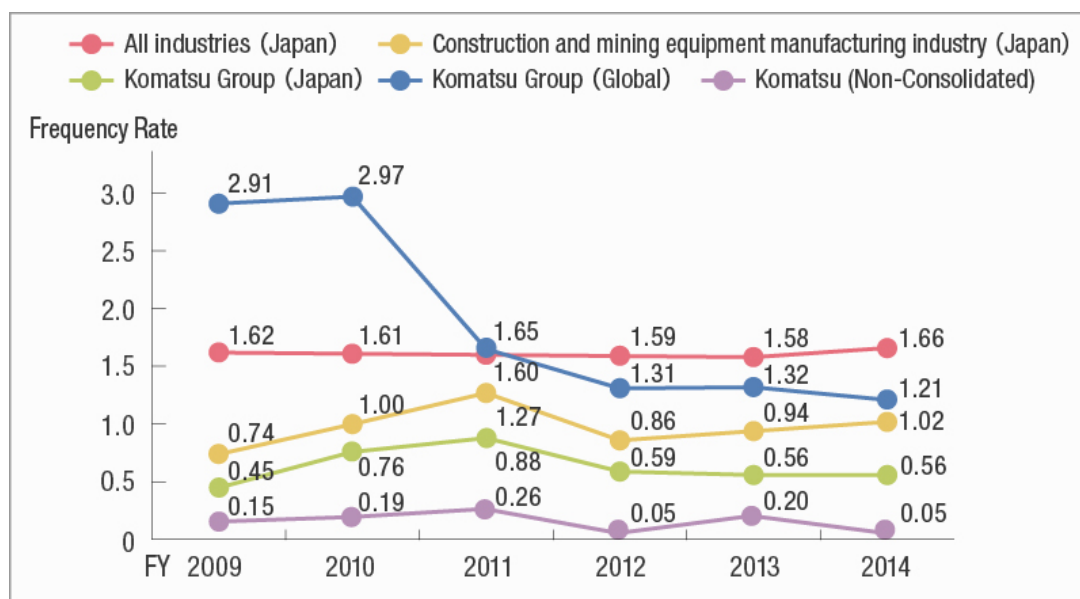
### Response to Occupational Accident at Shizuoka Komatsu Forklift

Komatsu Forklift implemented special safety activities for its entire forklift group, comprising Shizuoka Komatsu Forklift and nine forklift sales companies. The main activities included distributing the necessary equipment and tools on the basis of an understanding of latent problems gained through consultation with employees, conducting re-training sessions on the standard code of operations based on the “Nine Priority Tasks” that involve high risks, and renewed its emphasis on pointing and calling.

To ensure that these special safety activities do not become one-time events, we intend to conduct ongoing efforts to raise the standard of our Group-wide occupational activities by sharing information with our forklift sales companies and providing information on effective practices.

## DATA

### Incidence Rate of Occupational Accidents (Frequency Rate of Lost Worktime)



1. The data for all industries (Japan) and construction and mining equipment manufacturing industry (Japan) are provided by the Ministry of Health, Labour and Welfare.
2. Figures for the Komatsu Group (global) up to FY2012 are the total for Japan and 22 major overseas production plants. Three and six overseas sales companies were added to the scope for FY2013 and FY2014, respectively.
3. The scope of the Komatsu Group (Japan) includes Komatsu production plants as well as Japan domestic dealers, of which for FY2009 and FY2010 includes only construction machinery dealers, and it was then extended to include forklifts in FY2011.



## Enhancing Quality of Life

Providing Products Required by Society

CSR Theme 1



### OSHMS Certification and Renewal (⊙: Certified ○: Renewed)

|                                       | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------------|------|------|------|------|------|------|------|------|------|
| Awazu Plant                           | ⊙    |      |      | ○    |      |      | ○    |      |      |
| Osaka Plant                           | ⊙    |      |      | ○    |      |      | ○    |      |      |
| Oyama Plant                           |      |      | ⊙    |      |      | ○    |      |      | ○    |
| Ibaraki Plant                         |      |      | ⊙    |      |      | ○    |      |      | ○    |
| Koriyama Plant                        |      |      |      |      | ⊙    |      |      | ○    |      |
| Shonan Plant                          |      |      |      |      | ⊙    |      |      | ○    |      |
| Kanazawa Plant (former Komatsu Plant) |      | ⊙    |      | ⊙    | ○    |      |      | ○    |      |
| Tochigi Plant                         |      |      |      | ⊙    |      |      | ○    |      |      |
| Komatsu Castex                        |      |      |      | ⊙    |      |      | ○    |      |      |
| Komatsu NTC Toyama area               |      |      |      |      |      |      | ⊙    |      |      |
| Komatsu NTC Ishikawa Plant            |      |      |      |      |      |      | ⊙    |      |      |
| Komatsu Tokki                         |      |      |      |      |      |      | ⊙    |      |      |

### OHSAS 18001 Certified Offices

|   | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|------|------|------|------|------|------|------|------|------|
| Komatsu America Chattanooga Plant Manufacturing Operation |      |      |      |      |      | ⊙    |      |      |      |
| Komatsu Mining Germany                                    |      |      |      |      | ⊙    |      |      |      |      |
| Komatsu Forest  | ⊙    |      |      |      |      |      |      |      |      |
| Komatsu Hanomag   | ⊙    |      |      |      |      |      |      |      |      |
| Bangkok Komatsu   |      |      |      |      |      |      |      | ⊙    |      |
| PT Komatsu Indonesia                                      |      |      |      |      |      |      | ⊙    |      |      |
| PT Komatsu Undercarriage Indonesia                        |      | ⊙    |      |      |      |      |      |      |      |

OHSMS: Occupational safety and health management systems

OHSAS 18001: Occupational safety and health assessment series



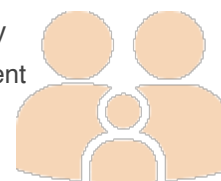
## Developing People

CSR Theme 2



### Key Activities under the CSR Theme

- Enhancing our employees and suppliers through the KOMATSU Way
- Enhancing our employees and distributors through brand management



### Action Areas, Basic Policies and FY2014 Results

| Action Areas   | Basic Policy and Approach  |
|--|--|
| <p><b>The Right Working Conditions for Everyone</b></p> <ul style="list-style-type: none"> <li>▣ Personnel Policy and Performance Appraisal System</li> <li>▣ Further Enhancing Diversity in the Workplace</li> <li>▣ Work-Life Balance</li> </ul> | <ul style="list-style-type: none"> <li>• Under our Global Personnel Policy, we seek to foster a safe and comfortable working environment while maximizing opportunities for employees.</li> </ul>  |
| <p><b>The KOMATSU Way and Human Resource Development</b></p> <ul style="list-style-type: none"> <li>▣ The KOMATSU Way</li> <li>▣ Training Structure</li> <li>▣ Strengthening Our Gemba Capability</li> </ul>                                       | <ul style="list-style-type: none"> <li>• We promote education for sharing the KOMATSU Way as a statement of values that Komatsu employees around the world should pass on to the generations to come.</li> <li>• We support career development through the focused implementation of required education for the company and employees</li> </ul> |
| <ul style="list-style-type: none"> <li>▣ Brand Management Initiatives</li> </ul>   | <ul style="list-style-type: none"> <li>• Brand management activities are designed to thoroughly ascertain what customers want so we become indispensable to them. Through these activities, we seek to raise awareness, strengthen our corporate structure and develop human resources.</li> </ul>   |



## Developing People

CSR Theme ②



### Personnel Policy and Performance Appraisal System

For a business, it is said that people, goods, money, information and time are valuable assets and resources. Even if the other elements remain constant, if people change, the results will be different. Thus, people—the employees of Komatsu Group companies—are an irreplaceable asset for the Group. Komatsu recognizes the role of the personnel system in enhancing the quality and reliability of the company's human resources. It therefore endeavors to foster a work environment with opportunities for challenges and creativity. The company works to maximize the sum of trust given to it by its employees.

#### Global Personnel Policy

Personnel systems reflect the history and culture of each particular region. It is therefore important to recognize and understand those differences.

In accordance with the basic policy outlined below, the members of the Komatsu Group are creating a personnel system tailored to the needs and reflecting the circumstances of each particular region.



## Developing People

CSR Theme ②



- (1) We shall respect each employee's fundamental human rights, inherent personality, individuality, and legally protected privacy.
- (2) We shall treat and appraise each individual employee in a fair and impartial manner. We shall not discriminate against any employee on the basis of nationality, race, religion, age, gender, physical or mental disability or other legally protected attributes that are irrelevant to his or her performance. We shall vigorously endeavor to promote equal opportunities for employment and eliminate harassment in the workplace.
- (3) We shall endeavor to provide employees with workplaces where they can seek a good balance between their private and professional lives, while effectively accomplishing their respective tasks with satisfaction and pride.
- (4) We shall endeavor to design and administer the system of human resource management in a manner that is most reasonable and persuasive to the employees. We shall make such systems open and clearly explain them to the employees to the maximum extent practicable.
- (5) Komatsu Group companies shall comply with all applicable laws and regulations governing employee rights in the jurisdictions in which they operate, and faithfully accommodate, wherever applicable, conversations or discussions with employees or their representatives.
- (6) We shall not tolerate child labor or forced labor.
- (7) Komatsu Group companies shall endeavor to offer to their respective employees those terms and conditions for employment that are sufficiently competitive in their respective regions.

### Personnel System that Accurately Reflects Employee Abilities and Achievements

Personnel systems in Japan are typically based on the assumption that employees will work for a single company for many years. Therefore, when designing a system, a company must keep in mind the degree to which continuous employment should be considered. Komatsu believes that personnel systems emphasizing length of service do not necessarily reflect employees' abilities and achievements fairly. Instead, Komatsu has always strived to accurately evaluate the performance of employees as individuals, incorporating employees' achievements and abilities into its personnel system as the basis for fair evaluations.



## Developing People

CSR Theme 2



### Fair and Appropriate Evaluation

For a company to create a workplace environment where employees can work without undue worries, it must treat employees fairly. As described above, Komatsu's personnel system now takes into account employee abilities and achievement. Therefore, our challenge is to ensure that employee evaluations are fair and appropriate for each employee. For this purpose, in April 2004 the company organized refresher training for all managers on how to conduct evaluations. Since then, evaluation training has been given to newly appointed managers, backed by e-Learning based follow-up education. An evaluation committee has been established jointly with the labor union at each business unit to confirm that evaluations are conducted properly. Komatsu has provided individual feedback on evaluations to managers since 1998 and to non-managerial employees since 2001. The company has also set up a consultation office through which employees can express complaints and concerns.

### DATA

All data except for (5) Number of employees (Komatsu Group) is data for Komatsu Ltd. Numbers of employees for (11) are as of April 1 and all other numbers shown are as of the end of the year, except as otherwise noted.

#### (1) Number of employees

|        | FY2012 | FY2013 | FY2014 |
|--------|--------|--------|--------|
| Total  | 9,921  | 10,217 | 10,416 |
| Male   | 8,979  | 9,167  | 9,325  |
| Female | 942    | 1,050  | 1,091  |

#### (2) Average age

|        | FY2012 | FY2013 | FY2014 |
|--------|--------|--------|--------|
| Total  | 37.8   | 38.0   | 38.3   |
| Male   | 37.9   | 38.1   | 38.4   |
| Female | 37.3   | 37.4   | 38.0   |





## Developing People

CSR Theme ②



### (3) Years of continuous employment

|        | FY2012 | FY2013 | FY2014 |
|--------|--------|--------|--------|
| Total  | 13.8   | 13.8   | 14.1   |
| Male   | 14.1   | 14.2   | 14.4   |
| Female | 11.0   | 11.0   | 11.4   |

### (4) Annual total remuneration

(JPY)

|       | FY2012    | FY2013    | FY2014    |
|-------|-----------|-----------|-----------|
| Total | 6,945,159 | 6,963,233 | 7,191,383 |

### (5) Number of employees (Komatsu Group)

|                                    | FY2012 | FY2013 | FY2014 |
|------------------------------------|--------|--------|--------|
| Consolidated                       | 46,730 | 47,208 | 47,417 |
| Temporary                          | 1,666  | 1,264  | 1,175  |
| Non-Japanese<br>(non-consolidated) | 49     | 56     | 59     |
| Non-Japanese<br>(consolidated)     | 30,043 | 29,162 | 28,945 |

### (6) Number of employees by age

|          | Total  | Male  | Female |
|----------|--------|-------|--------|
| Under 30 | 2,723  | 2,424 | 299    |
| 30-39    | 3,152  | 2,891 | 261    |
| 40-49    | 2,560  | 2,206 | 354    |
| 50-59    | 1,981  | 1,804 | 177    |
| Total    | 10,416 | 9,325 | 1,091  |



## Developing People

CSR Theme ②



### (7) New graduates employment

| Year<br>(April) | College graduate |      |        | Junior college<br>graduate | High-school<br>graduate |
|-----------------|------------------|------|--------|----------------------------|-------------------------|
|                 | Total            | Male | Female | Total                      | Total                   |
| 2013            | 250              | 220  | 30     | 42                         | 125                     |
| 2014            | 213              | 181  | 32     | 24                         | 97                      |
| 2015            | 183              | 163  | 20     | 42                         | 71                      |

### (8) Mid-career employment

|                       | Total | College<br>male | College<br>female | Other<br>male | Other<br>female |
|-----------------------|-------|-----------------|-------------------|---------------|-----------------|
| April 2012–March 2013 | 208   | 44              | 9                 | 122           | 33              |
| April 2013–March 2014 | 143   | 54              | 11                | 55            | 23              |
| April 2014–March 2015 | 125   | 58              | 12                | 37            | 18              |

### (9) Employee turnover (April 2014–March 2015)

|                             | Total | Male | Female |
|-----------------------------|-------|------|--------|
| Number of employee turnover | 73    | 52   | 21     |

Number of employees who received monetary assistance for job change (50 years or older in non-managerial positions and 45 years or older for managers): 13



## Developing People

CSR Theme 2



### (10) Retention of new employees

|                            | Male | Female |
|----------------------------|------|--------|
| New employees (April 2011) | 353  | 48     |
| Enrollment (April 2014)    | 342  | 44     |

Turnover rate: 2.74%; 7 males, 4 females

### (11) Diversity of management

|                                  | Female | Male  | % of females | Non-Japanese |
|----------------------------------|--------|-------|--------------|--------------|
| Management position              | 64     | 1,550 | 3.9%         | 5            |
| General managers                 | 9      | 349   | 2.5%         | 0            |
| Directors and officers           | 2      | 50    | 3.8%         | 0            |
| Executive officers               | 2      | 41    | 4.6%         | 0            |
| Managers, directors and officers | 66     | 1,600 | 4.0%         | 5            |



## Developing People

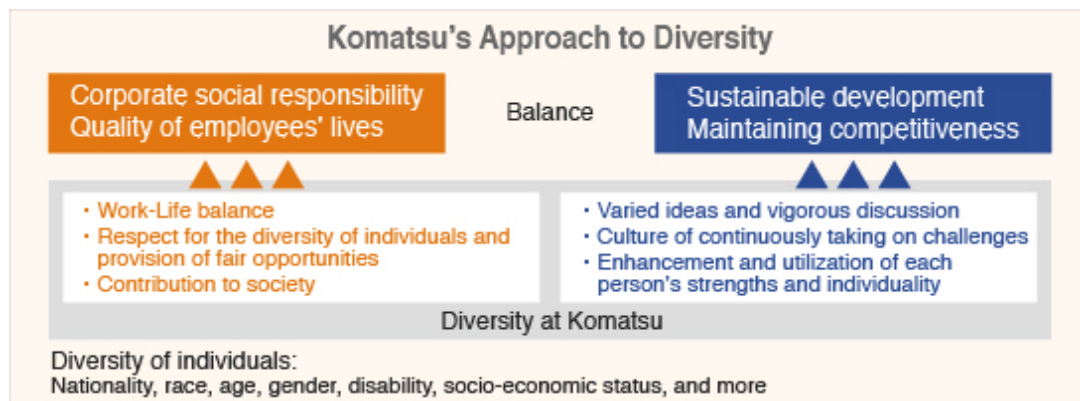
CSR Theme 2



## Diversity Initiatives

### Our Approach to Diversity

The employees who drive our businesses are an indispensable asset of the Komatsu Group. And the motivating force behind DANTOTSU (unique and unrivaled) is generated by employees with diverse personalities seeking to enhance their skills and demonstrate their strengths in an environment of mutual respect. Consequently, by recognizing diversity as a significant corporate advantage, Komatsu respects the basic human rights of every employee and strives to offer career development opportunities that enable each individual to fully demonstrate their abilities with a sense of fulfillment and pride.



### Promoting Globalized Management

#### Approach and Goals

Komatsu has placed top priority on localized management and is developing locally-hired employees into business leaders who will be able to hold top management positions at overseas subsidiaries. Local nationals take leadership positions at our major subsidiaries. For situations where Japanese managers still hold the top local post, our goal is to develop local candidates to whom the baton of executive leadership can be gradually passed. To this end, the primary role of staff with extensive experience at Komatsu (commonly Japanese) provide in communicating the KOMATSU Way—Komatsu's approach to management, technology and skills—in overseas locations and serve as a bridge between Komatsu in Japan and subsidiaries overseas.



## Developing People

CSR Theme ②



### Systems and Status in FY2014

#### Human Resource Development

Since FY2006, Global Management Seminars have been conducted annually for local nationals in executive positions at overseas subsidiaries to present and discuss information including Komatsu's management policies, the KOMATSU Way and business strategies. In FY2014, the seminar was held in October with the participation of eight executives representing subsidiaries in Brazil, Chile, Sweden, Indonesia, Thailand and China. The overall objective has been to deepen understanding of the KOMATSU Way based on Komatsu's corporate history, and of the company's approach to production, marketing and development, so that participants will be able to clearly convey the information as their own.

We also provide Global Management Training for selected employees toward developing executive candidates capable of holding global leadership roles. About ten general managers with potential are selected every year in Japan as well as top managers at overseas subsidiaries for enrollment in short-term courses at international business schools. In FY2014, seven individuals attended training at the London Business School (England) and IMD (Switzerland).

#### Management System

In order to effectively promote global management, Komatsu runs various global meetings, including the Komatsu Global Executive Meeting convened for the top management of all Komatsu Group companies in Japan and overseas, management committees for each region and business area, and other meetings for specific purposes, such as the Quality Meeting; Occupational Safety, Health & Environmental Affairs Meeting; and Legal Meeting.

### DATA

|   | FY2009 | FY2014 |
|---|--------|--------|
| Number of major overseas subsidiaries                                 | 40     | 40     |
| Number of companies with local nationals in top management positions* | 22     | 26     |

\*Executive positions include CEO, COO, president and chairperson



## Developing People

CSR Theme 2



### VOICE



#### My Thoughts on Attending the Global Management Seminar

Mr. Somsak Techacheewapong  
President  
Bangkok Komatsu Co., Ltd. (BKC)

I have been serving as the president of BKC since April 2013. In October 2014, I had the opportunity to attend the Global Management Seminar in Japan. During the seminar I was particularly impressed by the passion behind the KOMATSU Way. This experience gave me confidence to fulfill my professional responsibilities.

Komatsu management understands our situation and entrusts each individual to deliver the best results for the company. Each member of the management team contributes through leading by example. Since completing the program, I have personally vowed to become an example to my own organization.

I was also impressed by the strong relationships that developed among all the participants in the course of the program. They had gathered from various regions and some of them were long-time Komatsu employees while others had just joined the company. We were able to exchange views from our different perspectives based on comparisons of our organizations. And in the end, we left with the conviction that we share in the powerful foundation of the KOMATSU Way. As a Thai national in top management, I have been working to strengthen the teamwork between Japanese staff in Thailand and local staff. Having each individual respect the spirit of the KOMATSU Way is an ideal approach. By doing so, we can work together toward the future as a united Komatsu team.



Global Management Seminar, October 2014



## Developing People

CSR Theme ②



### Promoting Women's Careers

#### Approach and Goals

Komatsu is committed to creating a working environment where female employees are able to demonstrate their capabilities. We actively support the career development of women by setting targets for the number of women hired, the ratio of female employees and the ratio of female managers (on a non-consolidated basis). In Japan, our goal is to increase the ratio of women in managerial positions to above 5% by April 2016.

#### Systems and Status in FY2014

In 2014, we set up a study group by bringing together labor and management to consider measures for promoting women's careers and encouraging men to participate in childcare. We began offering career planning training for female employees in Japan in FY2014. The training focuses on business units in Japan and targets women who are at least thirty years old but are not yet in a managerial position. Participants review their past work experience and then consider career plans. The training has been conducted at the KOMATSU Way Global Institute in Komatsu City, Ishikawa Prefecture, with daycare provided to enable employees with young children to participate. We also created the “Corporate Guide for Women” to introduce Komatsu to female job-seekers at universities during recruiting efforts for FY2016. In terms of external recognition, Komatsu was selected as a Nadeshiko Brand company by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a listed company that excels in promoting career development for women. The commendation noted the number of women in managerial positions at Komatsu, including executive officers, and the company's work-life balance initiative for actively promoting employee childcare and nursing care leaves regardless of gender.



“Corporate Guide for Women” for FY2016 recruitment (left) and Nadeshiko Brand logo (right)



## Developing People

CSR Theme 2



### DATA

Women at Komatsu (employed at Komatsu Ltd. in Japan)

|   | FY2012    | FY2013       | FY2014       |
|---|-----------|--------------|--------------|
| Number (ratio) of women employed                | 942(9.5%) | 1,050(10.3%) | 1,091(10.5%) |
| Number (ratio) of women in management positions | 50(3.4%)  | 55(3.5%)     | 64(4.0%)     |
| Number (ratio) of women in executive positions  | 2(4.3%)   | 2(4.7%)      | 2(4.7%)      |
| Number (ratio) of women hired*                  | 30(12.0%) | 32(15.0%)    | 20(10.9%)    |

\*Note: Data is for Komatsu Ltd. Numbers and ratios represent employees who are new college graduates.

### FEATURES

#### Nadeshiko Activities at Business Units in Japan

Nadeshiko activities for quality control and kaizen efforts have been developed in each business unit in Japan by teams of mainly female employees. In FY2014, the Awazu plant in Ishikawa Prefecture celebrated the tenth anniversary of these activities, which were launched in FY2005. Twelve members from production, development, procurement and defense systems are engaged in ongoing efforts to



Members of the Nadeshiko Team at the Awazu plant

reduce costs and improve efficiency. Nadeshiko leadership has been guiding members in creating organization and team structures that encourage individuals to fully demonstrate their capabilities. Thriving on its full participation, the team plays an indispensable role in kaizen activities at the plant.





## Developing People

CSR Theme 2



### Initiatives to Support Women Working at Japanese Construction Sites

Since the 1990s, the workforce in the Japanese construction industry has continued to shrink due to the aging population and a decrease in the number of new college graduates, which has given rise to concerns about a labor shortage. As a result, there are moves in the male-centric construction industry to increase the number of female workers. Komatsu has launched its own activities to support the advancement of women at construction sites.



Qualification program for women at the Miyagi Center of the Komatsu School for Construction Machinery Operation

So that more women can take part in programs aimed at providing the necessary qualifications for operating construction machinery, we set up a course exclusively for women at the Komatsu School for Construction Machinery Operation. Our particular aim has been to support the Tohoku region, which is grappling with a serious shortage of labor for the ongoing reconstruction work required after the earthquake disaster that struck the area. We launched the initiative at the Miyagi Center and, on five occasions since December 2014, have held courses on forklifts and compact equipment. In addition to preparing facilities and equipment such as locker rooms and gear, we provide childcare services upon request and have earned praise for our efforts from the participants.

We have also addressed the issue of toilets at the construction site by developing a temporary lavatory that is responsive to the needs of women through a joint effort between Komatsu Rental Ltd. and a toilet manufacturer. We are now working to introduce this lavatory to sites where women operate machinery.



## Developing People

CSR Theme ②



### Employing Persons with Disabilities

#### Approach and Goals

Komatsu actively seeks to employ persons with disabilities across the Group. Our goal is to achieve an employment ratio of 2.3% on a consolidated basis (the current statutory employment ratio is 2.0%) for the Group in Japan by April 2018.

In April 2008, Komatsu established the Business Creation Center (BCC) within the Human Resources Department in Japan as a dedicated organizational entity for promoting the hiring of persons with disabilities. Persons with mental or developmental disabilities are employed by the BCC in nine business units in Japan. Advisors are assigned to each business unit to provide training and advice on daily tasks. Each BCC staff member meets with an advisor every six months to discuss goals, instead of simply handling a delimited set of tasks. Linking salary to individual performance assessments, we encourage employees with disabilities to work on their goals toward achieving independence and self-reliance.

Through these efforts Komatsu is not merely focused on achieving a targeted employment ratio; it is seeking to create a workplace that provides a sense of fulfillment for all individuals, and where employees with disabilities work alongside other staff members.

#### Status in FY2014

The employment ratio of persons with disabilities was 2.58% (for Komatsu Ltd. in Japan) as of April 2015. A total of 94 workers were employed by the BCC at nine business units in Japan. The BCC has expanded to begin taking on work that had previously been outsourced, as well as internal tasks that tend to be time-consuming. As a result, it has helped raise efficiency and reduce costs for the company.

#### DATA

##### Employment of Persons with Disabilities

|   | April<br>2012 | April<br>2013 | April<br>2014 | April<br>2015 |
|---|---------------|---------------|---------------|---------------|
| Employment ratio of persons with disabilities | 2.06%         | 2.36%         | 2.50%         | 2.58%         |
| Number of BCC locations                       | 8             | 9             | 9             | 9             |
| Number of BCC staff members                   | 59            | 75            | 88            | 94            |

Note: Data is for Komatsu Ltd.



## Developing People

CSR Theme 2



### VOICE



#### I Have High Expectations for Komatsu's Human Resource Development, the Company's Underlying Strength

Ms. Misato Horie  
Vice Chairman  
NPO WEL'S Shinkiba

WEL'S Shinkiba is an authorized nonprofit organization whose main purpose is to support the employment of persons with disabilities. It has been assisting Komatsu in its efforts since the end of 2007. Our activities are centered around providing companies with the know-how required to hire persons with disabilities, and we also help with their daily living needs. Working with Komatsu, I have seen the underlying strength of a Japanese company in its approach and efforts to develop people. I have been impressed by Komatsu in creating suitable work and an environment for them as well as thorough training. Komatsu is resolved to foster these individuals so that they become a force of the company. Furthermore, while Komatsu makes use of its know-how in management of special-purpose subsidiaries in managing the BCC, it still positions the BCC as a unit of the company, which I think is the ideal way to advance toward the goal of normalization.



BCC staff, the driving force within the company

### Promoting Retired Employees

#### Promoting Retired Employees

As the aging of Japanese society accelerates, Komatsu is committed to maintaining its efforts to hire more elderly workers. Since introducing its re-employment program in 2006, about 90% of the workers who have retired from Komatsu Ltd. and applied for re-employment have been re-employed by the Group in Japan.

We also established a Second Career Support Program for employees who are up to 65 years old and were able to find new careers, and we provide training opportunities, paid leaves and monetary aid.



## Developing People

CSR Theme ②



### DATA

Rehiring of Retired Employees (employed by Komatsu Ltd. in Japan)

|   | FY2012 | FY2013 | FY2014 |
|---|--------|--------|--------|
| Number of retired employees                                     | 265    | 144    | 198    |
| Number of retired employees who were rehired by Group companies | 223    | 135    | 165    |
| Ratio of re-employment against number of applicants             | 84.2%  | 93.8%  | 83.3%  |

Note: Data is for Komatsu Ltd.



## Developing People

CSR Theme 2



## Enhancing Work-Life Balance

### Approach and Goals

Reducing the total number of actual working hours and implementing related systems are the key aspects for achieving a healthy work-life balance for employees. Komatsu Ltd. has worked in coordination with labor unions on this issue to formulate numerical targets, which are now set at 2,100 or less working hours per year, and at least 17 days of paid vacation taken per year.

### Systems and Status in FY2014

In an effort to achieve appropriate working hours, every workplace in the Komatsu Group formulates a concrete action plan for reducing overtime and encouraging employees to take more of their paid annual leave, which in turn allows them to seriously consider and address working hour management on a daily basis. Childcare leave and shorter working hours are contributing factors in the creation of an environment that facilitates productive careers. In 2007, Komatsu was certified by the Japan Ministry of Health, Labour and Welfare to display the Kurumin Mark as a company that is supporting the development of the next generation. We subsequently launched the “Panel on Fostering Future Generations” to further advance discussions on working conditions. As a result of our continuing efforts to expand our childcare support system, we were again granted use of the mark in 2010.

We have continued these efforts through initiatives such as increasing periods of childcare leave (to a maximum of three years) in 2011, granting childcare leave for employees when a spouse is transferred, and increasing the subsidy for childcare support service expenses through the “Cafeteria Plan” in 2013.

Aside from our efforts to reduce working hours, we are also supporting the achievement of work-life balance for our employees through the “Life Support Leave System” introduced in FY2014. Life Support Leave is separate from regular annual leave, in which employees can take paid time off for personal circumstances such as non-work related illness, pregnancy, childcare and family-care. An employee is allotted five days of this type of annual leave per year and may accumulate up to 40 days of annual leave.

Also, in FY2013 we focused on family-care, and have introduced an allowance that can be received during family-care leave to provide financial support. We have also launched an internal website that publishes information on family-care. Komatsu will continue to work on helping our employees achieve a healthy work-life balance.



## Developing People

CSR Theme 2



### DATA

Information on this page is non-consolidated data except for that for some programs, which are intended not only for Komatsu Ltd. but also for subsidiaries in Japan.

#### Main Programs and Measures Designed to Enhance Work-Life Balance

| Program/Measure   | Description  |
|-------------------|--|
| Childcare support | Childcare leave program<br>Available for a maximum of three years from the birth of the child to the time the child enters nursery school. Also available for a maximum of three years for children up to the third year of elementary school in cases where a spouse is transferred, etc. |
|                   | Part-time work<br>Shortening of working hours by a maximum of three hours per day to allow for care of children up to the third grade of elementary school   |
|                   | Allowance toward the cost of using childcare services<br>Allowance toward the cost of childcare for infants up to age two before entering nursery school (10,000 yen/month)  |
|                   | Nursing leave<br>Five days for nursing care of one child up to the third grade of elementary school, and ten days for the second child onward (paid leave)<br>Allowance toward the cost of using childcare services  |



## Developing People

CSR Theme 2



|                      |                             |  |
|----------------------|-----------------------------|--|
| Care support         | Family-care leave program   | A maximum of three years available to employees taking care of family members  |
|                      | Part-time work              | Shortening of working hours by a maximum of three hours per day  |
|                      | Care leave                  | Five days per year for attending to one family member in need of nursing care, and ten days for the second family member onward (paid leave)   |
| Other types of leave | Life support leave          | Can be used as sick leave, pregnancy leave, childcare leave or for care of family members. An employee may add five new days of accumulated leave per year. A maximum of 40 days of unused annual leave may be accumulated. Childcare leave may be used for school events for children aged up to sixth grade in elementary school |
|                      | Flexible leave              | <p>Provided to encourage employees to take five consecutive days of leave for mental and physical rejuvenation</p> <p>Employees receive an additional five days of annual leave and a travel voucher upon completion of their 15th, 25th and 35th year of continued service</p>  |
|                      | Volunteer incentive program | Long-term paid leave of up to two years, or short-term paid leave of 12 days per year  |



## Developing People

CSR Theme ②



### Flexible Working Style

- Flexible working hours (core time; 10:00 am–3:45 pm)
- Part-time work (child and other family-care)
- Half-day paid vacation
- Maximum of five consecutive days of paid vacation
- System and facility for supporting childcare (nursery payment and use of in-house nursery)
- Work-sharing (based on negotiation between labor and management as necessary)
- Discretionary work system (employees in development, design and R&D section)
- Telework program (officially introduced in FY2014)

### Various Incentive Programs

- Subsidizing the expense of taking a certification course
- Job posting system
- Studying in domestic college or study abroad program
- Employee awards program for distinguished achievement
- In-house language school and subsidizing the expense
- Stock option (directors, officers and some executives)

### Work-Life Balance Data

#### Parental leave

|                            | FY2012 | FY2013 | FY2014 |
|----------------------------|--------|--------|--------|
| Pregnancy leaves           | 42     | 41     | 47     |
| Childcare leaves           | 74     | 85     | 80     |
| Male                       | 7      | 7      | 4      |
| Within one week leave      | 0      | 0      | 0      |
| Return and retention rates | 100%   | 98.8%  | 100%   |

#### Family-care leave

|                    | FY2012 | FY2013 | FY2014 |
|--------------------|--------|--------|--------|
| Family-care leaves | 3      | 4      | 4      |





## Developing People

CSR Theme ②



### Remuneration

|                                  | FY2012     | FY2013     | FY2014     |
|----------------------------------|------------|------------|------------|
| Salary for 30-year-old employees | JPY317,250 | JPY320,430 | JPY323,890 |
| Highest                          | JPY327,300 | JPY334,000 | JPY332,100 |
| Lowes                            | JPY311,400 | JPY311,400 | JPY288,850 |
| Overtime payment                 | JPY45,380  | JPY55,831  | JPY62,509  |

\*College graduates and others hired during annual recruitment period

### Paid vacation

|              | FY2012 | FY2013 | FY2014 |
|--------------|--------|--------|--------|
| Days granted | 20.0   | 20.0   | 20.0   |
| Days taken   | 18.1   | 17.8   | 18.3   |
| Ratio        | 90.5%  | 89.0%  | 91.5%  |

### Volunteer incentive program

|   | FY2012 | FY2013 | FY2014 |
|---|--------|--------|--------|
| Number of program users                           | 78     | 100    | 79     |
| Long-term leaves                                  | 0      | 1      | 1      |
| Dispatch of Japan Overseas Cooperation Volunteers | —      | —      | —      |



## Developing People

CSR Theme 2



### The KOMATSU Way

#### The KOMATSU Way

The KOMATSU Way is a statement of values that all workers in the Komatsu Group, including those at every level of management, should pass down in a lasting way at their workplaces. By holding these values in common, employees of the Group can build global teamwork that transcends nationalities and generations to amass and fortify the Group's workplace (gemba) capabilities—the dynamism of all workers and the entire organization—plus the ability to improve their own workplaces. This in turn enhances quality and reliability, heightening the trust given to the Group by society and all stakeholders.

#### System and Status in FY2014

The KOMATSU Way is based on the corporate strengths that Komatsu has cultivated over time. To disseminate the KOMATSU Way to Group companies across the world, focusing around the KOMATSU Way Global Institute, Komatsu is conducting various dissemination and human resource development activities.

We deepen the employees' understanding and comprehension of the KOMATSU Way by applying it to their training and setting up opportunities for exposition and group debate. Regular sessions are convened at workplaces to explain this way of thinking and have employees relate stories of their own experiences so that communication between different generations is stimulated, which allows for this knowledge to be handed down and rooted in the younger generation. To promote the KOMATSU Way at Group companies outside Japan and help this foundation take root, Komatsu has made the KOMATSU Way easy to understand and relevant to local conditions, while being mindful of the differences among customs and cultures.

Furthermore, by utilizing ICT (Information Communication Technology), Komatsu employees all over the world can browse KOMATSU Way-related information through a global portal site. Every month, the "K-Way.net" is sent out, which posts KOMATSU Way analects, expositions and employee stories of actual experiences relating these topics.

In 2011, Komatsu distributed a revised edition of the KOMATSU Way to all Group employees. The edition had been revised to make the established values and way of thinking more comprehensible by increasing the number of case studies. It also introduces Komatsu's approach to brand management with the concept of increasing trust and developing our relationship with customers, which is to say we fill an irreplaceable role for them so that we will always be chosen as their partner.



## Developing People

CSR Theme 2

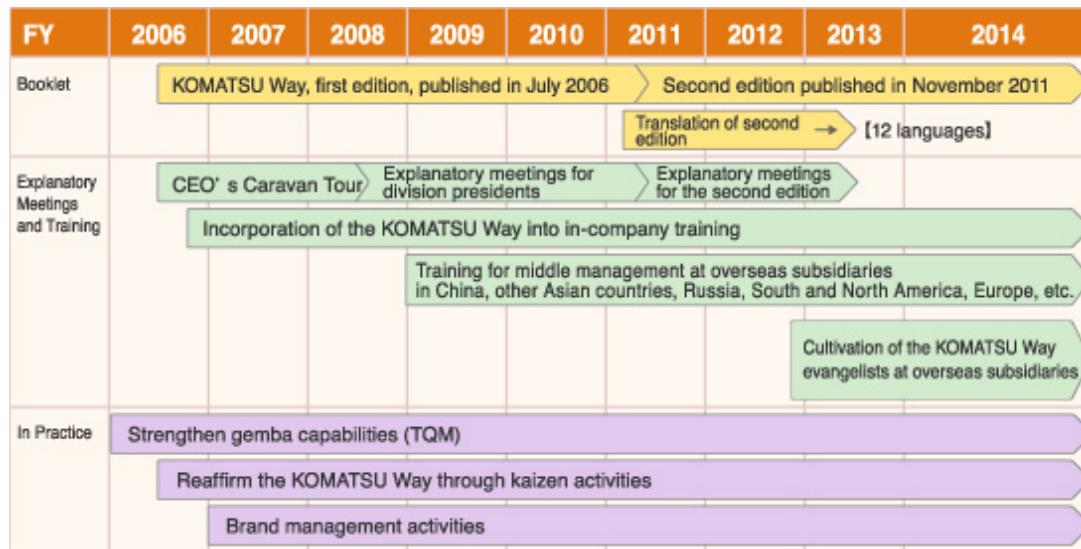


In 2014, we launched activities to cultivate KOMATSU Way leaders, or evangelists, at our overseas subsidiaries. We are expanding our efforts to further encourage the adoption of the KOMATSU Way by cultivating human resources who can lead and disseminate the KOMATSU Way in addition to relying on top and middle management.

In order to increase the workplace (gemba) capabilities of all employees worldwide, in addition to the long-standing TQM (Total Quality Management: comprehensive quality control), we are conducting training to upgrade specific technical skills, expertise and management skills in all areas. In addition, to exercise newly acquired knowledge and skills, we hold debriefing sessions for improvement activities at each level and promote practicing guidance. We are enhancing the skills of individuals, and improving organizational ability and cohesiveness with global teamwork by continually developing human resources in order to have a business framework that can respond quickly to changes in environment.

### DATA

#### The KOMATSU Way—History of Dissemination Activities





## Developing People

CSR Theme 2



### Employee Training Structure

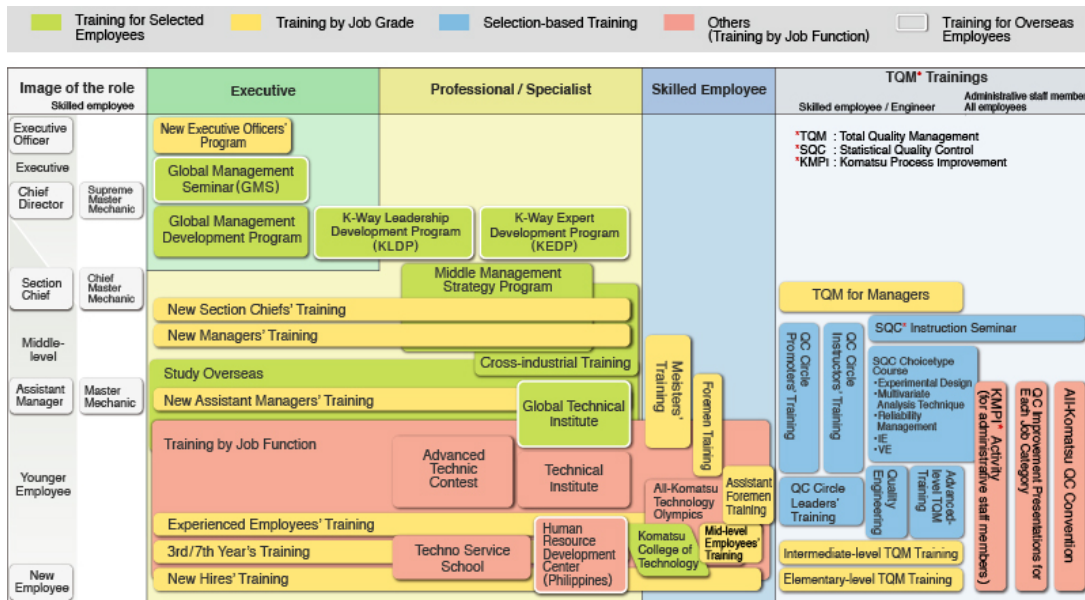
#### Approach and Goals

Komatsu strives for the sustainable growth of both the company and employees through human resource development. Our policy is that each employee should set high goals and be self-reliant and self-motivated in acquiring knowledge and skills and that the company should support employee career development through the implementation of necessary education for both the company and employees in a focused manner.

While fulfilling the education of professionals in a variety of fields, the company also supports the acquisition of knowledge and skills at every level at the company. Regular explanatory sessions and discussions are convened at Group companies to disseminate the KOMATSU Way and incorporate it into human resource development around the world at each level of the company hierarchy, as well as to allow this knowledge to be handed down to younger generations.

#### System and Status in FY2014

##### Training Structure





## Developing People

CSR Theme ②



### DATA

#### Employee Training

|                       | FY2012     | FY2013     | FY2014     |
|-----------------------|------------|------------|------------|
| Average hours per FTE | 23.2       | 96         | 98         |
| Average spent per FTE | JPY312,000 | JPY215,000 | JPY229,000 |

\*Non-consolidated data for Komatsu Ltd.



## Developing People

CSR Theme ②



### Strengthening Our Gemba Capability

#### Enhancing the Technical Capability of Our Manufacturing Workplace

##### Systems and Status in FY2014

Globalization of Komatsu's production organization is progressing and the manufacturing workplace requires a high level of technical capability. We have designated the third Saturday of every October as "Technical Day" and hold all-Komatsu technical competitions on this day. Participants include employees from overseas subsidiaries and business associates, whose aim is to maintain and improve the Komatsu Group's technical capabilities by mutually dedicating themselves to their studies.

In addition, Komatsu established the Meister system for passing down technical capabilities from the production site in FY2006. Techniques and skills that merit handing down are divided into 9 fields of 15 capabilities, and a First Meister is certified for each capability.

Under Komatsu's Mother Plant System, production plants with product development capability are positioned as Mother plants, which are responsible for overseeing the safety, quality, cost and delivery of overseas Child plants that produce the same products. Meisters are certified for their high level of proficiency in specific technical areas and dedicate their time to guiding and nurturing engineers at plants in Japan as well as at overseas Child plants.

Komatsu is also enthusiastically conducting improvement activities. Every year on the third Saturday of November, we hold the all-Komatsu quality control competitions, and similar to the technical competitions, many people from overseas subsidiaries and business partners in the supply chain participate.

##### DATA

|                                 |                        | FY2012               | FY2013               | FY2014               |
|---------------------------------|------------------------|----------------------|----------------------|----------------------|
| All-Komatsu Technology Olympics | Number of participants | 211                  | 203                  | 225                  |
|                                 | From overseas          | 50<br>(10 countries) | 49<br>(11 countries) | 50<br>(11 countries) |
| All-Komatsu QC Competition      | Number of teams        | 78                   | 76                   | 79                   |
|                                 | From overseas          | 25<br>(13 countries) | 21<br>(11 countries) | 23<br>(12 countries) |
| 23 (12 countries)               |                        | 41                   | 41                   | 40                   |



## Developing People

CSR Theme 2



### Services Personnel Human Resource Development

#### Building a Structure Centered on the Department for Promotion of Distributor HR Development

The services personnel, who support our customers with the operation of our products that they have purchased, play a very important role in Komatsu's "Quality and Reliability." Komatsu puts a lot of effort into the human resource development of our distributor services personnel all over the world. We have two training programs for services personnel human resource development: internal human resource development for services support and distributor human resource development.

We have created an internal training program called "Product Support College" for training our Japanese staff, and the Komatsu Human Resource Development Center for training essential personnel who will be working at future mining sites, and conduct planned training within departments and at overseas sites by rotation.

Distributor human resource development, depending on the content, will be created or supported by the head office, and for the basic courses on products and services, Komatsu provides the curriculum and training materials and conducts the training on site (at the local company and distributors). We also provide advanced courses by inviting senior managers and mechanics to Japan to conduct the training, and technical training provided by the local company's training center (mother training center) for more specialized training. We track each type of training via the LMS (Learning Management System) to continue making sure that we can see and fortify the services personnel's human resource development.

For places that do not have a training system at the distributors, or if there is an urgent need for human resource development, Komatsu finds ways to efficiently develop human resources, such as by establishing a training center in Africa and working with local schools in Russia, Brazil and China to start a construction equipment training course.

To further strengthen our distributor human resource development, in April 2014 we created the Department for Promotion of Distributor HR Development at the Komatsu Head Office. We intend to continue developing our structure for providing long-term support to our distributors by clearly establishing our global development structure and performance appraisal standards in areas such as marketing, parts and services and by offering varied training systems and programs.



## Developing People

CSR Theme 2



### Training Centers around the World

Komatsu has 19 training centers in 17 countries.

Centers on the map in orange boxes are Mother Training Centers, which handle specialized training including for distributors in other regions.







## Developing People

CSR Theme 2



## Brand Management Initiatives

### What are Brand Management Initiatives?

#### Become Invaluable to Our Customers, who Both Create and Assess Our Corporate Value

Komatsu embodies this concept in our statement that “our corporate value is the total sum of trust given to us by society and all stakeholders.” We have made raising the company's corporate value the basic stance of management. If we group our various stakeholders into those who create corporate value and those who evaluate corporate value, the former role would fall to employees, business partners, and sales and after-sales service agents, and the latter would include society, shareholders, investors and the media. As we see it, only our customers take on both of these roles. Customers create and assess our corporate value and feed the result back to us. “Heightening the trust placed in us from our customers” was then defined as “increasing the degree to which our company is indispensable to our customers and as a result continues to be selected as the partner of choice.” Initiatives in this regard for brand management activities have been underway since 2007.

#### Realizing Our Customers' Vision and Mission “from the Customer's Perspective”

Komatsu's basic policy regarding brand management activities is “from the customer's perspective.” People often think that marketing activities are about ways to differentiate one's products from those of competitors, and about positioning oneself in the market. However, this is not the case. Acting from the customer's perspective refers to the ideal and the mission of discovering what customers want and of responding to these needs.

To realize this, we are engaged in activities designed to develop and improve our own management resources and capabilities on an ongoing basis. In the past, these initiatives tended to rely on experience and intuition, but in the context of Komatsu's brand management activities, we are now using a variety of tools and methods to develop case studies and accumulate know-how to pass on to the next generation.



## Developing People

CSR Theme ②



### Recent Activities and Future Plans

When we began in FY2007, the scope of our activities was limited to Japan, North America, Chile, South Africa and Australia. By FY2013, we had expanded these activities to include China, Southeast Asia, Europe, Brazil, Oman, the Commonwealth of Independent States, and the forestry business. In FY2011, we declared our approach as the KOMATSU Way of relating to customers by compiling the “KOMATSU Way of Brand Management.”

In FY2014, we sought to raise the standard of the comprehensive strengths of our distributors, overseas subsidiaries and Komatsu by holding Brand Management Meetings in Japan, Europe, Russia and North America, and Brand Management Conventions in Japan, China and the English-speaking regions. We also published a leaflet to more broadly build understanding and share best practices.

The idea is not simply to raise sales and profits and increase market share in the short term, but instead to use these activities to interact with customers and heighten customer trust by visiting their workplaces, while at the same time improving the skill levels of our employees and strength of our organization.



## Growing with Society

CSR Theme ③



### Key Activities under the CSR Theme

- Engaging in dialogues with our stakeholders
- Strengthening our corporate governance and compliance
- Promoting compliance with environmental, labor, human rights and social norms within the Group and among business partners



### Action Areas, Basic Policies and FY2014 Results

| Action Areas   | Basic Policy and Approach  |
|--|--|
| <ul style="list-style-type: none"> <li>▣ Communication with Stakeholders</li> </ul>  | We strive to build and maintain long-term relationships of trust by creating opportunities to accurately disclose information in an appropriate, timely and fair manner.               |
| <ul style="list-style-type: none"> <li>▣ Compliance</li> </ul>   | We place top priority on compliance by ensuring that all employees fully understand and comply with business rules while promoting structural improvements.                            |
| <ul style="list-style-type: none"> <li>▣ Risk Management</li> </ul>  | We engage in a Group-wide risk-management effort by adhering to our basic policy for ensuring business continuity and stable development.  |
| <ul style="list-style-type: none"> <li>▣ Corporate Governance</li> </ul>   | To ensure appropriate corporate governance on a consolidated basis, we strive to establish and maintain an internal control structure that complies with related laws and regulations. |
| <p><b>Together with Business Partners</b></p> <ul style="list-style-type: none"> <li>▣ Support for CSR Initiatives of Business Partners</li> <li>▣ CSR Procurement Guidelines</li> </ul> | We have firmly established our CSR Procurement Guidelines and actively support the CSR initiatives of business partners.   |



## Growing with Society

CSR Theme ③



## Communication with Stakeholders

### Communication with Shareholders

Along with striving for high managerial transparency, Komatsu discloses information in a proper and timely manner through constructive approaches to investor relations around the world. On the same day that quarterly business results are announced, the company holds explanatory sessions in Japan for institutional investors and securities analysts and also releases this information on its website. Corporate representatives visit institutional investors outside Japan, primarily in the U.S. and Europe, to explain recent business performance and other critical information.

### Shareholders' Meetings

To furnish an opportunity to communicate with individual shareholders, Komatsu convenes shareholders' meetings in major cities in Japan two to three times annually, with top management explaining the company's performance and management strategy. In December 2014, we held meetings in Yamaguchi City, Yamaguchi Prefecture, and Matsuyama City, Ehime Prefecture, where the president and CEO explained the business environment and corporate performance. Many questions were raised during the Q&A session, which covered a wide range of topics, including Komatsu's management policy, promotion of women's careers, and social contribution activities. Since these meetings were launched in 1997, they have been convened 39 times, with about 11,000 shareholders participating to date.



Shareholders' meeting in Yamaguchi in December 2014



Shareholders' meeting in Matsuyama in December 2014



## Growing with Society

CSR Theme 3



### Plant Tours for Shareholders

Komatsu has been holding plant tours for individual shareholders to further deepen their understanding of the company. Tours were held over nine days at the Ibaraki Plant (Ibaraki) and Awazu Plant (Ishikawa), in September 2014, and at the Osaka Plant (Osaka) and Tochigi Plant (Tochigi), in March 2015.



Plant tour for shareholders at the Ibaraki Plant in September 2014



Plant tour for shareholders at the Awazu Plant in September 2014



Plant tour for shareholders at the Osaka Plant in March 2015



Plant tour for shareholders at the Tochigi Plant in March 2015

### Techno Center Tours

Komatsu offered Techno Center tours (Izu City, Shizuoka Prefecture) in August 2014 for two days for shareholders and their children or grandchildren. We demonstrated equipment such as dump trucks, hydraulic excavators and wheel loaders, and also provided tours during which visitors could observe machinery in operation so they could become more familiar with our products. Our employees also taught a science class. We plan to hold more tours in which families can participate in the future.



## Growing with Society

CSR Theme 3



Visitors watching a demonstration of construction machines and participating in a science class during the Techno Center Tours in August 2014.

### Meetings for Individual Investors

Komatsu holds meetings for individual investors to explain about our business and management strategies and to cultivate a deeper understanding of our company. In FY2014, these meetings were held in 11 cities in Japan.



Meetings for individual investors



## Growing with Society

CSR Theme ③



### Events for Shareholders in FY2014 (in Japan)

|                                   | Location                                    | Approximate Number of Participants |
|-----------------------------------|---|------------------------------------|
| Shareholders' Meeting             | Yamaguchi (Yamaguchi),<br>Matsuyama (Ehime) | 300                                |
| Plant Tours for Shareholders      | Ibaraki, Awazu, Osaka and<br>Tochigi Plants | 470                                |
| Techno Center Tours               | Komatsu Techno Center<br>(Shizuoka)         | 130                                |
| Meetings for Individual Investors | 11 cities in Japan                          | 1,200                              |

### Communication with Employees

At Komatsu, the president convenes a “Meeting with the President” periodically at each business site in Japan. At these meetings, the president directly explains the business environment and related issues, and also takes part in a Q&A session held for employees and the top management. The content of these meetings, held at the head office in Tokyo, is simultaneously transmitted by TV broadcast to other business units in Japan and later published on the company intranet in English to share the information with Group employees around the world.

In addition, we launched an intranet bulletin board, entitled “Virtual Office of President,” in January 2014 to share with employees around the world the questions and answers exchanged during the Meeting with the President. The site is updated each week with new questions, and as of March 31, 2015 a total of 88 questions on specific topics, along with the president's answers, explanations and messages to employees, have been published in Japanese and English.



# Growing with Society

CSR Theme ③





A Meeting with the President held at the head office on the day after the earnings announcement in April 2015



“Virtual Office of President” on the intranet

## Communicating with the Local Community (Efforts in Japan)

We regularly open our plants to the public and hold various events during “Plant Fairs” to cultivate an understanding of our business among local residents. The events were held at seven plants in FY2014 and were attended by about 66,400 people.

| Date         | Plant               | Number of Visitors (approx.) |
|--------------|---------------------|------------------------------|
| May 25       | Ibaraki Plant       | 8,000                        |
| July 19      | Kanazawa Plant      | 8,000                        |
| August 24    | Awazu Plant         | 18,000                       |
| September 20 | Koriyama Plant      | 7,000                        |
| October 26   | Oyama/Tochigi Plant | 12,000                       |
| October 26   | Shonan Plant        | 6,400                        |
| November 9   | Osaka Plant         | 7,000                        |





# Growing with Society

CSR Theme ③



Ibaraki Plant



Kanazawa Plant



Awazu Plant



Koriyama Plant



Oyama/Tochigi Plant



Shonan Plant



Osaka Plant



## Growing with Society

CSR Theme ③



## Compliance

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### Promoting Compliance

Following the principle that compliance is a top priority, Komatsu will ensure that it fully understands and complies with business rules while promoting structural improvements.

#### Frameworks for Promoting Compliance

To make certain that the entire Komatsu Group complies with the rules of the business community, Komatsu has appointed at the head office an executive officer in charge of compliance and established the Compliance Department to handle this issue exclusively. The Compliance Committee, chaired by the president and CEO, deliberates the Group's action policies and important issues while regularly reporting the state of compliance-related activities to the board of directors.

#### Komatsu's Worldwide Code of Business Conduct

The company has formulated Komatsu's Worldwide Code of Business Conduct (established in 1998 and revised eight times to date) as a compilation of best business practices to be observed by officers and employees of Komatsu Group companies around the globe. The code addresses items such as free and fair business practices, appropriate relationships between the company and its employees, endeavors for the global environment, the handling of information, and the establishment of an internal control structure. The text of the code has been released to the public in its entirety. Komatsu considers CSR as a key responsibility and Komatsu's Worldwide Code of Business Conduct clearly conveys its policy of giving full weight to CSR. The pillar of Komatsu's compliance activities is based on constant repetition of the following process, outlined in the Code of Worldwide Business Conduct: (1) Formulate and revise the Code, (2) Implement the Code, (3) Determine the Code's current status, and (4) Address inadequacies.

**Komatsu's Worldwide Code of Business Conduct is available on the Komatsu website.**



## Growing with Society

CSR Theme ③



### Process for Compliance Activities

#### (1) Formulate and revise the Code:

Formulate the Code as a foundation for compliance activities and revise the Code (currently in its ninth edition) as required to reflect social change.

#### (2) Implement the Code:

Implement the Code through education that corresponds to employee rank and their respective duties, and by communicating information in accordance with the Code.

#### (3) Determine the Code's current status:

Determine the level at which the Code is being applied by having all business units regularly report on their use of the Code and by conducting audits and enhancing Komatsu's internal reporting system.

#### (4) Address inadequacies:

Any issues identified during the above activities will be addressed in accordance with the Code and preventive measures will be implemented.

### Upholding Thorough Compliance

So that employees remain continuously aware of compliance, the Group is working to raise their consciousness of best business practices by displaying in every Komatsu Group business unit posters listing The Five Principles of Compliance, a condensed version of Komatsu's Code of Worldwide Business Conduct. The Group engages in awareness-raising initiatives, with a page dedicated to compliance on its intranet as well as well-developed compliance-related education and training that corresponds to each employee rank and their respective duties. The Group strives to detect risks early and implement reforms at Komatsu business units and Group companies through monitoring during financial audits and compliance and risk audits. The monitoring covers compliance in highly important areas such as safety and environmental practices.

### Internal Reporting System

Komatsu has established consultation offices both internally at Komatsu Group companies and externally at law firms, collectively known as the Compliance Hotlines, to respond to consultations or reporting from Group company employees that pertain to best business practices or questionable actions. The Group actively encourages consultations and reporting through Komatsu's Worldwide Code of Business Conduct, the Five Principles of Compliance, and Group companies' workplace rules, making it clear that employees who use the system for appropriate reporting will not be treated unfairly in any way as a result of their action.

### Status in FY2014

No incidents of special note occurred during 2014.



## Growing with Society

CSR Theme ③



### DATA

#### 1. About Komatsu's Worldwide Code of Business Conduct

|                     |  |
|---------------------|--|
| <b>Established</b>  | January 1, 1998  |
| <b>Last revised</b> | April 1, 2014 (9th edition)  |
| <b>Languages</b>    | 15 languages<br>Japanese, English, Chinese, Spanish, Portuguese, German, Dutch, Italian, Swedish, Indonesian, Thai, Russian, Turkish, Persian, Tamil |
| <b>Distribution</b> | Global Group employees (more than 29,000)<br>The Japanese and English versions are published on the Komatsu website                                  |

#### 2. Compliance Education in FY2014

|  |                           |
|--|---------------------------|
| <b>Japan</b>   |                           |
| <b>Compliance education</b>                                      | More than 3,000           |
| <b>Code of business conduct education (including e-learning)</b> | More than 18,000          |
| <b>Overseas</b>  | Conducted at 24 companies |



## Growing with Society

CSR Theme ③



## Risk Management

The Komatsu Group recognizes all uncertainties that could threaten the Group's sustained growth as risks, particularly compliance issues, environmental issues, product quality concerns, accidents, and information security problems. The company has adopted the following measures to counter these risks.

### Basic Principles and Structure for Risk Management

- In addition to the basic policy for risk management to ensure business continuity and stable development, Komatsu has established Risk Management Rules to correctly recognize and manage risks.
- Komatsu has established a Risk Management Committee to devise relevant policies for the entire Group, review the risk management system, and evaluate and improve upon response measures in place for each risk, as well as to take control of risks when they arise. The committee regularly reports on its deliberations and activities to the board of directors.
- Komatsu will establish an emergency headquarters when serious risks occur and implement appropriate measures to minimize damage.

### Systems and Status in FY2014

#### Implementing a Business Continuity Plan for Komatsu

In order to quickly confirm the safety of employees and their families in the event of an accident or disaster, and to be able to continue or quickly restart important business operations, Komatsu has formulated a business continuity plan (BCP). In addition, at our head office buildings and all production plants, we assume the possible occurrence of earthquakes and conduct regular training so that in the event of a disaster everyone will be able to act quickly and appropriately. Furthermore, at our production plants, we are working on seismic strengthening for buildings and equipment, as well as reinforcement against damage from torrential rains, according to the production plant's plans. Also, in case of an outbreak or epidemic of a new type of influenza, we will establish a special committee and take appropriate measures. For our employees we have compiled a manual with information regarding preventative measures and what actions to take in case of infection, and we also provide training sessions to promote a thorough understanding of these measures.



## Growing with Society

CSR Theme 3



BCP initial response training at the head office



BCP training at the Ibaraki Plant



## Growing with Society

CSR Theme ③



### Promoting Risk Management throughout the Group

To reinforce the risk management structure across the Group, Komatsu is establishing channels for risk reporting, creating a risk management manual, and conducting BCP initial response training at the head office and the sales and service locations of each company in order to raise the level of risk management and response to disasters. Additionally, Komatsu is strengthening its Group-wide system for contacting employees during an emergency by introducing safety confirmation systems, broad-area wireless devices, and conducting regular training for safety reporting and communication.

### Conducting Compliance and Risk Audits

As a part of its risk management activities, Komatsu has been conducting compliance and risk audits (CR audits) since FY2008. These cover areas not included in the J-SOX audits, which are conducted in accordance with the Financial Instruments and Exchange Act of Japan to evaluate internal controls related to financial reporting and identify potential compliance risks within the company, with a particular focus on confirming and evaluating the status of legal compliance. Our internal specialist team conducts the internal audits at Komatsu and its Japanese and overseas affiliates, as well as at sites operated by independently-owned distributors.

The audited items are: 1. Safety; 2. Environment; 3. Labor; 4. Finance and Treasury; 5. Quality Assurance and Recall; 6. Vehicle Inspections and Specific Voluntary Inspections (inspections done on construction equipment, similar to vehicle inspections); 7. Export Control; 8. Information Security; and 9. Anti-monopoly Act.

Through these audits, we strive to raise the control and compliance awareness levels at each company and in every department. Going forward, we would like to improve our case-by-case audit method and raise the operational level of CR audits as a part of risk management functions.

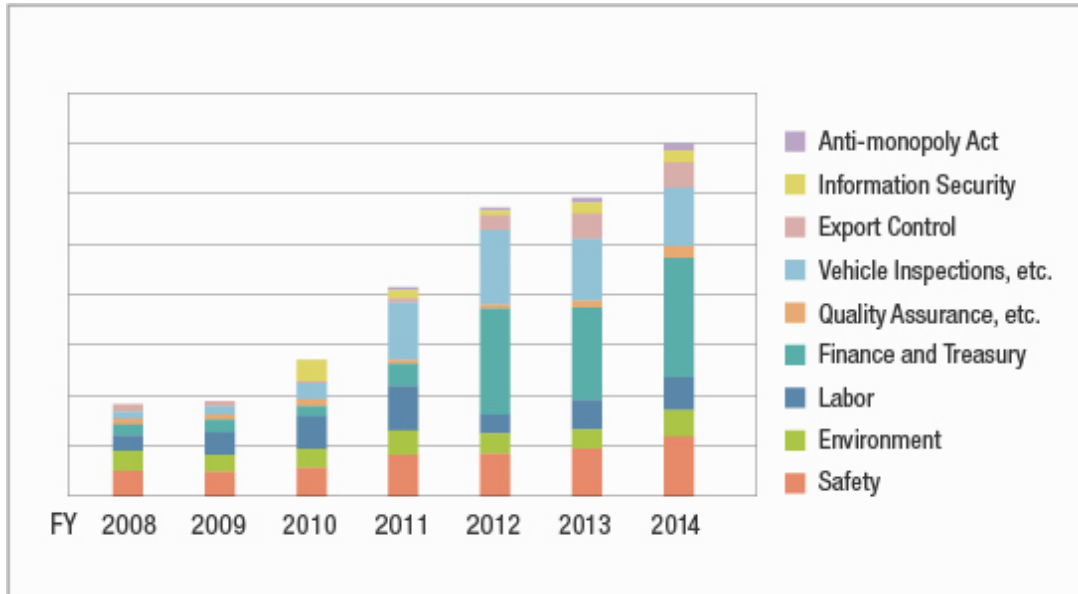


# Growing with Society

CSR Theme ③



## Implementation of Compliance and Risk Audits



## Strengthening Information Security







## Growing with Society

CSR Theme ③



Komatsu is developing an information security structure for the entire Group, placing the Information Security Committee at its center. As one sphere of this structure, the company distributes an Information Security Guidebook to all employees. In conjunction with this, it provides education and awareness-raising activities based on the Guidebook, with the belief that raising individual employee consciousness of information security is essential. The company is developing a structure to protect information from being falsified, leaked or lost, even in cases of negligence or outside intrusion. In addition, it is conducting information security audits to ensure that these measures are working effectively and to detect and address any problems.

### Human Right Management Issues

Komatsu signed the United Nations Global Compact in 2008. In an effort to apply its major principles for protecting human rights, Komatsu with the help of external experts conducted a human rights risk assessment for all of its construction/mining equipment and forestry machinery businesses worldwide in 2014, referring to the Universal Declaration of Human Rights and the U.N. Guiding Principles on Business and Human Rights.

The results showed that the degree of urgency for problems occurring is low, while the degree of effect if a problem does occur is moderate. They also pointed to the need for Komatsu to move beyond its current assessment efforts toward evaluating the activities of partner companies, such as parts suppliers and our network of distributors that provide products and services to our customers. In light of the results, we intend to continue implementing the necessary measures.



## Growing with Society

CSR Theme ③



### DATA

#### Record of BCP Training

| Date           | Business Site                | Content of Training                                     |
|----------------|------------------------------|---|
| September 2014 | Komatsu-no-Mori (Ishikawa)   | BCP initial response                                    |
| October 2014   | Business sites in Japan      | Communication training with broad-area wireless devices |
| October 2014   | Ibaraki Plant                | BCP training  |
| October 2014   | Komatsu NTC (Toyama)         | BCP training  |
| November 2014  | Head office                  | Safety reporting  |
| November 2014  | Head office                  | BCP initial response                                    |
| January 2015   | Techno Center (Shizuoka)     | BCP initial response                                    |
| March 2015     | All Group companies in Japan | Safety reporting  |
| March 2015     | Toyonaka Office (Osaka)      | BCP initial response                                    |
| March 2015     | Business sites in Japan      | Communication training with broad-area wireless devices |

#### Employee Education (Information Security)

| Name of Course                                      | Target  |
|---|---|
| e-learning Information Security (Basic Course)      | All employees who use PCs at work                             |
| e-learning Information Security (Management Course) | All managers (line managers such as GMs and section managers) |



## Growing with Society

CSR Theme ③



## Support for CSR Initiatives of Business Partners

Our business partners, who are suppliers of materials, parts, and components, are important partners that support Komatsu's manufacturing. Komatsu believes that engaging in CSR procurement will contribute to our business partners' expansion and therefore endeavors to do so in cooperation with our partners.

### Approach and Policy

#### Komatsu's Procurement Policy

Komatsu's basic policy is to produce a product in the area where there is demand for it. Out of the 39 plants that manufacture construction and mining machinery, 27 are located outside of Japan. In following with the manufacturing of machinery at an overseas plant, we are actively working on procuring parts and materials from the same area. Aside from engines and main components that are shipped everywhere in the world from Japan, and a few specific parts that are only supplied by specialized manufacturers, the overseas plants are on their own in terms of procurement, to promote local and optimal procurement for parts such as sheet metal.

#### CSR Procurement Guidelines

In 2011 we formulated the CSR Procurement Guidelines, which lay out key compliance and CSR information for all our business partners. We have posted the guidelines on our Japanese and English websites and are now making sure that our partners are aware of this information.

#### Coverage of the CSR Procurement Guidelines



The guidelines are available on page 102.



## Growing with Society

CSR Theme ③



### Midori-kai and the State of Our Support of the Organization in FY2014

#### Komatsu Midori-kai

Komatsu Midori-kai is an organization made up of our business partners, with 164 member companies in Japan, out of which the procurement amount is approximately 75% of domestic purchasing goods. At the regular meetings, where the management members of each company are present, such as the general assembly, general meetings and New Years' special meetings, Komatsu's top executives explain our policies, emphasize the importance of CSR management and request that awareness be raised in regard to CSR management. In North America, Europe and China, there are Midori-kai organizations made up of Komatsu's major business partners. We hope that these chapters will take advantage of the characteristics of each region to further expand their business activities.

#### Support to Member Companies

Komatsu supports Midori-Kai member companies in a variety of ways. Support activities during FY2014 are described below.

#### Environment

We are making certain certifications, such as ISO14001 and Eco Stage, mandatory, and directing and supporting efforts to obtain these certifications. In our efforts to reduce electricity consumption, we set a target for reducing electricity consumption by at least 15% from 2010 levels. We are also working to reduce energy consumption among business partners, focusing on implementing Komatsu's initiative (as part of our production system reforms) to reduce electricity consumption by 50% across our business partners.

#### Safety

We have implemented the Japan Industrial Safety and Health Association's Small and Medium-sized Enterprises Occupational Health and Safety Assessment for 97 companies, with Komatsu bearing the cost of the assessment fees, to request that each company increase the level of safety on their sites. In addition, we opened safety training centers in each Komatsu plant that our business partners can use so that their employees can experience simulated workplace hazards and be trained to anticipate dangerous situations.

#### Personnel Development

To develop young top management at our business partners, we hold "Management Salons" as occasions for Komatsu management and young top management to exchange views. With this approach we intend to develop "win-win" relationships with our business partners while aligning our respective management policies and implementing PDCA cycles. Furthermore, we select model companies as part of our efforts to support our business partners in overall improvement and advance their technological resources by capitalizing on Komatsu expertise toward strengthening their organizational capabilities.



## Growing with Society

CSR Theme ③



Management Salon



Activity promoting improvements in technologies

### Sharing Best Practices

We categorized Komatsu Midori-kai member companies by product item into five groups. Each company selects themes, such as safety, the environment, and advanced element technology, and then takes part in kaizen (improvement) activities in collaboration with Komatsu.

Information on best practices is shared by all members in the group.

In the area of safety, business partners emulate the strong points of other companies and keep an eye on each other to identify and respond to any problems that may arise.



### Management System

#### Checking System for New Business Transactions and Agreements

Komatsu uses a check sheet before it starts doing business with a new supplier, not only to confirm basic conditions related to quality, cost and delivery, but also to verify their efforts in environmental protection and employee education.

To conduct a business transaction in accordance with the CSR Procurement Policy, our basic agreement includes clauses pertaining to environmental protection and compliance.



## Growing with Society

CSR Theme ③



### Risk Management Prepared for Occurrence of Natural Disasters

Komatsu is strengthening its risk management system for procurement. Since FY2012, we have conducted assessments in Japan so that we can quickly determine the status of partner companies in the event of a disaster such as an earthquake or tsunami, and be able to continue procurement activities without delay, to minimize the effect on production. We input the location and production content for each of the over 20,000 sites of all our partner companies to create a database for “visualization,” and assessed the degree of risk. In addition to considering prevention measures for each partner company that have higher levels of risk, the procurement staff will be able to consider risks from this aspect when considering new agreements, so that we can heighten the accuracy of the information. In the event of an emergency, we will dispatch security personnel from our plant to our partner companies—as we did following the Great East Japan Earthquake—to help support speedy production recovery.

### Conducting Audits

Komatsu is striving to raise awareness of CSR among its business partners through safety, environmental and compliance audits.

## Policy and Actions Regarding Conflict Minerals

Komatsu has adopted a policy of not using conflict minerals produced by the Democratic Republic of Congo (DRC) or its neighbors (Angola, Central African Republic, Republic of the Congo, Rwanda, Southern Sudan, Tanzania, Uganda and Zambia) from our corporate social responsibility perspective.

During the regular meetings we hold with our suppliers at each Komatsu plant in Japan, we explained this policy as well as Komatsu's response to the conflict minerals issue and related requests to our suppliers. With the cooperation of suppliers, we conducted a country-of-origin survey to determine the location of origin of the conflict minerals we use.

Looking ahead, we will continue taking steps to prevent the use of conflict minerals from the DRC and its neighbors and thereby restrict funding for military groups. We will immediately discontinue any use of conflict materials that we discover.



## Growing with Society

CSR Theme ③



### Other Initiatives

#### Awareness Campaign for CSR Procurement

As an ongoing effort to raise awareness of CSR, Komatsu has been introducing CSR case studies since May 2011 through its bimonthly CSR newsletter on its website, which is available for all suppliers for the Komatsu Group in Japan.

#### Procurement Education in Human Resource Development

Komatsu conducts employee training at every level, from new employees to managers, in the forms of group learning and e-learning, with a strong emphasis on safety, the environment and compliance.

### DATA

#### Business Partner Association Midori-Kai

|               | Number of Companies | Procurement Coverage |
|---------------|---------------------|----------------------|
| Japan         | 164                 | 75%                  |
| North America | 39                  | 50%                  |
| Europe        | 47                  | 35%                  |
| China         | 61                  | 90%                  |



## Growing with Society

CSR Theme ③



## CSR Procurement Guidelines

### Komatsu Group CSR Procurement Guidelines : What we would like to ask our business partners in the supply chain

(Established on August 30, 2011)

#### 1. Operations for Sound Management

- 1) Build a system or operational structure designed to meet various risks.
- 2) Establish legal and transparent decision-making processes concerning management.
- 3) Conduct appropriate accounting procedures, tax filing and settlement of accounts.
- 4) Place importance on communication with stakeholders (customers, shareholders, business partners, employees, etc.).
- 5) Ensure that top management will be notified promptly when any abnormal condition develops and that your company will be able to promptly and accurately respond to the situation(s).

#### 2. Thorough Enforcement of Compliance

- 1) Engage in business operations while complying with the laws and regulations as well as the rules of the Business Community of the host countries and regions.
- 2) Develop a corporate climate under the leadership of top management, which places top priority on compliance.
- 3) Build up compliance-responsive operations, according to the scale and characteristics of your company, designed to prevent your company, executives or employees from wrongdoings and to respond to any compliance-related problems promptly when they occur.

#### 3. Product Safety, QCD and Technology Innovation

- 1) Comply with the laws and regulations concerning product safety and deliver products and services which will offer safety and peace of mind to customers.
- 2) In addition to maintaining the quality and cost competitiveness of products and services which your company delivers to customers, stand by the agreed upon date of delivery and supply your products in a stable manner.
- 3) Establish quality control operations.
- 4) Constantly engage in technology development and provide innovative, safe and environmental-friendly products and services.





## Growing with Society

CSR Theme ③



### 4. Considerations for the Environment

- 1) Continue efforts to reduce environmental impact resulting from business operations.
- 2) Appropriately manage chemical substances contained in products.
- 3) Build up environmental management systems such as the ISO14000 series and "Eco Stage."

### 5. Measures to Respect Human Rights, Appropriate Labor Conditions and Occupational Safety and Health

- 1) Respect human rights.
- 2) Never get involved, directly or indirectly, in any child or forced labor.
- 3) Create a work environment where there is no discrimination or harassment in any aspect of employment.
- 4) Build up an occupational safety and health operational structure under the leadership of top management and create a work environment where all employees can work in safe and healthy conditions.
- 5) In addition to establishing a fair and just personnel system, pay attention to human resource development and employee education as well.
- 6) Give consideration to improving communication between top management and employees.

### 6. Fair Business Practices

- 1) Comply with all related laws and regulations and engage in free and fair competition and business transactions.
- 2) Respect intellectual properties of other parties and work to prevent infringement thereof. Appropriately handle information (including personal information) of your company and other companies.
- 3) Never accept inappropriate cash, gifts or other favors.
- 4) Carry out proper foreign trade transactions (goods and technologies) while complying with the related laws and regulations.
- 5) Never have any relationship with antisocial forces or groups.

### 7. Social Contributions and Co-existence with the Local Community

- 1) Engage in social contribution activities based on your company's management principle(s) and support employees' volunteer activities.
- 2) Place importance on co-existence with local communities which is the foundation of your business, and proactively support the growth of local communities.

Note: These guidelines will be revised as needed.

## Social Contribution Activities



In addition to CSR activities through core business, Komatsu proactively carries out social contribution activities. Paying close attention to issues faced by local communities and due consideration to how Komatsu's strengths can be utilized to resolve them, the company takes and unique actions that are recognizable as its own.

### Key Activities under this CSR Theme

| Social Contribution Activities   |                 |  |   |   |                    |
|--|-----------------|--|---|---|--------------------|
| <b>Enhancing Quality of Life</b><br>Providing products required by society   |                 | <b>Developing People</b>   |   | <b>Growing with Society</b>   |                    |
| <ul style="list-style-type: none"> <li>Donating or offering free rental of equipment that is needed by society</li> <li>Conducting activities for energy saving, reducing environmental impact and enhancing safety</li> </ul> |                 | <ul style="list-style-type: none"> <li>Contributing to the development of local human resources</li> <li>Developing the next generation</li> </ul> |   | <ul style="list-style-type: none"> <li>Social contribution through core business (disaster relief, clearing anti-personnel landmines)</li> <li>Contribution to local communities</li> </ul> |                    |
| <b>Six Categories of Komatsu's Social Contribution Activities</b><br>(Komatsu's global social contribution activities are organized in these general categories)   |                 |  |   |   |                    |
| Development of local human resources   | Disaster Relief | Local Community Support  | Academic Studies and Academia-Industry Collaborations | Environment   | Culture and Sports |

### Categories, Policies and FY2014 Results

| Category   | Policy and Approach   |
|--|---|
| <b>Local Human Resource Development</b>  | Collaborate with local communities and customers to develop human resources required in each region.  |
| <b>Contribution to Local Communities</b><br><input type="checkbox"/> (Global Activities)<br><input type="checkbox"/> (Komatsu Head Office) | Conduct activities to support the resolution of issues in communities where Komatsu operates.   |
| <b>Disaster Relief</b><br>(Natural Disasters)  | Provide prompt support in response to disaster situations by using Komatsu's technical expertise and knowledge as a construction equipment company. |
| <b>Clearing anti-personnel landmines and reconstruction support</b>  | Clear anti-personnel landmines and implement a community development project in partnership with the Japan Mine Action Service (JMAS).              |
| <b>Activities by the Women's Judo Team</b>   | Continuously develop the activities of the Women's Judo Team.   |

## Social Contribution Activities



## Developing People Needed by the Community

When we asked ourselves: “What sort of social contribution activities would meet the needs of regional communities and make the best use of Komatsu's strengths?” we arrive at the answer: “developing people.” We are working in cooperation with several entities, such as national and local governments, as well as schools, to carry out human resource development programs that are tailored to each region's needs and enable participants to acquire skills that will open up employment opportunities.

### Various Areas and Forms of Support

#### Developing Human Resources Tailored to Regional Needs Worldwide

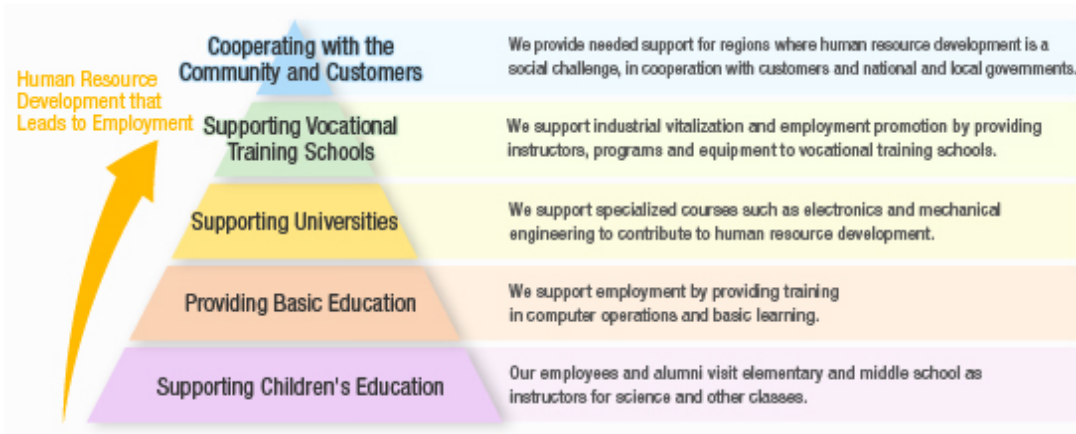
Using the know-how cultivated through our core business, Komatsu is supporting development of the kind of human resources that are needed, not only internally by our company, but for local communities.

Expectations for human resources can vary greatly from community to community. At Komatsu, as we do business on a global scale, we try to understand what each community needs and work on providing that support accordingly, in various areas and in different forms. The pyramid graph below shows the different areas in which Komatsu is supporting human resource development. It also shows that the closer you get to the top of the pyramid, the more closely linked the program is with Komatsu businesses. The base of the pyramid shows our active support of activities such as science classes in elementary schools, mainly in different parts of Japan, the U.S.A. and Europe. The next level up is to provide basic education, which is support given to people who cannot or were not able to receive the level of education necessary to find employment, due to circumstances specific to the country or region. We currently run such programs in Chile and South Africa. At the next level, we support universities and vocational training schools in many regions by providing Komatsu's curriculum and equipment, as well as instructors. At the top of the pyramid, we are working with national and local governments and with our customers to develop human resources, particularly in regions where human resource development is a social challenge.

The actual content of the support given includes Komatsu providing instructors and trainers; providing teaching materials, equipment and facilities; accepting apprentices; and various other means through which the daily cultivated know-how can be put to best use.

# Social Contribution Activities

## Support for Developing Human Resources



Providing instructors



Providing teaching materials and equipment



Providing facilities and supporting operations



Accepting apprentices

## Social Contribution Activities



### Activities in FY2014

#### Support for Developing Construction Machinery Operators in Liberia

In line with higher expectations for economic growth, there is a pressing need to develop construction machinery operators for required infrastructure improvements in the West African nation of Liberia. Although the country was severely affected by the spread of Ebola virus disease (EVD) in FY2014, Komatsu has been supporting the training of construction machinery operators at a facility that was jointly constructed by the Japanese government and the UN Industrial Development Organization (UNIDO) and opened in June 2014, just before EVD began to spread.

Before it opened, four instructors from the facility visited Japan in May 2014 to learn about basic operations and maintenance of construction machinery at Komatsu. After returning to Liberia, they had to wait until the spread of EVD was contained before getting back to work. During that time, they supported the construction of a sanitary facility in Monrovia, Liberia's capital, applying the skills they had acquired in Japan. In the meantime, Komatsu continued to support them, including by responding to their technical questions by email.

The construction machinery donated by Komatsu arrived in Liberia in April 2015. The machinery, alongside the expertise of the young instructors, is contributing alongside the cooperation of local dealers to the quality of training at the school, where the class has restarted. Komatsu will continue to provide its support with the cooperation of local distributors, including the training program itself, until the facility can be operated on its own.



Japan Heavy Duty Equipment Operator School (SHDEOS), opened in Liberia in June 2014



Training for instructors carried out at the Komatsu Techno Center in Shizuoka Prefecture

## Social Contribution Activities



The construction machinery donated by Komatsu arrived in Liberia in April 2015.

## Social Contribution Activities



## Community Based Social Contribution around the World—CSR Activities and their Background in India

Under its philosophy of “being a corporate citizen who is needed in the community,” Komatsu engages in social contribution activities in every part of the globe where it does business. The following report from India describes the efforts of Komatsu India Pvt. Ltd. in that country, one of the world's growing markets.

### Report from India



Report by:

Mr. Subramanian Srikrishn

General Manager, Human Resources & General Affairs Department  
Komatsu India Pvt. Ltd. (KIPL)

### CSR Activities and their Background in India

At Komatsu India Pvt. Ltd. (KIPL) we carry out social contribution activities under the CSR policy formulated in FY2007. Following the policy's formulation by the Komatsu head office, we revised it in 2010 and identified four priority categories: education, employment, social demands, and the environment. We conduct our CSR activities under these categories. Over this period, a major change occurred in the environment surrounding our CSR activities; the Companies Act was amended for the first time in 57 years. Under the amended act, passed in August 2013 and enforced in 2014, companies that meet certain conditions are required to conduct CSR activities.

The act specifically stipulates that companies must allocate at least two percent of their net income over the past three fiscal years to CSR activities in areas specified by the act. Companies are also required to establish CSR committees under their boards of directors, formulate policy, promote activities and disclose information. As for the background of this legislation, India is still facing very large social challenges in areas such as the environment, poverty and inadequate infrastructure, despite the rapid economic growth of recent years. It has been said that India is the first country to legally mandate corporate CSR activities.

## Social Contribution Activities



### Our Enhanced CSR System and Major Results of Activities in FY2014

Following the amendment to the Companies Act, KIPL enhanced its CSR system. The CSR Steering Committee consists of the president, who chairs the committee, and three directors. The committee is responsible for planning, overseeing the initiatives and selection of activities, determining the budget, and disclosing information about activities in the annual report. The CSR Executive Committee is responsible for the execution of the activities, with the company's Human Resources & General Affairs Department serving as the secretariat. This committee promotes concrete actions while reporting the results of these actions to the CSR Steering Committee on a quarterly basis.

### KIPL CSR Policy and Transition







**CSR Promotion Structure at KIPL**



**Results of Activities in FY2014**

|                          |   |
|--------------------------|---|
| Education and Employment | <ul style="list-style-type: none"> <li>• Provided welding technical support to a technical school.</li> <li>• Sponsored teacher development.</li> <li>• Welcomed student tours of the company.</li> </ul> |
| Social Demands           | <ul style="list-style-type: none"> <li>• Donated furniture, equipment and stationery following a request from a school.</li> </ul>  |
| Environment              | <ul style="list-style-type: none"> <li>• Conducted greening activities.</li> <li>• Installed solar panels.</li> </ul>   |



## Social Contribution Activities



### Supporting a Welding Training School

One of our major initiatives has been to offer technical support for welding at a local technical school. We have been providing this support since FY2008. Students aged 15 or 16 learn about the technology they will need to find a job. In addition to offering the required materials and equipment for the training, KIPL also dispatches two engineers, who provide about 300 hours of instruction each year. Moreover, we recruit excellent students upon their graduation. These efforts are steadily bearing fruit in terms of actual jobs, as evidenced by the significant improvement in the employment ratio of graduates.



Kakamuthu Educational Trust welding technical school in Chennai

## Social Contribution Activities



### VOICE



Mr. Chitti Babu  
President, Kakamuthu Educational Trust

Thank you for offering our students such a great opportunity. I would like to express my deep appreciation to KIPL management for their support. Komatsu donated funds to us so that we could purchase materials and equipment. With KIPL's support, we were able to buy a large quantity of welding electrodes and maintain a safe campus environment. The company also gave 30 books, notebooks and stationery to the students and invited them to a reading competition organized by KIPL. Two KIPL engineers visit the school twice a week to provide the students with technical training in 80 key technical categories. The company has also provided training materials for welding over the past three years.

Once again, I am deeply grateful for your support.



Mr. V. Suriya  
Student, Kakamuthu Educational Trust

I am grateful to Komatsu for offering me the opportunity to learn about welding technology at this school, including arc welding, oxy-acetylene welding, gas welding and cutting. Engineers at Komatsu visit us twice a week to teach us about welding technology and practices. I believe this training will be very useful in my future career.

### Activities in Coming Years

In recent years, people in India have developed high expectations for the social role of companies, particularly since corporate CSR activities have been mandated by law. At KIPL, we will steadfastly implement our current CSR activities while continuing to explore what more we can do, including initiatives outside the Chennai region.

## Social Contribution Activities



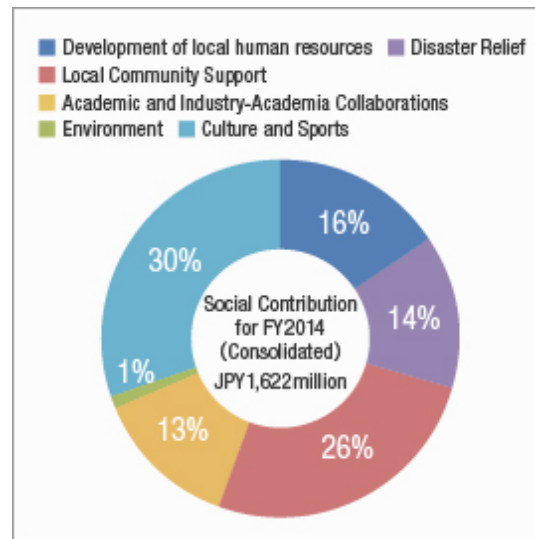
### DATA Summary of Social Contribution Activities in FY2014 (Komatsu, Consolidated)

#### Social Contribution Expenditures of the Komatsu Group

The social contribution activities in which Komatsu is involved can be divided into six main categories.

- (1) Development of local human resources
- (2) Disaster relief
- (3) Local community support
- (4) Academic and industry-academia collaborations
- (5) Environment
- (6) Culture and sports

The graph on the right shows the results of CSR activities by subsidiaries in Japan and overseas in FY2014.



## Social Contribution Activities



### Contribution to Local Communities in Japan

Each business unit of Komatsu is engaged in communication with their local communities and initiatives to address various social issues.

#### Opening Komatsu's Facilities to the Public

In addition to opening up its gymnasium, field, tennis courts and other recreational facilities, Komatsu hosts events to foster harmony and a spirit of coexistence with local communities.

#### Number of Users of Komatsu's Sports, Lodging and Meeting Facilities, etc., for the Year (in Japan)

| FY2012 | FY2013 | FY2014 |
|--------|--------|--------|
| 37,249 | 37,768 | 41,521 |

#### Kids' Tour of Working Vehicles at the Komatsu Techno Center

Twice a year, the Komatsu Techno Center in the city of Izu in Shizuoka Prefecture, Japan runs a Kids' Tour of Working Vehicles, which allows the children to come into direct contact with large construction equipment.

Through this tour Komatsu hopes to foster children's dreams and furnish an opportunity for parents and children to play together, thereby encouraging a deeper understanding of construction equipment and Komatsu's corporate ideal.

#### Number of Participants in the Kids' Tour of Working Vehicles

| FY2012 | FY2013 | FY2014 |
|--------|--------|--------|
| 1,492  | 1,302  | 1,254  |



**Developing the Next Generation in the Komatsu-no-Mori**

The Komatsu-no-Mori (“Komatsu Green Park”) opened in Komatsu City, Ishikawa Prefecture in May 2011 to celebrate Komatsu's 90th anniversary. In addition to offering opportunities there for children to experience mechanical technologies and become more familiar with science, Komatsu transformed a section of the park into a re-created “satoyama” woodland and provides a space for children to observe nature, including how plants grow. As of October 2014, a total of 200,000 people have visited the park.

**Number of Komatsu-no-Mori Visitors**

| FY2012 | FY2013 | FY2014 |
|--------|--------|--------|
| 43,524 | 49,196 | 62,671 |

## Social Contribution Activities



Teaching how to grow flowers to kindergarten students

### Supporting the Agriculture and Forestry Industries

Komatsu City in Ishikawa Prefecture is the birthplace of Komatsu. The Company supports the local agriculture and forestry industries there to contribute to maintaining the community's vitality.

#### (1) Improvement of Agricultural Land and Promotion of Direct Seeding Using Intelligent Machine Control Bulldozers



Leveling work by an intelligent machine control bulldozer

Good quality rice is produced in Ishikawa Prefecture. In recent years, however, the profitability of growing rice has been significantly weakened in the wake of declining demand and falling prices. As one solution to this problem, Komatsu is working to improve agricultural land and reduce rice production costs, using construction machines in collaboration with the Ishikawa Prefectural Government.

Komatsu is striving to make the surface of rice fields high and evenly flat, using intelligent machine control bulldozers. Leveling the surface of rice fields results in more stable growth as well as improved yield and quality. Use of the technology also lowers rice production costs by shifting from the transplanting of seedlings to direct seeding.

## Social Contribution Activities



### (2) Use of Thinnings and Biomass Power Generation



Biomass boiler (Awazu plant)

Komatsu signed a partnership agreement with the Ishikawa Prefectural Government and the Ishikawa Prefectural Forestry Cooperative to process forest thinnings in the community into wood chips and has been effectively use them, thereby establishing a recycling system for the forestry industry and revitalizing the community.

At the Awazu Plant, Komatsu installed a biomass boiler that uses wood chips as fuel. The company has built an advanced co-generation system to efficiently use electricity and heat from hot water and is working to reduce plant energy consumption (electricity, gas and heavy oil) and CO2 emissions. Komatsu is also contributing to the revitalization of the local industry by commissioning the development of highly productive chip production equipment to local companies.

### (3) Shift of Local Agriculture to the “Sixth Industry” Model



Retort-packed curry made from tomato puree

The main agricultural products of Komatsu City are barley, tomatoes and carrots, and the city is required to increase the income of farmers by stimulating demand for these products.

Komatsu signed a partnership agreement with the Komatsu City Government and JA Komatsu City to shift the local agricultural business into a “Sixth Industry” model by incorporating the processing of barley, tomatoes and other produce into puree and various processed foods for sale. Komatsu applied its production expertise to review the puree equipment and successfully cut puree production costs in half by replacing the equipment with low-cost, commercially available equipment, enabling JA Komatsu City to turn the processing of puree into a business. Puree is being sold not only in local stores, but also through various sales channels, thereby further reinforcing the vitality of the local economy.



## Social Contribution Activities



### (4) Year-Round Cultivation of Tomatoes Using ICT-based Agriculture

While tomatoes are widely cultivated in Komatsu City, regional climate conditions limit harvests to the spring and autumn. Komatsu has collected environmental data



ICT-equipped greenhouse

(temperature, humidity, amount of sunlight and CO<sub>2</sub> concentration) from ICT-equipped greenhouses in collaboration with JA Komatsu City. This has allowed for visualization of previously unavailable data, which can be used to improve cultivation management. Komatsu will work to realize year-round cultivation using air conditioning with underground water, biomass boilers and other Komatsu technologies.

**Social Contribution Activities**



Special Story 3

**Disaster Relief for Flooding in Chile**

Early on Wednesday, March 25, 2015, a front of bad weather affected the north-central region of Chile, resulting in heavy rainfall in desert areas, overflowing rivers, landslides and severe flooding in cities and towns. That same day, the president of Chile declared a state of catastrophe and a health alert for three northern regions of the country, affecting a population of roughly 1,750,000 people.

Komatsu Cummins Chile Ltda. (KCC) responded to the situation and decided to execute its Disaster Relief Program, the activities of which the company has been continuing, as of June 2015. Here we report from an operational point of view on how these activities have been planned and implemented.



Cities and towns that typically see little rain suffered severe damage.



Report by:  
 Josefina Elissetche Correa (Left)  
 CSR Coordinator, Komatsu Cummins Chile Ltda. (KCC)  
 Karin Eggers Gutierrez (Right)  
 CSR Manager, Komatsu Cummins Chile Ltda. (KCC)



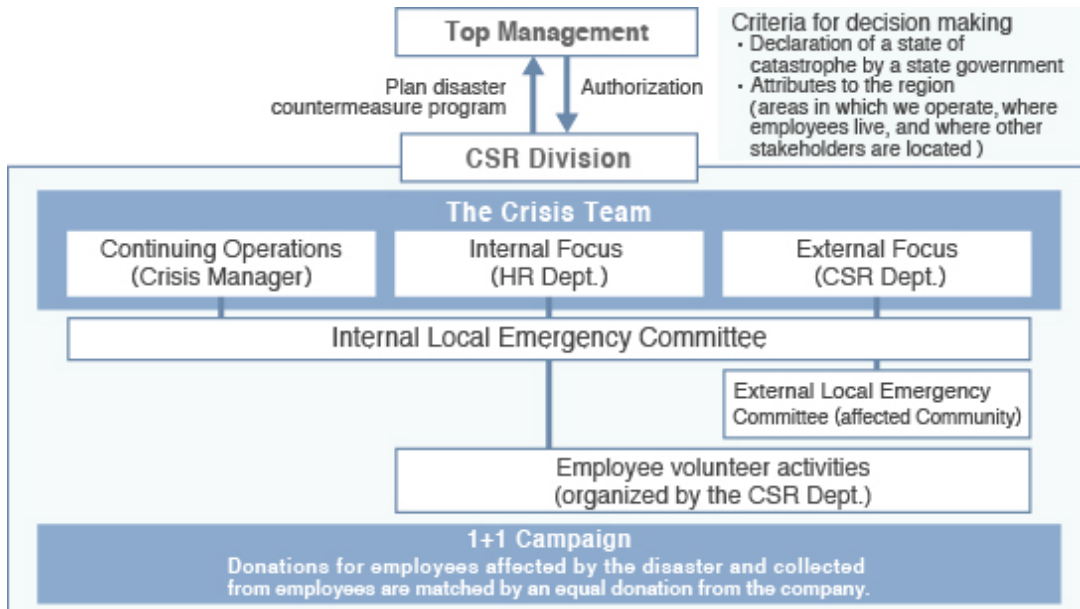
## KCC's Disaster Relief Response Framework

### Step 1: Activation of the Disaster Relief Program

The CSR Department validates authorization of the Disaster Relief Program activation. The criteria supporting this decision is:

1. The state has decreed a “state of catastrophe,” which corresponds to a constitutional “state of exception,” a legal mechanism to deal with situations of political or catastrophic abnormality, in order to safeguard the institutional stability and public order.
  - The catastrophe affects one of our “influence zones,” in which we have operations where a significant number of employees live or where we have strategic stakeholders.
2. Activating the crisis team is done by the corporate crisis management, general management, the CSR Department and HR management
3. The CSR Department activates the internal “1+1 Campaign,” which aims to contribute to the workers and come to the aid of people affected by the disaster, the donations from which are matched by the company. This campaign is valued by employees, who see them as opportunities for showing solidarity and support to those affected by the disaster.

### Framework of KCC's Disaster Relief Program



### Step 2: Gemba

After traveling to the affected area, the crisis team forms a local Emergency Committee, consisting of leaders of the business units affected.

## Social Contribution Activities



### Step 3: Implementation of Work Plans

| First Stage: Critical Days of the Emergency (First two weeks)  |   |  |
|--|---|--|
| Continuing Operations  | Internal Focus  | External Focus   |
| <p>- Crisis Manager delivers guidelines related to:</p> <ol style="list-style-type: none"> <li>1. Flexibility in working hours for the workers affected</li> <li>2. Ensuring normal operations of the branch offices in the affected area</li> <li>3. Monitoring the situation in regard to related tasks and activating emergency plans for operational continuity</li> </ol> | <ul style="list-style-type: none"> <li>- HR Department uploads information about the affected workers</li> <li>- HR Department delivers emergency kits with basic necessities</li> <li>- CSR Department organizes volunteer activities</li> </ul> | <ul style="list-style-type: none"> <li>- CSR Department activates the Disaster Relief Program, which aims to mitigate the effects of the disaster and bring in humanitarian work through the presence of our machines and our team</li> <li>- Gemba (visits to the site)</li> <li>- CSR Department supports the identified target town of Los Loros, commune of Tierra Amarilla, a zone of influence of our mining client Caserones of Lumina Copper, which is found within the area covered by our social plan with this mining company</li> <li>- CSR Department holds a meeting with leading authorities in the area as well as the affected community. Their short-, medium-, and long-term needs are identified, and roles and responsibilities are described</li> <li>- CSR Top Management validates the plan with deadlines, a budget and commitments that have been agreed upon</li> </ul> |

## Social Contribution Activities



- Supplies and support are delivered
- Machines are made available
- Volunteer Days are activated



The “Advance Party” visited the site on March 31, where an employee's house had completely collapsed.



In April 4th, the tenth day after the disaster struck, 30 employees were on site and cleaned the houses of employees who had been affected by the disaster.


### Second Stage: Second Stage of Disaster Relief

| Continuing Operations  | Internal Focus   | External Focus   |
|--|--|--|
| <ul style="list-style-type: none"> <li>- Crisis Manager delivers final report on operational continuity</li> </ul> | <ul style="list-style-type: none"> <li>- HR Department implements actions such as: support through the payment of a house for rent to 4 people who had lost their homes or their buildings were declared uninhabitable; a monetary contribution to workers who had lost all their basic appliances; flexible social loans; psychological support; donated money from the 1+1 Campaign</li> </ul> | <ul style="list-style-type: none"> <li>- Volunteer Days are held at the Hostel Los Loros, organized by workers of the Caserones Mine and Cerro Negro Norte Mine</li> <li>- Closing milestone: top management visit to Los Loros marks the completion of the “Plan of Work Equipment.” This event starts the normalization step.</li> </ul> |


# Social Contribution Activities



- CSR Department organizes volunteer activities



- On May 13, KCC's top management visited the affected area and talked with local customers and community.



Firefighters in an affected area with Jeffrey Dawes, CEO of KCC (center)

## Stage 3: Normalization

| Continuing Operations | Internal Focus   | External Focus |
|-----------------------|--|----------------|
| —                     | - Conduct employee volunteer activities focusing on children in an evacuation center<br>- Define the roles for full- fledged reconstruction efforts (determine the types of support wanted and the activities to be covered by the state government) |                |

## Stage 4: Rebuilding

| Continuing Operations | Internal Focus   | External Focus |
|-----------------------|--|----------------|
| —                     | Employee volunteer activities are scheduled (role of the state government is highly significant at this stage) |                |

### Step 4: Internal Communication (plan)

An internal communication plan is formulated to make visible what has been done, emphasizing recognition for those who have participated in the various volunteer activities of the Disaster Relief Program.



**Step 5: Closing of the Disaster Relief Program/Evaluation**

At the end of Disaster Relief Program, the process is evaluated and areas for improvement that can be incorporated in the program are discussed.

**What We Gained through the Activities**

**DATA**

|   |               |
|---|---------------|
| Volunteering hours*   | 2,759.8 hours |
| Total Volunteers  | 175 people    |
| Beneficiaries of KCC Support: internal workers, Los Loros and San Antonio communities | 2,749 people  |
| Total machinery hours*  | 3,423 hours   |

\*As of the end of June 2015

**Lessons Learned**

**Involvement of Top Management**

- Considering the impact from this kind of program (social and reputational impact) in different stakeholders, involvement of top management of the organization is fundamental.

**Coordination / Partnerships**

- Building an action plan for lifting Gemba needs is important, and is done in coordination with other entities and local authorities.
- Seek synergies and partnerships for cooperation with other stakeholders (e.g., clients) to thereby enhance the impact.
- Having a “rite of closure” with stakeholders is recommended, as this allows senior management to see the support provided by the company and offers an opportunity for the benefitted community to give thanks and also allows senior management to recognize Gemba leaders and volunteers involved in the program. The closing ceremony or “ritual” also helps those affected so that they can move toward the normalization stage.

**Communication**

- Accompanying the program with a plan of internal communication is important, as this makes visible the work that has been done, recognizes the workers who have volunteered, and allows the rest of the company to take pride in what has been undertaken.

## Social Contribution Activities



### Volunteer activities

- Besides having equipment at no cost, it is advisable to organize corporate Volunteer Days to enable the assistance to victims of the disaster or have labor for other activities necessary for overcoming the emergency, such as cleaning, sorting aid, and childcare support.
- Planning the Volunteer Days according to the requirements raised in Gemba is important, as emergency volunteers not having a task could be counterproductive (as well as the risk to which the volunteer is exposed). According to planning, assigning volunteers in teams of four people is suggested, with one leader in charge to provide a clear roadmap for each team.
- Assigning roles for a Volunteer Day is important, as well as having a team (or person) manage and oversee the timely delivery of materials or resources (food, tools, transportation, etc.) required for volunteers to work effectively.
- Training the volunteers prior to the intervention in the community is important in areas such as security, crisis intervention, basic principles of community relations, and a psychosocial description of the community that will be attended to. Vaccines are recommended for volunteers before going to the site, and hospitals as well as first aid centers have identified nearby, which are operational.
- Always maintain visibility and control over the related costs and expenses.

At the present, June 2015, the area affected by the flood in Northern Chile is gradually returning to normal in terms of basic services: Hospital infrastructure is almost 100% operational, potable water, sewage, and roads are 99% recuperated.

In terms of housing, in the month of June the construction of 664 emergency homes were finalized, of which 66 were built in Los Loros. During this month the Master Reconstruction Plan was announced by the Government. This plan will allow proper coordination of public policies to advance the delivery of definitive housing solutions to families affected by the disaster plan.

Our mining customer Caserones Lumins Copper has continued to support the Town of Los Loros, either through the debris removal; the channeling of the Copiapo River; carrying out work for the reconnection of the drinking water and sewer repair; and the delivery of basic kits (kitchen, dining room, bunk bed with mattresses, dishwasher, gas cylinder, among others) to families affected by the emergency.

July is scheduled to begin a new phase of community work together with our client Caserones, which aims to strengthen local school education in Los Loros.



## Social Contribution Activities



### Clearing Anti-Personnel Landmines and Reconstruction Support

Since 2008, Komatsu has partnered with the Japan Mine Action Service (JMAS), a certified NPO, to support demining activities in areas of Cambodia and Angola that suffer from damages caused by anti-personnel landmines, which also includes reconstruction work as part of this community development project. The demining machines and construction machinery, developed using our company's technical expertise and manufacturing knowledge, are being put to full use in this endeavor.

We demined about 1,000 ha of land in Cambodia and constructed 33 km of roads in seven villages, bringing the total number of operating hours for the machines and machinery introduced in 2008 to over 6,000 hours.



Komatsu's demining machine



Road construction



Construction of the sixth Komatsu elementary school was completed in March 2015.

At the Mabubas reservation in Angola, which has become a safe area due to demining, the city rebuilding plan is moving forward.

In Cambodia, construction of the sixth elementary school under this project was completed in March 2015. Currently, more than 400 elementary school children attend these schools. We help make the area a much safer place through demining and road construction to revitalize the regional industry and build elementary schools for future generations. These support activities, as contributions to peace and development, can only be provided by Komatsu



Visiting lecture at a senior high school

Komatsu employees visit schools in Japan to give lectures and share details about these activities with younger generations, from elementary school children to university students. After a lesson at a senior high school, one student commented that he had a clearer picture of what he should do to realize his dreams, while another said she wanted to find out how she could become a person who in some way contributes to society. We will continue to offer visiting lectures to inspire young people by example, helping them to take an initial step toward promising futures.

## DATA

### Results of Demining and Reconstruction Support Activities in Cambodia (Cumulative)

| Item                      | Results (Cumulative Total by FY2014) |
|---------------------------|--------------------------------------|
| Demined area              | 1,007 ha                             |
| Road construction         | 33km                                 |
| Schools constructed       | 6                                    |
| School children supported | 414                                  |

## Social Contribution Activities



### Promoting Sports—The Komatsu Women's Judo Club

Founded in 1991 as part of social contribution activities during the 70th anniversary of the company founding, the Komatsu Women's Judo Club is celebrating its 25th year. Since its establishment, a total of 82 athletes have participated in competitions worldwide. The club has actively engaged in teaching judo at home and abroad, and in welcoming foreign judo competitors, with the goal to develop and popularize this sport.

#### Results of Club Activities in FY2014

At the World Judo Championships held in Chelyabinsk, Russia in August 2014, Japan's athletes achieved significant victories, with Nae Udaka winning a gold medal (57 kg class), Miku Tashiro winning bronze (63 kg class) and Yuki Hashimoto placing seventh (52 kg class). Ruika Sato also participated (78 kg class). Lien Chen-Ling, a member of Komatsu's judo club competed as an athlete representing Taiwan and gave an outstanding performance (57 kg class).

Approximately 50 Komatsu employees based in Russia—mainly from Russian subsidiaries, Komatsu CIS and Komatsu Manufacturing Rus, LLC—came from Moscow and Yaroslavl to show support for the athletes.



Komatsu supporters at the World Judo Championships in Chelyabinsk

## Social Contribution Activities



During FY2014, all of the athletes entered competitions across the world, including in Ulan Bator (Mongolia), Tyumen (Russia), Incheon (South Korea), Glasgow (U.K.) and Düsseldorf (Germany), as well as in Tokyo, Yokohama, Fukuoka, Shizuoka, Amagasaki, Ageo and Chiba in Japan. Komatsu employees and their families based in the regions where these competitions took place went on to show their support for the athletes. This worldwide support of judo has contributed to both the popularization of the sport and a greater corporate awareness through global teamwork.

In terms of team achievement, the club won the women's section of the 64th Group Tournament of the All Japan Businessmen's Judo Federation, held in Fujieda City in 2014 to mark its tenth victory, and broke the record it achieved in the previous tournament. Since its establishment, the Komatsu Women's Judo Club has been training athletes from more than ten countries around the world. Athletes who have trained in judo at Komatsu have competed internationally, including at the Olympic Games in Athens, Beijing and London, and have won medals at world championships. It is our dream to one day see an athlete that had been supported by Komatsu competing against one of the Komatsu Women's Judo Club athletes at an Olympic Games.

## Social Contribution Activities



### Social Contribution Activities through Judo

The Komatsu Women's Judo Club has continued to coach the Komatsu Kids Judo Team at the Eitai Dojo (in Koto-ku, Tokyo), while also directing and coaching at judo classes in different places around the world, in order to popularize this sport and educate the next generation. Coach Mika Sugimoto has conducted classes in many locations across Japan.

In FY2014, Judo classes were held mainly in areas where Komatsu operates a production plant. The class in Yaroslavl, Russia was conducted for the fourth consecutive year and the one in China, held for the second consecutive year, took place in the Komatsu Judo Gymnasium donated by Komatsu in Jining, Shandong Province. Two coaches, Ayumi and Ikumi Tanimoto, who had been studying abroad, offered classes in France, the U.K. and Italy in addition to teaching judo and providing lectures in Calama City, a mining town in Chile, where they spoke with employees at Komatsu Cummins Chile in November.



China Shandong "Jining Komatsu Judo Gymnasium" Judo Class



Coaching Judo in Calama City, Chile

# Our Approach to CSR



## GRI G4 INDEX

Komatsu CSR Report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines. The table below shows "Core" indicators of GRI G4.


1. **General Standard Disclosures**
2. Specific Standard Disclosures: **Economic, Environmental, Social**

Contents  are included in CSR Report and  are included in Environmental Report.

Contents  are included in KOMATSU REPORT.

Contents  are included in Komatsu website other than the above.

### 1. General Standard Disclosures

| Aspects                | Indicators   | Description   | Reference   |
|------------------------|--|---|---|
| Strategy and Analysis  | G4-1   | Statement from chief decision- maker regarding organization's strategy  |  <a href="#">CSR Report: Message from Top Management</a>      |
|                        |  |   |  <a href="#">Komatsu Report: Interview with the President</a> |
| Organizational Profile | G4-3   | Name of organization  |  <a href="#">CSR Report: Corporate Profile</a>                |
|                        | G4-4   | Primary brands, products, and services  |  <a href="#">CSR Report: Corporate Profile</a>                |
|                        |  |   |  <a href="#">Company Info, Products and Applications</a>      |
|                        |  <a href="#">Company Info, Service and Solutions</a> |   |   |
| G4-5                   | Location of organization's headquarters  |  <a href="#">CSR Report: Corporate Profile</a>  |   |
| G4-6                   | Countries where organization operates, has significant operations, or is specifically relevant to sustainability                         |  <a href="#">Company Info, Global Operations</a>  |   |
|                        |  |  <a href="#">CSR Report: Strengthening Our Gemba Capability (Training Centers around the World)</a> |   |

## Our Approach to CSR



|       |   |  |  |
|-------|---|--|--|
|       |   |  | <ul style="list-style-type: none"> <li>▣ <a href="#">CSR Report: Social Contribution around the World</a></li> </ul>   |
| G4-7  | Nature of ownership and legal form  |  | <ul style="list-style-type: none"> <li>▣ <a href="#">CSR Report: Corporate Profile</a></li> </ul>  |
| G4-8  | Markets served  |  | <ul style="list-style-type: none"> <li>▣ <a href="#">Company Info, Global Operations</a></li> </ul>  |
| G4-9  | Scale of organization   |  | <ul style="list-style-type: none"> <li>▣ <a href="#">CSR Report: Corporate Profile</a></li> </ul>  |
| G4-10 | Number of employees   |  |  |
| G4-11 | Percentage of employees covered by collective bargaining agreements               |  |  |
| G4-12 | Organization's supply chain   |  | <ul style="list-style-type: none"> <li>▣ <a href="#">CSR Report: Support for CSR Initiatives of Business Partners</a></li> </ul>   |
| G4-13 | Significant changes to organization's size, structure, ownership, or supply chain |  | —  |
| G4-14 | Whether/how precautionary approach or principle is addressed                      |  | <ul style="list-style-type: none"> <li>▣ <a href="#">Komatsu Report: Corporate Governance</a></li> <li>▣ <a href="#">CSR Report: Risk Management</a></li> <li>▣ <a href="#">CSR Report: Compliance</a></li> <li>▣ <a href="#">Environmental Report: Promoting Legal Compliance, and Pollution Mitigation and Prevention</a></li> <li>▣ <a href="#">Environmental Report: Management of Chemical Substances and Pollution Prevention</a></li> </ul> |

## Our Approach to CSR



|  |       |   |  |
|--|-------|---|--|
|  | G4-15 | Externally developed economic, environmental and social charters, principles, or other initiatives subscribed or endorsed | <ul style="list-style-type: none"> <li>▣ <a href="#">CSR Report: Message from Top Management</a></li> <li>▣ <a href="#">Environmental Report: International Initiatives through the Environment</a></li> </ul>   |
|  | G4-16 | Memberships to associations and national or international advocacy organizations  | —  |
| Identified Material Aspects and Boundaries | G4-17 | Entities included in consolidated financial statements  | <ul style="list-style-type: none"> <li>▣ <a href="#">Annual Securities Report: Overview of Subsidiaries and Affiliates (p.7)</a></li> <li>▣ <a href="#">Company Info, Subsidiaries and Affiliates</a></li> </ul> |
|  | G4-18 | Materiality process (key aspects)   |  |
|  | G4-19 | Materials identified in process   | ▣ <a href="#">CSR Report: CSR Theme Formulation Process (2011)</a>   |
|  | G4-20 | Aspect Boundary for each material Aspect within organization  | ▣ <a href="#">CSR Report: Formulation of Komatsu's CSR Priority Issues and Themes (2015)</a>   |
|  | G4-21 | Aspect Boundary for each material Aspect outside organization   |  |
|  | G4-22 | Effect and reasons for restatements in previous reports   | —  |
|  | G4-23 | Significant changes since previous reports  | —  |



## Our Approach to CSR



|                        |       |  |   |
|------------------------|-------|--|---|
| Stakeholder Engagement | G4-24 | Stakeholder groups engaged   | <a href="#">▶ CSR Report: Dialogue with Our Stakeholders</a>          |
|                        | G4-25 | Identification and selection of stakeholder groups engaged                         |   |
|                        | G4-26 | Organization's approach to stakeholder engagement                                  |   |
|                        | G4-27 | Key topics and concerns raised through stakeholder engagement                      |   |
| Report Profile         | G4-28 | Reporting period for information provided  | <a href="#">▶ CSR Report 2015: Editorial Policy</a>                   |
|                        | G4-29 | Date of most recent previous report (if any)                                       |   |
|                        | G4-30 | Reporting cycle  |   |
|                        | G4-31 | Contact point for questions regarding report or its content                        | CSR Digest: Back Cover<br><a href="#">▶ CSR Website, Inquiry Form</a> |
|                        | G4-32 | 'In accordance' option chosen by organization                                      | —   |
|                        | G4-33 | Organization's policy and current practice regarding external assurance for report | —   |

## Our Approach to CSR



|                      |       |  |  |
|----------------------|-------|--|--|
| Governance           | G4-34 | Organization's governance structure                                | <ul style="list-style-type: none"> <li>▶ <a href="#">Komatsu Report: Corporate Governance</a></li> <li>▶ <a href="#">CSR Report: Organization</a></li> <li>▶ <a href="#">Environmental Report: Organizational Chart of the Environmental Management Structure</a></li> </ul> |
| Ethics and Integrity | G4-56 | Organization's values, principles, standards, and codes of conduct | <ul style="list-style-type: none"> <li>▶ <a href="#">Company Info, Komatsu's Worldwide Code of Business Conduct</a></li> <li>▶ <a href="#">CSR Report: Compliance</a></li> <li>▶ <a href="#">The KOMATSU Way</a></li> </ul>  |

## 2. Specific Standard Disclosures

### (1) Economic

|                      |        |   |  |
|----------------------|--------|---|--|
|                      | G4-DMA | Reason for importance of material Aspect        | <ul style="list-style-type: none"> <li>▶ <a href="#">CSR Report: CSR Theme Formulation Process (2011)</a></li> <li>▶ <a href="#">CSR Report: Formulation of Komatsu's CSR Priority Issues and Themes (2015)</a></li> </ul>   |
| Economic Performance | G4-EC1 | Direct economic value generated and distributed | <ul style="list-style-type: none"> <li>▶ <a href="#">Komatsu Report: Business Highlights</a></li> <li>▶ <a href="#">CSR Report: Personnel Policy and Performance Appraisal System (remuneration data)</a></li> <li>▶ <a href="#">CSR Report: Enhancing Work-Life Balance (Work-Life Balance Data)</a></li> </ul> |

## Our Approach to CSR



|        |  |  |  |
|--------|--|--|--|
|        |  |  | <ul style="list-style-type: none"> <li>▣ Annual Securities Report: Corporation Tax, etc. (p. 121)</li> <li>▣ CSR Report: Developing People Needed by the Community</li> <li>▣ CSR Report: Social Contribution around the World</li> <li>▣ CSR Report: Social Contribution in Japan</li> <li>▣ CSR Report: Disaster Relief</li> <li>▣ CSR Report: Clearing Anti-Personnel Landmines and Reconstruction Support</li> </ul> |
| G4-EC2 | Organization's financial implications, risks and opportunities due to climate change |  | <ul style="list-style-type: none"> <li>▣ Environmental Report: Mitigating Climate Change through Products and Services</li> <li>▣ Environmental Report: Initiatives to Mitigate Climate Change in Business Operations</li> </ul>   |
| G4-EC3 | Organization's defined benefit plan obligations                                      |  | <ul style="list-style-type: none"> <li>▣ Annual Securities CSR Report: Liability for Pension and Other Retirement Benefits (p.108)</li> </ul>  |
| G4-EC4 | Financial assistance received from government  |  | —  |

# Our Approach to CSR



|                           |        |  |  |
|---------------------------|--------|--|--|
| Market Presence           | G4-EC5 | Ratio of entry level wage compared to local minimum wage         | —  |
|                           | G4-EC6 | Proportion of senior management hired from local community       | <ul style="list-style-type: none"> <li>▣ <a href="#">CSR Report: (Promoting Globalized Management)</a></li> </ul>  |
| Indirect Economic Impacts | G4-EC7 | Development and impact of infrastructure investment and services | <ul style="list-style-type: none"> <li>▣ <a href="#">CSR Report: Social Contribution around the World</a></li> <li>▣ <a href="#">CSR Report: Social Contribution in Japan</a></li> <li>▣ <a href="#">CSR Report: Disaster Relief</a></li> <li>▣ <a href="#">CSR Report: Clearing Anti-Personnel Landmines and Reconstruction Support</a></li> </ul>  |
|                           | G4-EC8 | Significant indirect economic impact                             | <ul style="list-style-type: none"> <li>▣ <a href="#">CSR Report: Smart Construction</a></li> <li>▣ <a href="#">Environmental Report: Halving Electricity Usage Project</a></li> <li>▣ <a href="#">CSR Report: Developing People Needed by the Community</a></li> <li>▣ <a href="#">CSR Report: Social Contribution around the World</a></li> <li>▣ <a href="#">CSR Report: Social Contribution in Japan</a></li> </ul> |

## Our Approach to CSR



|                       |        |   |  |
|-----------------------|--------|---|--|
|                       |        |   | <ul style="list-style-type: none"> <li>▢ <a href="#">CSR Report: Disaster Relief</a></li> <li>▢ <a href="#">CSR Report: Clearing Anti-Personnel Landmines and Reconstruction Support</a></li> </ul>                    |
| Procurement Practices | G4-EC9 | Proportion of spending on local suppliers at significant locations of operation | <ul style="list-style-type: none"> <li>▢ <a href="#">Company Info: Komatsu's Worldwide Code of Business Conduct</a></li> <li>▢ <a href="#">CSR Report: Support for CSR Initiatives of Business Partners</a></li> </ul> |

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### (2) Environmental

|           |        |  |   |
|-----------|--------|--|---|
| Materials | G4-EN1 | Materials used by weight or volume                             | <ul style="list-style-type: none"> <li>▢ <a href="#">Environmental Report: Relationship between Business Activities and the Environment</a></li> </ul>  |
|           | G4-EN2 | Percentage of materials used that are recycled input materials | <ul style="list-style-type: none"> <li>▢ <a href="#">Environmental Report: Promoting the Reman Remanufacturing Business</a></li> <li>▢ <a href="#">Environmental Report: Environmental Action Plan and Results for FY2014 (Research and Development)</a></li> </ul>             |
| Energy    | G4-EN3 | Energy consumption within organization                         | <ul style="list-style-type: none"> <li>▢ <a href="#">Environmental Report: Relationship between Business Activities and the Environment</a></li> <li>▢ <a href="#">Environmental Report: Environmental Data by Manufacturing Facility(in Japan), (outside Japan)</a></li> </ul> |

# Our Approach to CSR



|  |        |   |   |
|--|--------|---|---|
|  | G4-EN4 | Energy consumption outside organization | <ul style="list-style-type: none"> <li>▶ Environmental Report: Relationship between Business Activities and the Environment</li> <li>▶ Environmental Report: Amount of CO2 Emissions by Scope 3</li> </ul>  |
|  | G4-EN5 | Energy intensity                        | <ul style="list-style-type: none"> <li>▶ Environmental Report: Environmental Action Plan and Results for FY2014 (Manufacturing)</li> <li>▶ Environmental Report: Environmental Action Plan and Results for FY2014 (Procurement and Logistics)</li> <li>▶ Environmental Report: Reducing CO2 Emissions in Manufacturing Operations</li> <li>▶ Environmental Report: Reducing CO2 Emissions in Logistics</li> </ul> |
|  | G4-EN6 | Reduction of energy consumption         | <ul style="list-style-type: none"> <li>▶ Environmental Report: Environmental Action Plan and Results for FY2014 (Manufacturing)</li> <li>▶ Environmental Report: Environmental Action Plan and Results for FY2014 (Procurement and Logistics)</li> <li>▶ Environmental Report: Reducing CO2 Emissions in Manufacturing Operations</li> </ul>  |

# Our Approach to CSR



|       |        |   |  |
|-------|--------|---|--|
|       |        |   | <ul style="list-style-type: none"> <li>▶ Environmental Report: Reducing CO2 Emissions in Logistics</li> <li>▶ Environmental Report: Halving Electricity Usage Project</li> <li>▶ Environmental Report: Environmental Accounting</li> </ul>   |
|       | G4-EN7 | Reduction in energy requirement of products and services    | <ul style="list-style-type: none"> <li>▶ Environmental Report: Environmental Action Plan and Results for FY2014 (Research and Development)</li> <li>▶ Environmental Report: Amount of CO2 Emissions by Scope 3</li> <li>▶ Environmental Report: Mitigating Climate Change through Products and Services</li> </ul>   |
| Water | G4-EN8 | Total water withdrawal by source                            | <ul style="list-style-type: none"> <li>▶ Environmental Report: Relationship between Business Activities and the Environment</li> <li>▶ Environmental Report, Effective Utilization of Resources in Manufacturing Operations (Water Resources)</li> <li>▶ Environmental Report, Environmental Data by Manufacturing Facility (in Japan), (outside Japan)</li> </ul> |
|       | G4-EN9 | Water sources significantly affected by withdrawal of water | —  |

## Our Approach to CSR



|              |         |  |  |
|--------------|---------|--|--|
|              | G4-EN10 | Total volume of water recycled and reused  | <a href="#">▶ Environmental Report: Effective Utilization of Resources in Manufacturing Operations (Water Resources)</a>   |
| Biodiversity | G4-EN11 | Operational sites owned, leased, or managed in areas of high biodiversity value  | <a href="#">▶ Environmental Report: Biodiversity</a>   |
|              | G4-EN12 | Activities, products, and services in areas of high biodiversity value           |  |
|              | G4-EN13 | Habitats protected or restored   |  |
|              | G4-EN14 | Total number of endangered species with habitats in areas affected by operations | —  |
| Emissions    | G4-EN15 | Direct greenhouse gas emissions (Scope 1)  | <a href="#">▶ Environmental Report: Relationship between Business Activities and the Environment</a><br><br><a href="#">▶ Environmental Report: Reducing CO2 Emissions in Manufacturing Operations</a> |
|              | G4-EN16 | Energy indirect greenhouse gas emissions (Scope 2)                               | <a href="#">▶ Environmental Report: Environmental Data by Manufacturing Facility (in Japan), (outside Japan)</a>   |
|              | G4-EN17 | Other indirect greenhouse gas emissions (Scope 3)                                | <a href="#">▶ Environmental Report: Relationship between Business Activities and the Environment</a><br><br><a href="#">▶ Environmental Report: Reducing CO2 Emissions in Logistics</a>                |



# Our Approach to CSR



|         |                                       |  |   |
|---------|---------------------------------------|--|---|
|         |                                       |  | <ul style="list-style-type: none"> <li>▶ Environmental Report: CO2 Reduction of Suppliers</li> <li>▶ Environmental Report: Reducing CO2 Emissions in Non-manufacturing Divisions</li> <li>▶ Environmental Report: Amount of CO2 Emissions by Scope 3</li> </ul>   |
| G4-EN18 | Greenhouse gas emissions intensity    |  | <ul style="list-style-type: none"> <li>▶ Environmental Report: Environmental Action Plan and Results for FY2014 (Manufacturing)</li> <li>▶ Environmental Action Plan and Results for FY2014 (Procurement and Logistics)</li> <li>▶ Environmental Report: Reducing CO2 Emissions in Manufacturing Operations</li> <li>▶ Environmental Report: Reducing CO2 Emissions in Logistics</li> </ul> |
| G4-EN19 | Reduction of greenhouse gas emissions |  | <ul style="list-style-type: none"> <li>▶ Environmental Report: Environmental Action Plan and Results for FY2014 (Manufacturing)</li> <li>▶ Environmental Report: Environmental Action Plan and Results for FY2014 (Procurement and Logistics)</li> <li>▶ Environmental Report: Reducing CO2 Emissions in Manufacturing Operations</li> </ul>  |

## Our Approach to CSR



|                     |         |   |   |
|---------------------|---------|---|---|
|                     |         |   | <ul style="list-style-type: none"> <li>▶ Environmental Report: Reducing CO2 Emissions in Logistics</li> <li>▶ Environmental Report: Halving Electricity Usage Project</li> <li>▶ Environmental Report: Environmental Accounting</li> </ul>  |
|                     | G4-EN20 | Emissions of ozone-depleting substances           | —   |
|                     | G4-EN21 | NOx, SOx and other significant air emissions      | <ul style="list-style-type: none"> <li>▶ Environmental Report: Relationship between Business Activities and the Environment</li> <li>▶ Environmental Report: Management Management of Chemical Substances and Pollution Prevention</li> </ul>   |
| Effluents and Waste | G4-EN22 | Total water discharged by quality and destination | <ul style="list-style-type: none"> <li>▶ Environmental Report: Relationship between Business Activities and the Environment</li> <li>▶ Environmental Report: Effective Utilization of Resources in Manufacturing Operations (Water Resources)</li> <li>▶ Environmental Report: Environmental Data by Manufacturing Facility(in Japan), (outside Japan)</li> </ul> |
|                     | G4-EN23 | Total weight of waste by type and disposal method | <ul style="list-style-type: none"> <li>▶ Environmental Report: Relationship between Business Activities and the Environment</li> </ul>  |

## Our Approach to CSR



|                       |         |  |   |
|-----------------------|---------|--|---|
|                       |         |  | <ul style="list-style-type: none"> <li>▶ Environmental Report: Effective Utilization of Resources in Manufacturing Operations (Waste)</li> <li>▶ Environmental Report: Environmental Data by Manufacturing Facility (in Japan), (outside Japan)</li> </ul>  |
|                       | G4-EN24 | Total number and volume of significant spills  | ▶ Environmental Report: Promoting Legal Compliance, and Pollution Mitigation and Prevention   |
|                       | G4-EN25 | Amount of waste deemed hazardous under Basel Convention <sup>2</sup> Annex I, II, III and VIII | —   |
|                       | G4-EN26 | Water bodies affected by organization's discharge of water and runoff                          | —   |
| Products and Services | G4-EN27 | Extent of impact mitigation of environmental impacts of products and services                  | <ul style="list-style-type: none"> <li>▶ Environmental Report: Environmental Action Plan and Results for FY2014 (Research and Development)</li> <li>▶ Environmental Report: Amount of CO<sub>2</sub> Emissions by Scope 3</li> <li>▶ Environmental Report: Mitigating Climate Change through Products and Services</li> </ul> |
|                       | G4-EN28 | Percentage of products and their packaging materials that are reused or recycled               | ▶ Environmental Report: Promoting the Reman Remanufacturing Business  |

## Our Approach to CSR



|                                   |         |   |   |
|-----------------------------------|---------|---|---|
|                                   |         |   | <ul style="list-style-type: none"> <li>▶ <a href="#">Environmental Report: Environmental Action Plan and Results for FY2014 (Research and Development)</a></li> <li>▶ <a href="#">Environmental Report: Environmental Action Plan and Results for FY2014 (Procurement and Logistics)</a></li> </ul>   |
| Compliance                        | G4-EN29 | Fines and non-monetary sanctions for non-compliance with environmental laws and regulations | ▶ <a href="#">Environmental Report: Promoting Legal Compliance, and Pollution Mitigation and Prevention</a>   |
| Transport                         | G4-EN30 | Impacts of shipping and transportation  | <ul style="list-style-type: none"> <li>▶ <a href="#">Environmental Report: Relationship between Business Activities and the Environment</a></li> <li>▶ <a href="#">Environmental Report: Environmental Action Plan and Results for FY2014 (Procurement and Logistics)</a></li> <li>▶ <a href="#">Environmental Report: Reducing CO2 Emissions in Logistics</a></li> </ul> |
| Overall                           | G4-EN31 | Environmental protection expenditures and investments                                       | ▶ <a href="#">Environmental Report: Environmental Accounting</a>  |
| Supplier Environmental Assessment | G4-EN32 | New suppliers screened using environmental criteria   | ▶ <a href="#">CSR Report: Support for CSR Initiatives of Business Partners</a>  |
|                                   | G4-EN33 | Negative environmental impacts in supply chain and actions taken                            | —   |

## Our Approach to CSR



|                                    |         |  |   |
|------------------------------------|---------|--|---|
| Environmental Grievance Mechanisms | G4-EN34 | Number of grievances filed through formal grievance mechanisms | — |
|------------------------------------|---------|--|---|

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### (3) Social

#### a. Labor Practices and Decent Work

|                                |        |  |   |
|--------------------------------|--------|--|---|
| Employment                     | G4-LA1 | New employee hires and employee turnover   | <a href="#">CSR Report: Personnel Policy and Performance Appraisal System (Data on employment and turnover)</a> |
|                                | G4-LA2 | Benefits provided to full-time employees   | <a href="#">CSR Report: Enhancing Work-Life Balance (Work-Life Balance Data)</a>                                |
|                                | G4-LA3 | Return to work and retention rates after parental leave  | <a href="#">CSR Report: Enhancing Work-Life Balance (Data on pregnancy and childcare leaves)</a>                |
| Labor/ Management Relations    | G4-LA4 | Minimum notice periods regarding operational changes   | —   |
| Occupational Health and Safety | G4-LA5 | Total workforce represented in formal health and safety committees for occupational health and safety programs     | <a href="#">CSR Report: Health and Safety of Employees</a>  |
|                                | G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and work-related fatalities |   |
|                                | G4-LA7 | Number of workers with high risk of occupational diseases  | —   |

## Our Approach to CSR



|   |         |   |  |
|---|---------|---|--|
|   | G4-LA8  | Health and safety topics covered in formal agreements with trade unions   | <ul style="list-style-type: none"> <li>▣ CSR Report: Health and Safety of Employees</li> </ul>   |
| Training and Education                  | G4-LA9  | Average hours of training per year for employees  | <ul style="list-style-type: none"> <li>▣ CSR Report: Employee Training Structure (Data on employee training)</li> </ul>  |
|   | G4-LA10 | Support for continued employability through skills management and lifelong learning, and assistance for managing career endings | <ul style="list-style-type: none"> <li>▣ CSR Report: Employee Training Structure</li> <li>▣ CSR Report: Strengthening Our Gemba Capability</li> <li>▣ CSR Report: Diversity Initiatives (Rehiring of Retired Employees)</li> </ul>     |
|   | G4-LA11 | Percentage of employees receiving regular performance and career development reviews  | <ul style="list-style-type: none"> <li>▣ CSR Report: Personnel Policy and Performance Appraisal System</li> </ul>  |
| Diversity and Equal Opportunity         | G4-LA12 | Composition of governance bodies and breakdown of employees by categories   | <ul style="list-style-type: none"> <li>▣ CSR Report: Data on Labor and Human Resources (Data on diversity of management, age and gender)</li> <li>▣ CSR Report: Diversity Initiatives (Employing Persons with Disabilities)</li> </ul> |
| Equal Remuneration for Women and Men    | G4-LA13 | Ratio of basic salary and remuneration of women to men  | —  |
| Supplier Assessment for Labor Practices | G4-LA14 | Percentage of new suppliers screened using labor practices criteria   | —  |

## Our Approach to CSR



|  |         |  |   |
|--|---------|--|---|
|  | G4-LA15 | Negative impacts for labor practices in supply chain and actions taken               | — |
| Labor Practices<br>Grievance<br>Mechanisms | G4-LA16 | Number of grievances about labor practices filed through formal grievance mechanisms | — |

### b. Human Rights

|  |        |  |  |
|--|--------|--|--|
| Investment                                       | G4-HR1 | Total number and percentage of significant investment agreements and contracts that include human rights clauses or screening                                  | —  |
|  | G4-HR2 | Total hours of employee training on human rights policies or procedures relevant to operations   | <a href="#">☑ CSR Report: Compliance</a> |
| Non- discrimination                              | G4-HR3 | Total number of incidents of discrimination and corrective actions taken   | —  |
| Freedom of Association and Collective Bargaining | G4-HR4 | Operations and suppliers identified in which right to exercise freedom of association and collective bargaining may be violated or at risk, and measures taken | —  |
| Child Labor                                      | G4-HR5 | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken  | —  |

## Our Approach to CSR



|                                   |         |  |   |
|-----------------------------------|---------|--|---|
| Forced or Compulsory Labor        | G4-HR6  | Operations and suppliers identified as having significant risk for incidents of forced labor, and measures taken | —   |
| Security Practices                | G4-HR7  | Security personnel trained in organization's human rights policies and procedures                                | —   |
| Indigenous Rights                 | G4-HR8  | Total number of incidents of violations involving rights of indigenous peoples, and actions taken                | —   |
| Assessment                        | G4-HR9  | Operations that have been subject to human rights reviews or impact assessments                                  | <a href="#">☑ CSR Report: Risk Management</a> |
| Supplier Human Rights Assessment  | G4-HR10 | New suppliers screened using human rights criteria   | —   |
|                                   | G4-HR11 | Negative human rights impacts on supply chain and actions taken  | —   |
| Human Rights Grievance Mechanisms | G4-HR12 | Number of grievances about human rights impacts filed through formal grievance mechanisms                        | —   |



## Our Approach to CSR



### c. Society

|                   |        |  |  |
|-------------------|--------|--|--|
| Local Communities | G4-SO1 | Implemented local community engagement, impact assessments, and development programs                   | <ul style="list-style-type: none"> <li>▣ <a href="#">CSR Report: Developing People Needed by the Community</a></li> <li>▣ <a href="#">CSR Report: Social Contribution around the World</a></li> <li>▣ <a href="#">CSR Report: Social Contribution in Japan</a></li> <li>▣ <a href="#">CSR Report: Disaster Relief</a></li> <li>▣ <a href="#">CSR Report: Clearing Anti-Personnel Landmines and Reconstruction Support</a></li> </ul> |
|                   | G4-SO2 | Operations with negative impacts on local communities  | —  |
| Anti- corruption  | G4-SO3 | Total number and percentage of operations assessed for risk related to corruption and risks identified | —  |
|                   | G4-SO4 | Communication and training on anti-corruption policies and procedures                                  | ▣ <a href="#">CSR Report: Compliance</a>   |
|                   | G4-SO5 | Confirmed incidents of corruption and actions taken  | —  |
| Public Policy     | G4-SO6 | Total value of political contributions   | —  |

## Our Approach to CSR



|   |         |   |  |
|---|---------|---|--|
| Anti-competitive Behavior                   | G4-SO7  | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes               | —  |
| Compliance                                  | G4-SO8  | Monetary value of significant fines and other non-monetary sanctions for non-compliance with laws and regulations | —  |
| Supplier Assessment for Impacts on Society  | G4-SO9  | Percentage of new suppliers screened using criteria for impacts on society  | <a href="#">CSR Report: Support for CSR Initiatives of Business Partners</a> |
|   | G4-SO10 | Negative impacts on society in the supply chain and actions taken   | —  |
| Grievance Mechanisms for Impacts on Society | G4-SO11 | Number of grievances about impact on society filed through formal grievance mechanisms                            | —  |

### d. Product Responsibility

|                            |        |  |   |
|----------------------------|--------|--|---|
| Customer Health and Safety | G4-PR1 | Percentage of product and service categories assessed for health and safety impact improvement | <a href="#">CSR Report: Quality and Reliability Quality (Responsible Commitment to Customers)</a> |
|                            | G4-PR2 | Non-compliance with regulations concerning health and safety impacts of products and services  |   |

## Our Approach to CSR



|                              |        |  |   |
|------------------------------|--------|--|---|
| Product and Service Labeling | G4-PR3 | Product and service information required by organization's procedures for information and labelling, and product and service categories subject to such requirements | —   |
|                              | G4-PR4 | Non-compliance with regulations concerning product and service information and labelling   | —   |
|                              | G4-PR5 | Results of surveys measuring customer satisfaction   | <a href="#">CSR Report: Quality and Reliability (Responsible Commitment to Customers)</a> |
| Marketing Communications     | G4-PR6 | Sale of banned or disputed products  | —   |
|                              | G4-PR7 | Non-compliance with regulations concerning marketing communications  | —   |
| Customer Privacy             | G4-PR8 | Substantiated complaints regarding breaches of customer privacy and loss of customer data  | —   |
| Compliance                   | G4-PR9 | Non-compliance with laws and regulations concerning provision and use of products and services   | —   |

**[Editing Policy]**

These reports principally cover data for the period from April 2014 to the end of March 2015, with some non-periodic information on continuing efforts. The date of the previous report is July 10, 2014. We publish these reports every July, and the next issue will be published in July 2016.

Any questions you may have regarding this report can be sent to us via the Komatsu website.

The report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines.

For a list of the Standard Disclosures and their location in the report, please see page 132.

Komatsu has received an independent practitioner's review on important quantitative data in environmental reporting.

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