



KOMATSU CSR REPORT 2016

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We disclose an "Environmental Report" as a specialized report regarding environmental information as well as "KOMATSU REPORT" as the comprehensive report which includes information on corporate governance.

In addition, we publish "Komatsu CSR Digest", a shorter booklet (coming in August, 2016.)

■ Environmental Report and CSR Digest <http://www.komatsu.com/CompanyInfo/csr/2016/>

■ KOMATSU REPORT <http://www.komatsu.com/CompanyInfo/ir/annual/html/2016/>

Our Approach to CSR



Message from Top Management

Making Contributions to Solve Social Problems through ESG-Conscientious Business Operation



Tetsuji Ohashi
President and CEO

In April 2016, we announced the new mid-range management plan, “Together We Innovate GEMBA Worldwide: Growth Toward Our 100th Anniversary (2021) and Beyond”. Since the announcement of our previous mid-range management plan, global demand for construction and mining equipment has entered an adjustment phase centering on emerging countries, resulting in a drastic change from our business environment of three years ago. Nevertheless, we have made no change in our assumption that we can expect that our market will grow in the long range. We are continuing the same basic strategies of “Growth strategies based on innovation,” “Growth strategies of existing businesses,” and “Structural reforms designed to reinforce the business foundation,” while reviewing specific initiatives, redefining them as needed, and implementing them.

We also recognize the importance of reinforcing ESG (Environmental, Social and Governance) efforts in order for us to ensure our long-term growth and of the indispensable need for us to aggressively promote those efforts. While we have conventionally emphasized ESG efforts, we are going to intensify those efforts as one of the targets of the new mid-range management plan. In the following, I would like to introduce some social issues which we reviewed while developing the mid-range management plan, and how we are going to respond to them.

Responding to the labor shortage of the construction industry and improving the safety and productivity of jobsite operations

Japan's construction industry is facing a serious problem of a declining labor force today. At the same time, we see growing needs to improve the safety and productivity of construction and mining jobsite operations. To strengthen our ability to propose solutions to these tasks of customers, we are working to accelerate the development of our DANTOTSU (unique and unrivaled) products, services and solutions, as we also utilize open innovation, in order to fuel our growth based on innovation.

Our Approach to CSR



As an example, we are deploying “SMARTCONSTRUCTION” designed to achieve the “future of construction jobsites”. SMARTCONSTRUCTION automates surveying which is conventionally handled by surveyors and requires a considerable amount of time. Our intelligent Machine Control construction equipment enables operators with a small amount of experience to carry out work at high-precision levels. In addition to improving safety resulting from automation and labor saving, SMARTCONSTRUCTION enables customers to reduce costs, resulting from a shorter construction period, as well as CO₂ emissions. We will continue to advance the “visualization” of construction jobsite operations in order to provide total support for customers, as we foster this business as one of our core businesses.

Reducing CO₂ emissions from our products in use by customers as well as in production

While our products build social infrastructure, improving the lives of people, they also generate an environmental impact throughout their lifecycle, ranging from manufacturing and use to disassembly for recycling or disposal. We regard our DANTOTSU products and services, designed to help customers improve their environmental performance, as strategies of differentiation. We are also cutting down consumption of electricity at our production plants, dynamically improving productivity and leading to the reinforcement of our competitiveness.

In terms of CO₂ emissions throughout the life cycle of construction equipment, about 90% is emitted during use by customers. Accordingly, it is very clear and evident that we must focus our efforts on this stage. In addition to providing products with a high environmental performance, such as hybrid models, we are taking an approach to the customers' ways of using our machines by proposing fuel economy operations based on analyses of KOMTRAX (Komatsu Machine Tracking System) data. As a result, we are working to reduce CO₂ emissions per work load by 25%^{*1} as the long-range target.

With respect to the reduction of CO₂ emissions in manufacturing, we have conventionally set up long-range targets. We are working for a reduction of 57%^{*2} in Japan and 32%^{*3} overseas by continuing the power consumption reduction program and making other efforts.

Notes:

*1: New equipment to be sold in 2025 as compared to new equipment sold in 2007.

*2: The target figure in 2020 from 2000.

*3: The target figure in 2020 from 2010.

Promoting responses to diversity and a global management drive

In terms of corporate governance, I am convinced that Komatsu needs to become a company where a diverse range of employees can demonstrate their talents to the fullest extent, while fair and high-transparency management is a must, of course.

Concerning diversity, it is important to create workplaces where female employees can demonstrate their talents to the fullest extent, and we have set the target of increasing the ratio of female managers to 7% by April 2018, and 10% by April 2021. Furthermore, we introduced the Global Officer system in April, 2016. We have promoted the policy of assigning the posts of Presidents of overseas subsidiaries to local employees who have worked for Komatsu over the years and who have a thorough understanding of the respective local markets and business practices. As a result, many overseas subsidiaries are managed by them today. In the Global Officer system, presidents of major overseas subsidiaries have been assigned as Global Officers, and fourteen of them have been assigned as Executive Officers of Komatsu Ltd. so that they can participate in important management meetings of Komatsu Ltd. I believe their involvement in management of the Komatsu Group is very important to drive our globally consolidated management into the future.

Our Approach to CSR



Komatsu maintains the basic management policy of commitment to Quality and Reliability to maximize its corporate value. Komatsu believes that its corporate value is the total sum of trust given to it by society and all its stakeholders.

Under this policy, as we are looking into March 2019, the target year of the mid-range management plan, 2021, our 100th anniversary year, and beyond, we would like to make an innovative contribution to solving customers' problems as well as social problems through our business activities by becoming more acutely aware of the importance of ESG than before.

We are also going to fulfill our corporate responsibilities as a global company, as we aggressively get involved in the United Nations' Global Compact and other initiatives, such as WBCSD.

July 2016

Tetsuji Ohashi

President and CEO



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 [p.9](#).



Komatsu participates in the World Business Council for Sustainable Development.

Our Approach to CSR



CSR Theme and Key Business Activities

Komatsu's CSR Priorities

In the process of organizing the CSR Themes, we selected 16 items of "CSR Priorities" that are important social issues for both Komatsu's business and stakeholders that need to be addressed globally.

Products, Services, and Customers Products that enhance safety Responsible marketing and customer care	Environment Environmentally-friendly products Environmental efficiency (facilities, such as plants, and job sites) Remanufacturing
Employees Human resource development Safety and health Respecting employees	Human Rights Respecting human rights Equal employment
Ethics and Governance Cooperation with stakeholders Corporate governance and compliance Compliance with social norms of business partners	Local Community Development of local communities Disaster relief Improving local residents' quality of life



Formulating CSR Themes and Key Business Activities

Using the priority issues as a base and after much discussion within the company and BSR, we identified three CSR Themes.

Komatsu's CSR Themes

- Enhancing Quality of Life -Providing products required by society-
- Developing People
- Growing with Society

In order to achieve these goals, for each of the three areas, we have determined priority activities that align with the mid-term management plan as **“activity through our core business”**. Also, in addition to its main business, Komatsu believes it is the responsibility of a business to engage in **“social contribution activities”** in the local community where business is conducted. For the social contribution activities, Komatsu is engaging in the following activities that make the most of the know-how developed in our main business.

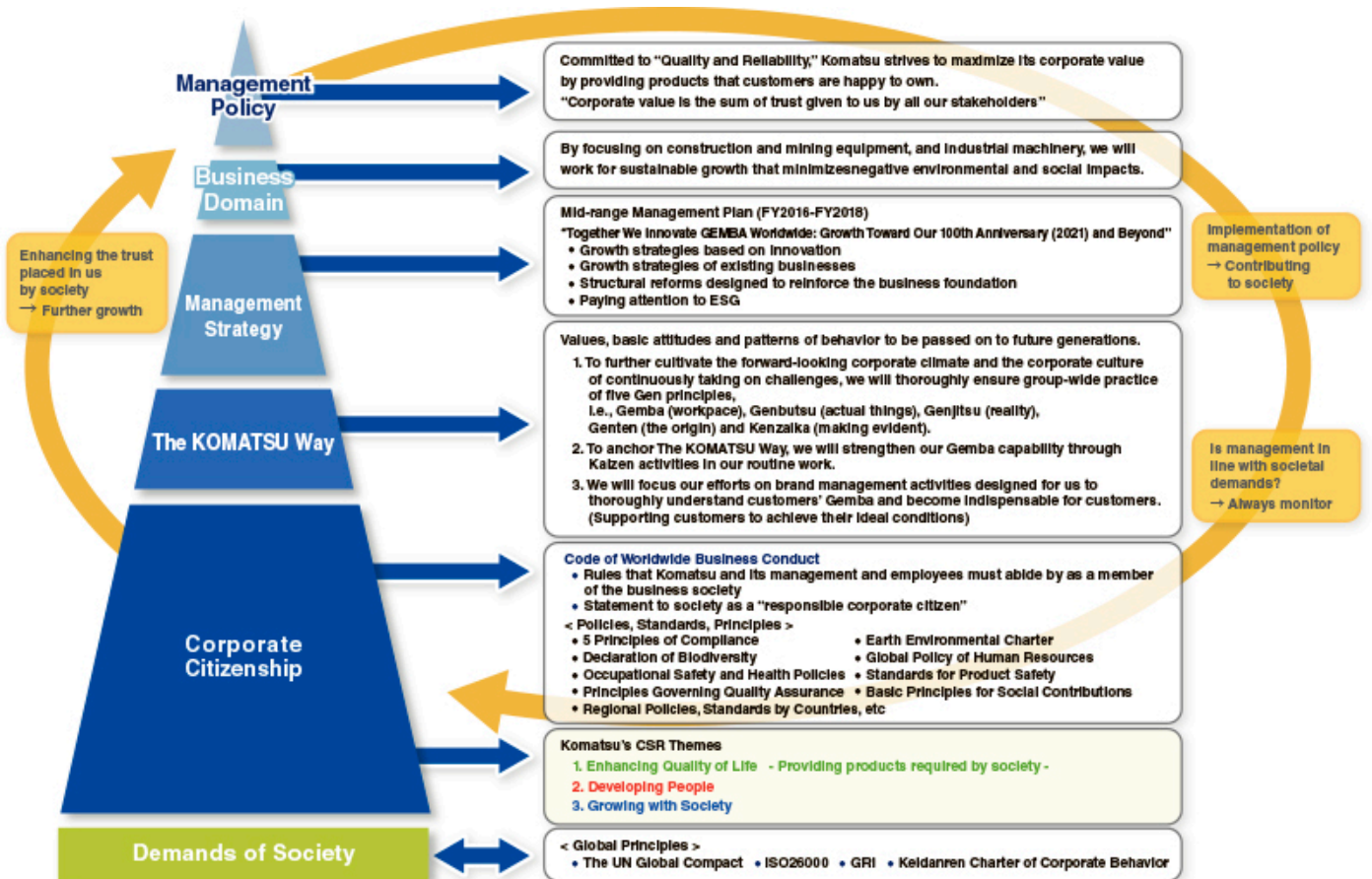
CSR Themes	Key Business Activities	
	Activities through core business	Social Contribution Activities
Enhancing Quality of Life -Providing products required by society-	<ul style="list-style-type: none"> ● Provide products and services that contribute to infrastructure development and improving the quality of life ● Improve production/safety as well as promote efficiency and energy conservation through innovation ● Improve environmental efficiency at operation sites and facilities. ● Reduce the environmental load throughout product life cycle ● Improve safety (for customers, society, employees, business partners) 	<ul style="list-style-type: none"> - Promoting environmental efficiency & safety thru initiatives not directly related to business - Providing products, services, know-how required by society free of charge
Developing People	<ul style="list-style-type: none"> ● Human resources development through the KOMATSU Way (employees, business partners) ● Human resources development through brand management (employees, distributors) ● Respect employees, diversity 	<ul style="list-style-type: none"> - Support for developing people of local community - Development of next generation
Growing with Society	<ul style="list-style-type: none"> ● Engage in dialogue with our stakeholders ● Strengthen our corporate governance and compliance ● Promote compliance with environmental, labor and social norms within our group and among business partners 	<ul style="list-style-type: none"> - Disaster Relief - Social Contribution utilizing core strength and know-how



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 *: Items of Komatsu's Worldwide Code of Business Conduct **: Items of Komatsu Group CSR Procurement Guidelines
Organizational Governance		<ul style="list-style-type: none"> • Corporate Governance • Compliance • Compliance with social norms including business partners 	<ul style="list-style-type: none"> *“Quality and Reliability” of organizational structure, business operations, employees and management *Emphasis on corporate governance *Observe business rules
Human Rights	Human Rights Principle 1 Principle 2	<ul style="list-style-type: none"> • Respecting human rights • Compliance with social norms including business partners • Development of local communities • Disaster relief • Improving local residents' quality of life 	<ul style="list-style-type: none"> *Respect each employee's fundamental human rights *Achieve a balance between work and personal life **Respect human rights
Labour Practices	Labour Principle 3 Principle 4 Principle 5 Principle 6	<ul style="list-style-type: none"> • Equal employment • Safety and health • Human resource development • Compliance with social norms including business partners 	<ul style="list-style-type: none"> *Dialogue with employees or their representatives *Shall not tolerate child labor or forced labor *Promote equal opportunities for employment and eliminate discrimination/harassment in the workplace *Realize a safe and comfortable work environment **Never get involved in any child or forced labor **Create a work environment where there is no discrimination or harassment **Build up an occupational health and safety operational structure **Establish a fair and just personnel system

Our Approach to CSR



The Environment	Environment Principle 7 Principle 8 Principle 9	<ul style="list-style-type: none"> • Environment-friendly products • Environmental efficiency (facilities, such as plants, and operation sites) • Remanufacturing 	<ul style="list-style-type: none"> *Provide products, services and systems that are environment-friendly, safe and innovative *Environment protection <ul style="list-style-type: none"> - Komatsu Earth Environmental Charter - Declaration of Biodiversity by Komatsu **Reduce environmental impact, manage chemical substances and build up environmental management systems
Fair Operating Practices	Anti-Corruption Principle 10	<ul style="list-style-type: none"> • Corporate governance • Compliance • Compliance with social norms including business partners 	<ul style="list-style-type: none"> *Fair competition *Discontinuation of any inappropriate business transactions or practices *Appropriate sociality *Fair and proper relationship with governmental agencies **Engage in free and fair competition and business transactions **Never accept inappropriate cash, gifts or favors
Consumer Issues		<ul style="list-style-type: none"> • Products that enhance safety • Responsible marketing and customer care • Environment-friendly products • Remanufacturing 	<ul style="list-style-type: none"> *To always think about the needs of customers and to strive to provide products, services and systems that are safe, environment-friendly and innovative *Environment protection **Never accept inappropriate cash, gifts or favors
Community Involvement and Development		<ul style="list-style-type: none"> • Development of local communities • Disaster relief • Improving local residents' quality of life • Human resources development 	<ul style="list-style-type: none"> *To realize and fulfill CSR as a corporate citizen *Groupwide social contribution (5 Principles for social contribution)

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
Distributors	President explains business performance, policies and strategies	Distributor meetings in each region (U.S., Europe, China and Southeast Asia)	Annually
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

Our Approach to CSR



Investors	CEO and CFO explains business performance, policies and strategies	IR Meeting in Japan, U.S. and Europe	Japan: Daily U.S. and Europe: Annually
	Respond to inquiries and SRI surveys	SRI Survey	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

Exchange of Ideas and Opinions with Industry-Academia Collaboration Partners

Held by Komatsu Science and Technology Collaboration Council



On November 20, 2015, the third “Komatsu Industry-Academia Science and Technology Collaboration Council” was held. This is a meeting where, going beyond the individual relationships of Komatsu and each university with which we have an organizational collaboration agreement (Yokohama National University, Osaka University, Kanazawa University, The University of Tokyo, Tokyo Institute of Technology), professors from five universities and representatives of Komatsu Group’s industry collaboration meet together to exchange information related to the industry collaboration with Komatsu and discuss how to proceed in the future. These councils have been held every other year since 2011 and this third meeting was a collaboration council with five universities, including Tokyo Institute of Technology with whom a new organizational collaboration has been established. Proposing themes based on Komatsu’s vision for the future, representatives from both Komatsu and the universities passionately discussed how to maintain an environment that inspires activities, as well as how management level on both sides can provide accurate evaluations and support.



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.



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.

- **Contributing to Society through Core Business** [▶ Enhancing Quality of Life](#) [▶ Developing People](#) [▶ Growing with Society](#)
- **Social Contribution Activities** [▶ Enhancing Quality of Life](#) [▶ Developing People](#) [▶ Growing with Society](#)

1. Contributing to Society through Core Business

Enhancing Quality of Life—Providing Products Required by Society

Key Activities	Major Achievements for FY2015	Reference	Mid-range Issues and Targets
<ul style="list-style-type: none"> • 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 	• Introduction of cloud-based service and stereo camera into SMARTCONSTRUCTION business (September)		• Fostering the growth of SMARTCONSTRUCTION as a core business
	• Introduction of construction equipment that responds to comprehensive applications of ICT "i-Construction" advocated by Japan's MLIT (April, 2016)		• Sales expansion of ICT intensive machines in Japan, the US and Europe
	• Achieved cumulative factory shipment of 100 AHS (Autonomous Haulage Systems) trucks.		• Expansion of AHS business and enhancement of its solution business
	• Embarking on production reforms by implementing "connectivity" with IoT (June)		• Cost reduction of JPY 50 bn for 3 years (FY2015-2017)
			• Development of EUV light source for next-generation lithography
<ul style="list-style-type: none"> • Improving environmental efficiency at operation sites and plants • Reducing environmental impact throughout the product life cycle 	• Expand the line-up of hybrid excavators (January, 2016)		• Expand the line-up of hybrid excavators and global sales expansion
	• Development and Launch of Tier4 Final (exhaust emissions regulation) Models (year-round)		

Our Approach to CSR



			<ul style="list-style-type: none"> • 25% of CO₂ reduction per work volume (New models to be sold in 2025 as compared to 2007)
	<ul style="list-style-type: none"> • Expand the line-up of next-generation electric forklifts (September) 	Environmental Report	<ul style="list-style-type: none"> • Expand the line-up of products and global sales expansion
	<ul style="list-style-type: none"> • Reduction of CO₂ emissions in manufacturing in; Japan -43% (compared to FY2000) Overseas -18% (compared to FY2010) 	Environmental Report	<ul style="list-style-type: none"> • Japan -57% (in FY2020 compared to FY2000) • Overseas -32% (in FY2020 compared to FY2010)
	<ul style="list-style-type: none"> • Reduction of electric power consumption volume: -50% (non-consolidated base, compared to FY2010) 	Environmental Report	
	<ul style="list-style-type: none"> • Reduction of water consumption in Japan: -63% (compared to FY2005) 	Environmental Report	<ul style="list-style-type: none"> • Japan -40% (in FY2020 compared to FY2010) • Overseas -10% (in FY2020 compared to FY2010)
	<ul style="list-style-type: none"> • Implemented halving electricity usage project to suppliers (97 companies) • Offered energy saving training to suppliers (5 times, 182 companies) 	Environmental Report	<ul style="list-style-type: none"> • Follow-up action to suppliers that couldn't achieve target
<ul style="list-style-type: none"> • Enhancing safety for society, customers, employees and business partners 	<ul style="list-style-type: none"> • Implemented special safety activities after serious accidents 	CSR Report	<ul style="list-style-type: none"> • Implemented the "Never Serious Accidents Again" activities
	<ul style="list-style-type: none"> • Promoting the Five-Year Health Development Plan in Japan (Lifestyle diseases, cancer, Tabaco and mental health) 	CSR Report	<ul style="list-style-type: none"> • Continuation of the Five-Year Health Development Plan
	<ul style="list-style-type: none"> • Safety patrol in suppliers' sites (97 companies) 	CSR Report	<ul style="list-style-type: none"> • Continuation of safety patrol in suppliers' sites

Our Approach to CSR



Developing People

Key Activities	Major Achievements for FY2015	Reference	Mid-range Issues and Targets
<ul style="list-style-type: none"> Enhancing our employees and suppliers through the KOMATSU Way 	<ul style="list-style-type: none"> Employee training (non-consolidated); Average hours per FTE: 96 hours Average spent per FTE: JPY 244 thousand 	CSR Report	
	<ul style="list-style-type: none"> Offered QC instructor training to overseas subsidiaries (September) 	CSR Report	<ul style="list-style-type: none"> Developing national employees as in-house KOMATSU Way instructors Conduct surveys on understanding of The KOMATSU Way
	<ul style="list-style-type: none"> Opened Oyama Technical Center to foster manufacturing skills (September) Took place skill competitions; Manufacturing skill competition (October, 257 participants from 12 countries) QC circle competition (November, 120 cases from 13 countries) 	CSR Report CSR Report	<ul style="list-style-type: none"> Continuation of enhancement of manufacturing skill globally
<ul style="list-style-type: none"> Enhancing our employees and distributors through brand management 	<ul style="list-style-type: none"> Improvement and expanding of Brand Management activities 	CSR Report	<ul style="list-style-type: none"> Continuation of Improvement and expanding of Brand Management activities
	<ul style="list-style-type: none"> Opened Model Training Center for Japanese distributors (October) Service Technical Competition (October, 41 participants) 	CSR Report	<ul style="list-style-type: none"> Launch of service training center in Asia Support to overseas training centers Support for distributors' development of managers
<ul style="list-style-type: none"> Respect for employees 	<ul style="list-style-type: none"> Enhancement of employee's work-life balance (Average days of paid vacation taken per year: 18.4 days) 	CSR Report	<ul style="list-style-type: none"> Continuation of enhancement of employee's work-life balance (2,100 or less working hours per year, and at least 17 days of paid vacation taken per year)

Our Approach to CSR



<ul style="list-style-type: none"> • Strengthening our corporate governance and compliance 	<ul style="list-style-type: none"> • Chairman resigned from the position of representative of the Board (April 2016) • Appointment of Global Officers (April 2016) • New structure of the International Advisory Board (December) 	<p>News Release</p> <p>News Release</p> <p>News Release</p>	<ul style="list-style-type: none"> • Continuation of enhancement corporate governance
	<ul style="list-style-type: none"> • "Visualization" research of potential risks (July) • Conduct compliance and risk audit (352 offices) • Conduct compliance training (24,000 employees) • Information provision through "Everybody's Compliance" (124 issues, cumulative total) 	<p>CSR Report</p> <p>CSR Report</p>	<ul style="list-style-type: none"> • Development a system of mutual surveillance and continuation of individual activities
<ul style="list-style-type: none"> • Promoting compliance with environmental, labor, human rights and social norms within the Group and among business partners 	<ul style="list-style-type: none"> • Conducting safety patrol (97 suppliers) • Implementation of power consumption reduction activities (97 suppliers) • CSR training (23 suppliers), Subcontracting Charges Law Training (311 participants from 217 suppliers) • Information provision through "CSR Bulletin" (118 issues, cumulative total) 	<p>CSR Report</p> <p>Environmental Report</p>	<ul style="list-style-type: none"> • Continuation of individual activities based on "CSR procurement guideline"

Our Approach to CSR





2. Social Contribution Activities

Enhancing Quality of Life—Providing Products Required by Society

Key Activities	Major Achievements for FY2015	Reference	Mid-range Issues and Targets
<ul style="list-style-type: none"> Support for Agriculture with ICT 	<ul style="list-style-type: none"> Soil improvement and direct seeding by intelligent Machine Control dozers (40% cost reduction in verification test) 		<ul style="list-style-type: none"> Expansion of ITC intensive method Verification test in large area



Developing People

Key Activities	Major Achievements for FY2015	Reference	Mid-range Issues and Targets
<ul style="list-style-type: none"> Local HR education in the area of construction equipment and manufacturing 	<ul style="list-style-type: none"> Supporting HR development project in Liberia (School reopened in April 2015, graduated 149 students in August) 		<ul style="list-style-type: none"> Continued support for the second term and providing service skill training
	<ul style="list-style-type: none"> Sign agreement with Cummins Inc. to promote local HR development. 		<ul style="list-style-type: none"> Launch of program in each area (Australia, South Africa, the US and Peru)
<ul style="list-style-type: none"> Komatsu-no-mori (science class and flower fostering provided by retired employees) 	<ul style="list-style-type: none"> Amounted to 274,000 visitors (cumulative total) Teaching how to grow flowers to kindergarten students (96 pupils from 2 kindergartens, donated flowers to 2 welfare facilities) 		<ul style="list-style-type: none"> Plan of 5th anniversary event Continuation of growing flowers with 2 kindergartens Launch of "Waku-Waku Komatsu Workshop" (July)
<ul style="list-style-type: none"> Support to university research related to Komatsu's innovation 	<ul style="list-style-type: none"> Visiting lectures to universities (to Indonesia and Thailand) Hosting of instructors and providing lectures (from Indonesia) 		<ul style="list-style-type: none"> Continuation of supporting to universities

Our Approach to CSR



Growing with Society

Key Activities	Major Achievements for FY2015	Reference	Mid-range Issues and Targets
<ul style="list-style-type: none"> Disaster relief 	<ul style="list-style-type: none"> Dam break accident in Brazil (November): Rental 2 wheel loaders free of charge Kumamoto earthquake (April 2016): Rental container houses to Mashiki town free of charge 		<ul style="list-style-type: none"> Quick support mainly with equipment and goods required by disaster area
<ul style="list-style-type: none"> Clearing anti-personnel land mines and reconstruction support 	<ul style="list-style-type: none"> Cambodia; Demined area 1,218ha, Road construction 39.5km, Ponds constructed 45, Schools constructed 7 (cumulative total). Donated temporary container houses for workers' residence. Angola; Demined area 180ha (cumulative total) Development of demining machine for cluster submunitions Visiting lectures in Japan (6 times) 		<ul style="list-style-type: none"> Continuous activities in Cambodia and Angola Launch of project for demining cluster submunitions in Laos (August) Continuation of visiting lectures
<ul style="list-style-type: none"> Supporting Flower Association of Japan 	<ul style="list-style-type: none"> Technical support to fostering flowers in Komatsu Green Park Donation of young cherry trees to disaster area of the Great East Japan Earthquake (more than 4000 trees, cumulative total) 		<ul style="list-style-type: none"> Continuous support to growing flowers in Komatsu-no-mori Inspection of health degree of cherry trees and consultation (Ina city and Koganei city)

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 MSCI Global Sustainability Indexes, SRI indexes developed by Morgan Stanley Capital International (U.S.)
THE INCLUSION OF KOMATSU LTD IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HERIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KOMATSU LTD BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



- Selected for inclusion in the index of companies recognized for their contribution to sustainable development by NYSE Euronext and Vigeo (As of June, 2016)



- Selected for inclusion in the listing of SRI issues developed by Morningstar (As of June, 2016)



- Rated as “Prime” among 35 machinery companies in the December 2015 social responsibility ratings by Oekom, a Germany-based independent CSR assessment company



- Selected as a leading company of the Climate Disclosure Leadership Index (CDLI) by CDP



- Selected as one of 40 “2016 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 (FY2015)

2015	April	Awarded the “FY2015 JSME Medal for New Technology” by the Japan Society of Mechanical Engineers (JSME) for the development of the ICT Bulldozer and ICT Hydraulic Excavator which revolutionizes the work configuration of construction sites
	May	Selected as “Competitive IT Strategy Company” by Ministry of Economy, Trade and Industry as a company proactively utilizing IT for management innovation and strengthening competitiveness.
	July	Awazu Plant awarded the “Good Factory Award - Manufacturing CSR Contribution Award” of Japan Management Association
	September	Komatsu's activity to install portable toilets for women awarded the “Japan Toilet Award -- Award of Minister in charge of Women's Empowerment and Minister of State for Gender Equality”
	September	Selected for inclusion in the Dow Jones Sustainability Indices (World and Asia Pacific)
	November	Selected by CDP as “Leading Company for Climate Change Information Disclosure”
	November	Ranked 17th overall (out of 535 companies) under the “NICES FY2015” company rating system by Nihon Keizai Shimbun, Inc.
	December	Selected as “Prime” by “oekom Research” as ESG Excelling Company within the industry
2016	January	Smart Construction, Komatsu's support service for construction job sites awarded the “Nikkei Superior Products and Services Awards -- Nikkei Awards for Excellence ”
	January	Ranked 10th (out of 705 companies) in the Manufacturing Sector in Nihon Keizai Shimbun's 19th Environmental Management Survey
	February	Selected for inclusion in listing of “Thomson Reuter's Top 100 Global Innovators 2015”
	February	Defense Systems Division awarded the Energy Conservation Center, Japan's “Energy Conservation Prize (Case Category) Energy Conservation Center Chairman's Award”
	February	Awarded as a winner in “Corporate Governance of the Year 2015” by Japan Association of Corporate Directors
	February	Komatsu Environmental Report Digest 2015 awarded the “19th Environmental Communication Award -- Excellence Award” from the Global Environment Forum of the Ministry of the Environment
	February	Ranked 3rd overall (out of 1,325 companies) in Toyo Keizai's 10th “CSR Company Ranking”

Our Approach to CSR



	March	Selected for “Nadeshiko Brand 2016” as a business that excels in promoting career development for women
	March	Received “CSR Award from Governor of West Java” (Komatsu Undercarridge Indonesia)
	May	Selected for inclusion in the “Euronext Vigeo World 120” index

CSR Activities to Date (FY2015)

2015	April	Started “Hanaiku” at Komatsu-no-Mori in Komatsu City, Ishikawa Prefecture for the local kindergarteners
	December	New administration of “International Advisory Board (IAB)” (Start of the 7th Management of IAB and establishment of “IAB for High Technology & Innovation”)
2016	March	Osaka plant concluded the “Osaka Biodiversity Partner Agreement” with Osaka Prefecture, Osaka Prefecture University, the Research Institute of Environment, Agriculture and Fisheries of Osaka Prefecture, and Osaka City
	April	Continued to support the second period of the human resources development project in Liberia promoted by the Japanese government and UNIDO (United Nations Industrial Development Organization)
	April	Concluded an agreement with Cummins Inc. of the United States to collaborate in global social contribution activities

CSR Theme 1

Enhancing Quality of Life

-Providing Products Required by Society



Product Safety -Increasing Safety by Innovation-

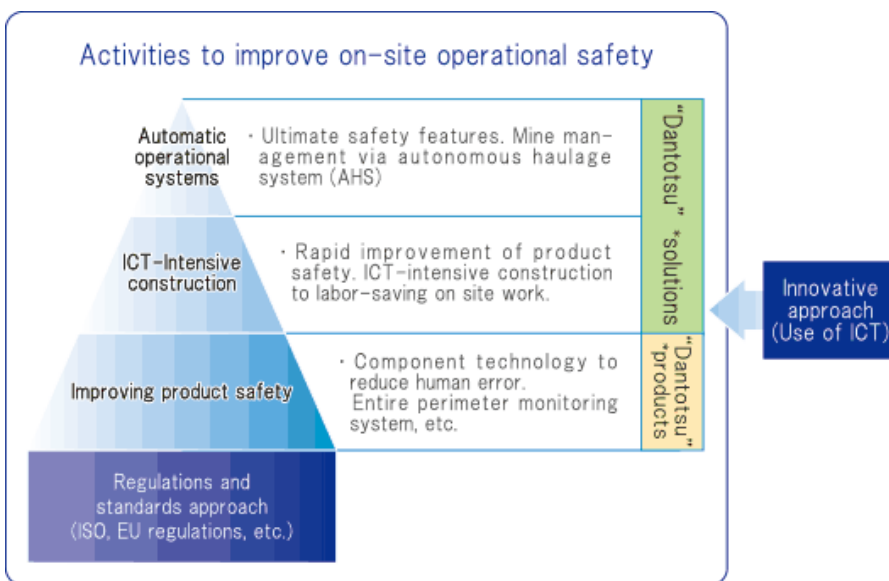
Innovation brings about a variety of valuable ideas such as environmental design and economic efficiencies. Out of these, our highest priority is "Safety."

Starting with providing safe products, and including the ultimate safety of automatic operational systems, we are making full use of innovation in terms of safety to find ways of bringing the best value to our customers.

On-site Operational Safety

Providing a very safe product is a manufacturer's most basic responsibility. On top of meeting all of the latest international standards and regulations, we deliver products with exceptional safety features that are unsurpassed by other competitors to our customers.

At the same time, our goal is to improve safety through innovation to such a level that we can help our customers realize on-site operations as they should be.



Komatsu introduced the ICT Bulldozer (2013) and ICT Hydraulic Excavator (2014) to the market that made possible automatic control of blades and buckets. No matter the level of experience of the operator, ICT construction equipment makes possible the high precision construction work of a skilled worker. As a result, supplementary workers needed in the past are no longer necessary and the guide process which is done by people becomes unnecessary, saving labor on the work site and improving safety.

The ultimate safety feature to be realized is the "Automatic Operational System." At some major mines in Australia and Chile, the Autonomous Haulage System (AHS) is in full-scale operation. This is the system where giant dump trucks automatically drive themselves, carrying over 300 tons of soil and minerals. Customers must pay most careful attention when they have several construction machinery and vehicles operating 24 hours in the harsh environment of mines. AHS is there to help with this process. The combination of the cutting edge technologies such as satellite communication and various radars and sensors creates a system that responds to the customer's diverse safety needs, and by continuing to work on further evolution of such safety systems, we are contributing to the realization of making our customers' on-site operational safety as it should be.

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Enhancing Quality of Life

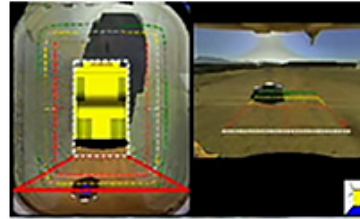
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Example of Safety Activities

Improving Product Safety: Entire perimeter monitoring “Kom Vision”

To ensure safety in every direction from the driver's seat of the dump truck, a composite image of the perimeter is shown on the monitor. Contact and collision within blind spots is prevented by having a bird's eye view of the vehicle to check the surrounding area.



ICT-Intensive Construction

When working on sloped surfaces (like dikes and rice fields that have hardened at an angle), operators do not have to operate the working function of the machine, and instead can concentrate on moving the position of the vehicle. Foreseeing slips that occur due to carrying too much soil, the machine works with the optimal volume of soil for efficient construction, to help minimize the burden on the operator. Supplementary workers that give instructions from near the construction equipment become unnecessary and the risk of accidents is reduced.



Automatic Operation System: the Autonomous Haulage System (AHS)

Fully automated transportation is realized by operating and managing dump trucks with various ICT functions installed from a centralized control room. The dump truck uses GPS to communicate its position and drives itself according to the course and speed information transmitted from the control room.



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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.
- (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.

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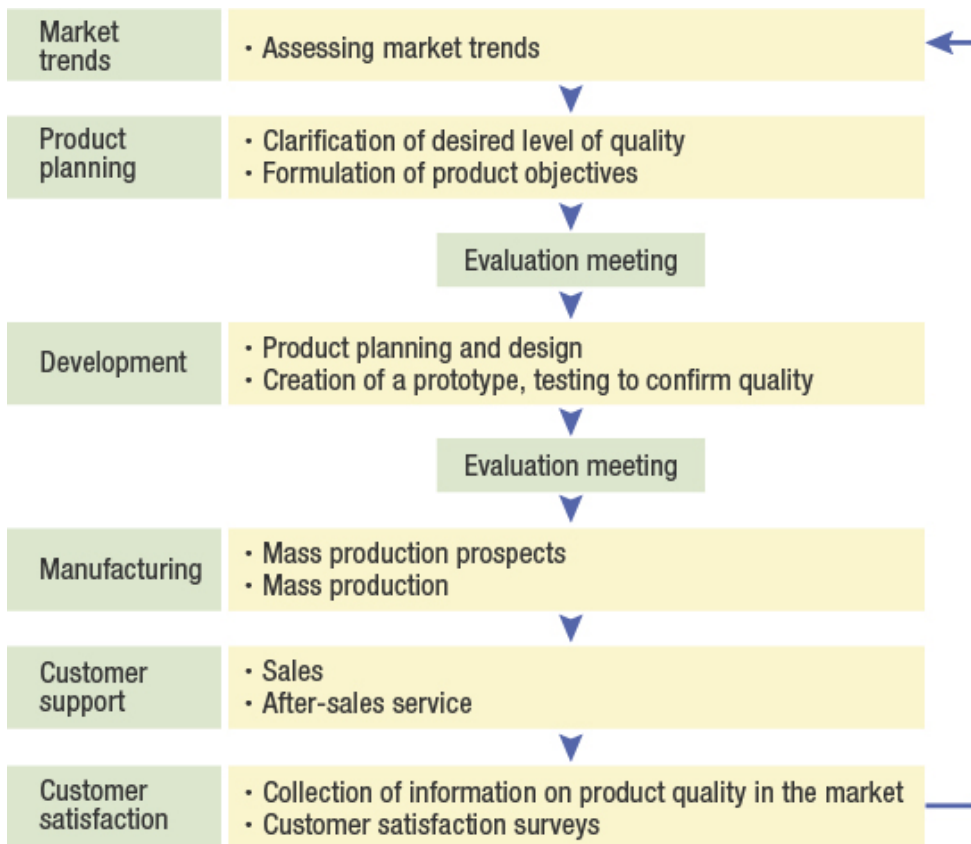
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At each step of the development and manufacturing system, meetings are held to consider and evaluate the product. The product's suitability is then assessed and enhanced until the ultimate goal is attained. In this way, the company conducts quality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



Structure for Quality Assurance

The majority of Komatsu's products— construction and mining equipment, presses, and forklifts— are used as manufacturing equipment at customers' sites of operation. These products are expected to contribute to customers through a higher rate of operation and productivity over long hours every day. In reflection of these product characteristics, sales and after-sales service personnel at Komatsu visit customers to give detailed recommendations on products and their usage and conduct maintenance activities. They then provide feedback to relevant divisions regarding the views and requirements that the customers have for these products. The company has created a system to increase customer satisfaction through rapid responses to such information.

Moreover, Komatsu maintains a database on product quality in the market so that the company can respond rapidly upon discovering a quality-related problem and have all the company's sales and after sales service divisions able to access the information they need to help remedy the issue.

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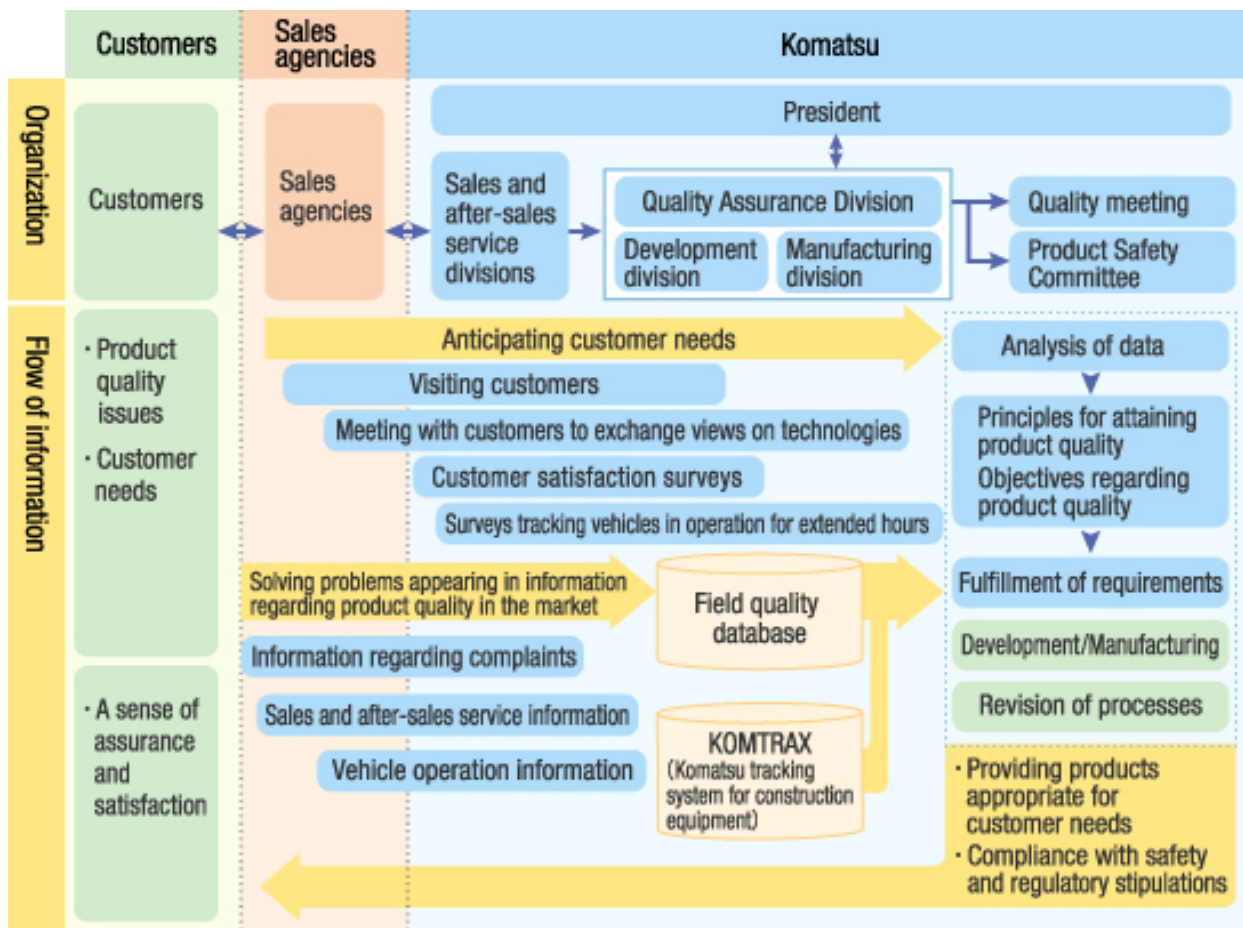
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Increasing the Degree of Customer Satisfaction

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.



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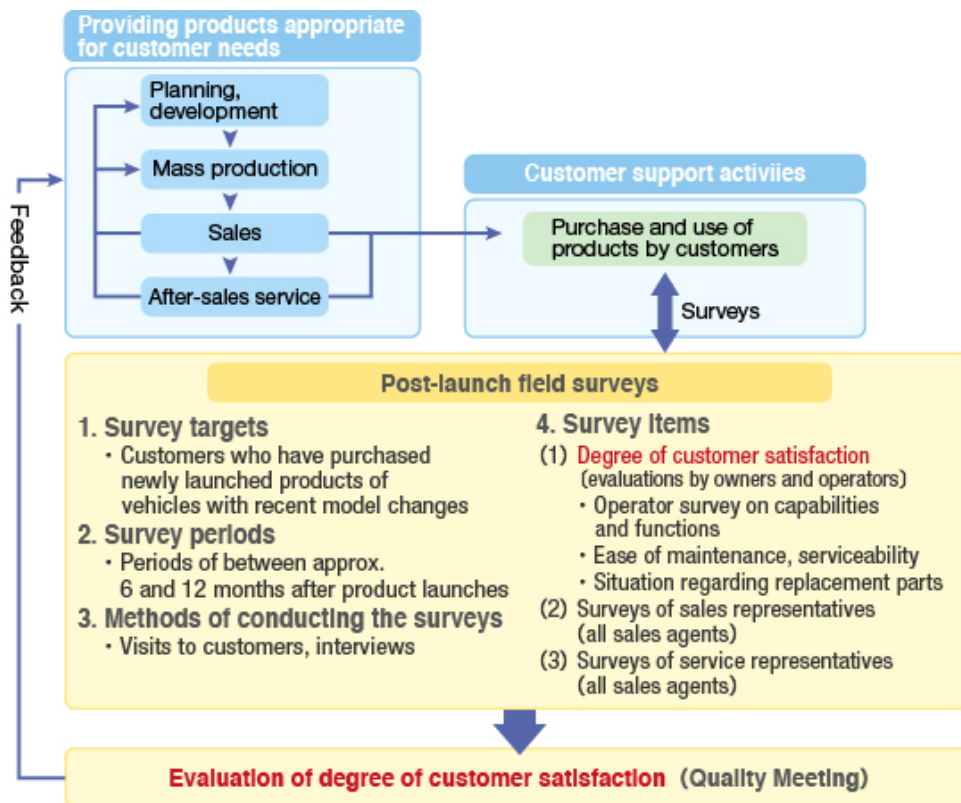
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Post-launch Field Surveys and Feedback of Results

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.



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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

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.

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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.

(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

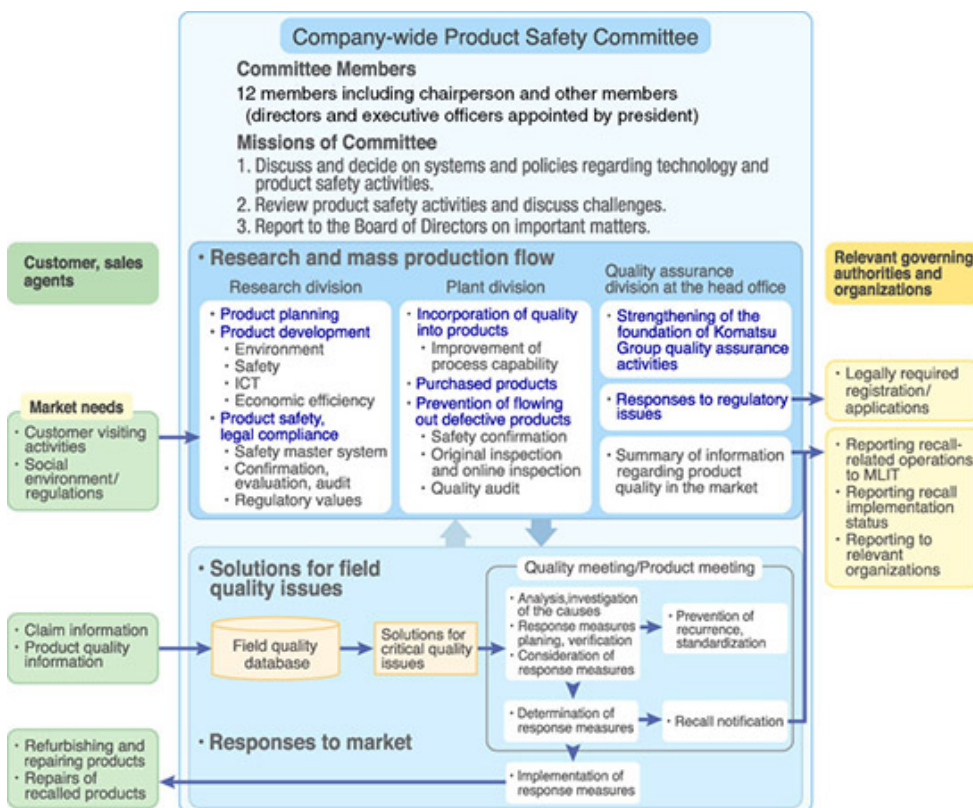
The provision of products and services that minimize any injury that might occur to a customer who has an accident is fundamental to the job of every employee and constitutes the responsibility of every employee.

(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.



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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:

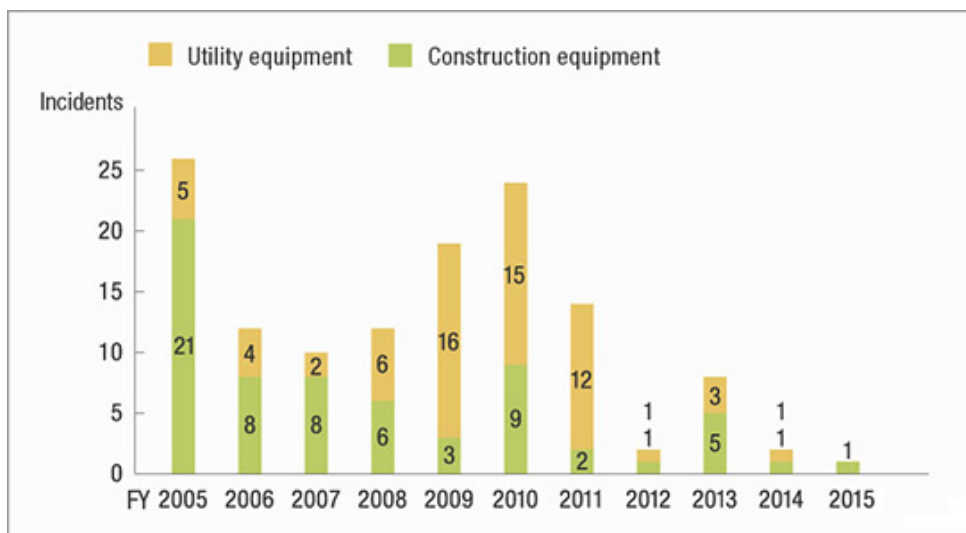
- (1) Proposal for rectification of the situation based on information regarding the defect; decision regarding what measures the company will take toward the market
- (2) File a notice with relevant authorities as provided under the law
- (3) Inform customers by appropriate means
- (4) Take appropriate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

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



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Occupational Safety and Health

Komatsu communicates the message of "Safety First" to Komatsu Group and addresses occupational safety and works on mental and physical health care to create a safe and comfortable work environment.

Our Approach to Safety and Health at the Workplace

Komatsu communicates the message of "Safety First" to Komatsu Group and addresses occupational safety and works on mental and physical health care 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.

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"

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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.

Komatsu Health Declaration

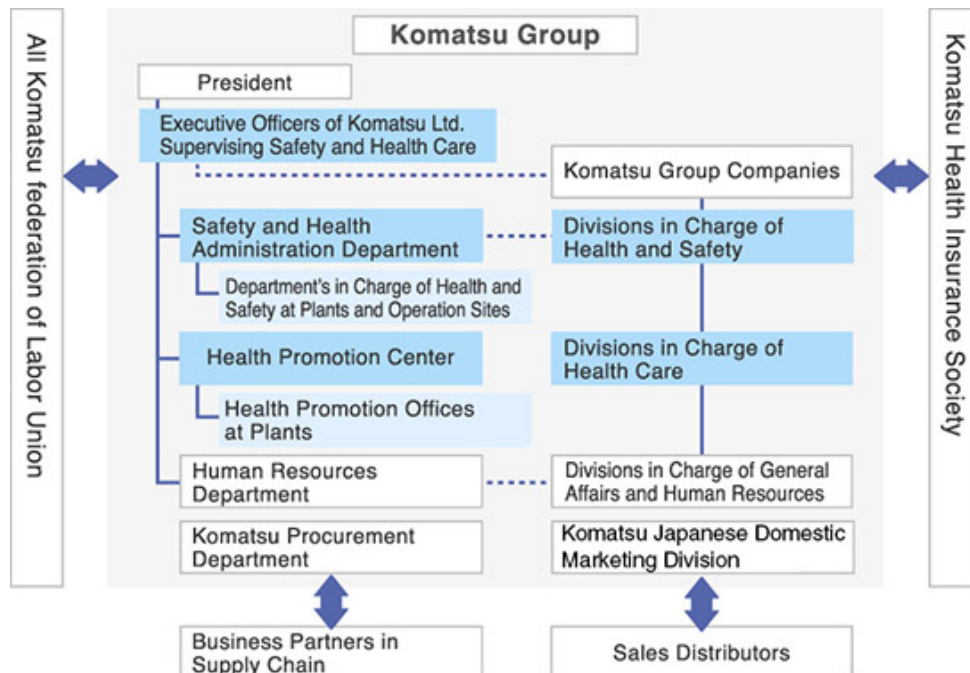
To ensure that Komatsu Group employees can enjoy a better quality of life, we will support their daily health development efforts and strive to provide a workplace environment where they can perform their tasks happily and vigorously with healthy minds and bodies.

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



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Meeting Committee Structure

<p>Group Health and safety Conference</p> <ul style="list-style-type: none"> Safety meetings at Group companies, "Zero Accidents" presentation, etc. 	<ul style="list-style-type: none"> Aims to increase awareness regarding safety and health for employees of the Komatsu Group and partner companies and raise the level of safety and health activities; implements priority items of the activities policy and shares information regarding good safety and health practices and incorporates these practices into its other divisions. Administers presidential awards related to safety and health.
<p>Group Safety and Health Committee</p> <ul style="list-style-type: none"> Safety and Health Committees at Group companies Health and Safety Committees at Plants and Operation Sites 	<ul style="list-style-type: none"> 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.
<p>Global Occupational Safety, Health & Environmental Affairs Meeting</p> <p>Group Health Representatives Meeting</p> <p>Health Promotion Meeting</p>	<ul style="list-style-type: none"> Discusses and shares information on activities to be implemented globally, and colligates them to activities of various overseas subsidiaries. Formulating and proposing all company safety practices policy. Promoting and implementing practices based on the company policy for each company and business location. Formulates and implements company-wide safety and health management policies.; handles the overall supervision of health management activities throughout various business sites.
<p>Health Promotion Committee</p>	<ul style="list-style-type: none"> 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.

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**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

Supporting Supplier's Safety Activities

Komatsu is conducting the following safety activities for the “Komatsu Midori-kai”, which is an organization of Komatsu's business partners (suppliers) in Japan.

- (1) Support for the introduction of Japan Industrial Safety and Health Association (JISHA)'s Workplace Safety Health Impact Project for small and medium-sized businesses (2015)

For our 97 business partners—suppliers of outsourced items—Komatsu introduced JISHA's Workplace Safety Health Impact Project, paying for the inspection fees, and asking each company to improve their safety level in 2015.

- (2) Conduct Safety Patrols

Komatsu conducts paperwork inspections and patrols the workplace, checking especially the legal compliance status (such as notifications and inspections) and unsafe places in the workplace and the possibility of unsafe conduct. For findings, we request the submission of a report listing preventative measures, and follow up accordingly.

- (3) Participation of business partners in the Komatsu Group Safety and Health Conference.

The heads of business partners are invited to participate in the Komatsu Group Safety and Health Conference that is held every year in June.

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(4) Focused guidance for companies that have repeated accidents

For cooperating businesses that have repeated accidents, Komatsu requests a submission of a "Special Safety Activity Chart", and based on the situation of each company, guidance and support is provided by the district procurement department.

(5) Implementation of Mutual Safety Patrol

Patrols are conducted between cooperating businesses from their similar business standpoint, and in cases where there are findings, we request a submission of a report listing preventative measures and follow up accordingly.

Status in FY2015

Our Response to an Industrial Accident at Parts Operation in Komatsu Europe International N.V.

On September 8, 2015, at Parts Operation in Komatsu Europe International N.V. in Brussels, Belgium, two order pickers (high-place work vehicle) collided. One vehicle was overturned and the operator riding on it fell to the ground with the vehicle, sustained serious injuries including skull fracture and brain contusion, and died on September 25.

The local and Japan's safety representative and production engineers worked together to determine the cause of the accident and proposed an accident countermeasure, and a special safety activity was held at Komatsu Europe.

Causes:

- Both rules of not parking within the work lane and no more than 2 vehicles entering the same lane at one time had been broken.
- There was no visual check of the front/back/left/right before moving the vehicle.

Interim Measures:

- Implement reminders and re-education for operators
- Inspection/maintenance of work environment (Example: internal lights always on)

Permanent Measures:

- Prevent work vehicles from contacting or colliding with each other by using sensor alarms.
- Prevent overturning of work vehicles by using guide rails.

These measures were notified across the domestic and overseas work places that similarly use high-place work vehicles in handling parts.

In order to prevent such a tragic accident from ever occurring again, we will continue to be even more diligent and proactive in working on safety and health activities.

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Educational Training for Labor Safety and Health (in Japan)

Items	Contents	FY2015 Practice
Education regarding Mental Health	Based on the rules of the Industrial Safety and Health Act, educational training for mental health is conducted. Stress assessments were started in FY2006, and stress awareness training were started in 2007 and is being held for the employees of all group companies in Japan.	-Stress assessment/awareness training implemented in 31 companies, with approximately 24,000 employees -"Support Letter for the Heart", which is motivational material for management personnel, is distributed every other month to management personnel within the Group.
Education by Job Levels	Safety, health and mental health education is provided to each level of the company including new employees	New Employees Assistant Managers Foremen/Senior Foremen New Managers

Holding a Global Safety and Health Conference

On June 9, 2015, a Global Safety and Health Conference was held with 42 participants from 29 overseas subsidiaries. The following agenda items were explained and discussed, and information was shared.

- (1) The vitalization of Zero Accidents Circle activities (6 domestic and overseas businesses/local companies)
- (2) Safety and Health Activities with special characteristics (3 domestic and overseas businesses/local companies)
- (3) Management of Hazardous Work



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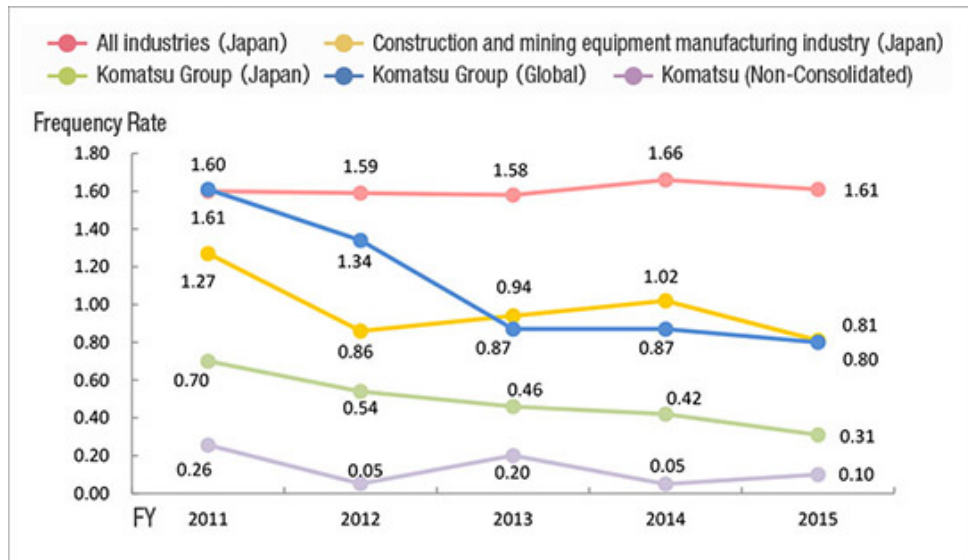
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DATA

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. The scope of the Komatsu Group (Japan) includes Komatsu Ltd. and group companies in Japan.

3. The scope of the Komatsu Group (global) includes "Komatsu Group (Japan)" and overseas production plants.

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							◎		

CSR Theme 1

Enhancing Quality of Life

-Providing Products Required by Society



OHSAS 18001 Certified Offices

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Komatsu America Chattanooga Manufacturing Operation						○			
Komatsu America Peoria 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

CSR Theme 2

Developing People



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.

- (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.

CSR Theme 2

Developing People



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.

Condition of the Labor Union

Komatsu has a labor contract with the Komatsu Labor Union, which is organized by approximately 9,500 employees and 7 branches in Japan. The Komatsu Labor Union is a member of "All Komatsu Workers Union" and "Japanese Association of Metal, Machinery and Manufacturing Workers." Each of 18 consolidated subsidiaries and affiliated companies in Japan has a labor contract with its each labor union joining "All Komatsu Workers Union." They are organized by approximately 7,300 employees of subsidiaries and affiliated companies. The relationships between Komatsu Ltd., subsidiaries, affiliated companies and these labor unions are stable.

Also, in each country, Komatsu complies with laws related to the rights of laborers and responds with integrity to dialogue and discussions with individual employees and their representatives.

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

	FY2013	FY2014	FY2015
Total	10,217	10,416	10,449
Male	9,167	9,325	9,295
Female	1,050	1,091	1,154

(2) Average age

	FY2013	FY2014	FY2015
Total	38.0	38.3	38.5
Male	38.1	38.4	38.5
Female	37.4	38.0	38.5

CSR Theme 2

Developing People



(3) Years of continuous employment

	FY2013	FY2014	FY2015
Total	13.8	14.1	14.3
Male	14.2	14.4	14.6
Female	11.0	11.4	12.0

(4) Annual total remuneration (average)

(JPY)

	FY2013	FY2014	FY2015
Total	6,963,233	7,191,383	7,111,071

(5) Number of employees (Komatsu Group)

	FY2013	FY2014	FY2015
Consolidated	47,208	47,417	47,017
Temporary	1,264	1,175	1,057
Non-Japanese (non-consolidated)	56	59	72
Non-Japanese (consolidated)	29,162	28,945	28,561

(6) Number of employees by age

	Total	Male	Female
Under 30	2,547	2,235	312
30–39	3,226	2,972	254
40–49	2,646	2,271	375
50–59	2,030	1,817	213
Total	10,449	9,295	1,154

CSR Theme 2

Developing People



(7) New graduates employment

Year (April)	College graduate			Junior college graduate	High-school graduate
	Total	Male	Female	Total	Total
2014	213	181	32	24	97
2015	183	163	20	42	71
2016	158	129	29	26	52

(8) Mid-career employment

	Total	College male	College female	Other male	Other female
April 2013–March 2014	143	54	11	55	23
April 2014–March 2015	125	58	12	37	18
April 2015–March 2016	25	10	4	6	5

(9) Employee turnover (April 2015–March 2016)

	Total	Male	Female
Number of employee turnover	77	58	19

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): 17

(10) Retention of new employees

	Male	Female
New employees (April 2013)	356	60
Enrollment (April 2015)	347	58

Turnover rate: 2.6%; 9 males, 2 females

(11) Diversity of management

	Female	Male	% of females	Non-Japanese
Management position	78	1,595	4.6%	8
General managers	6	344	1.7%	0
Directors and officers	2	55	3.6%	5
Executive officers	2	46	4.2%	5
Managers, directors and officers	80	1,650	4.6%	13

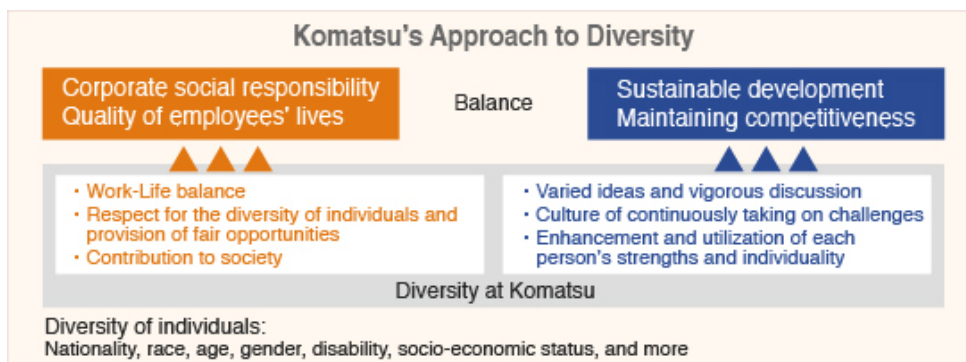
CSR Theme 2

Developing People



Diversity Initiatives

Komatsu recognizes 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.



Interview



Kuniko Urano

Senior Executive Officer,
General Manager, Human Resources Department

— Please tell us the background to Komatsu's initiatives regarding diversity.

Urano: For example, in the B to C model of business “products that make the most of the viewpoint of women” could be part of diversity. But products like construction equipment are used in specific types of work sites, and in general many of the customers and operators are men. This makes it more difficult to bring out the concept of gender diversity in such a way. However, for Komatsu that recognizes “people are an irreplaceable assets”, diversity is an issue that needs to be continually addressed—unrelated to business performance—and this was made clear in last year's CSR report. The thing that I most want is for Komatsu's employees to think, “I am glad to be working for Komatsu”, not just from a financial standpoint but also from the aspect of general well-being. In order to achieve this, we have worked on various measures to support the work-life balance of employees and for fair employment. We want to be a company that can respond in a flexible way by not getting caught up in stereotypes but by taking into consideration social change and individual circumstances.

CSR Theme 2

Developing People



However, a company cannot survive by merely being a “Good Company”. In order to be a “Strong Company”, in other words, a company that is able to maintain competitiveness and continued development, we want to make diversity our strength.

— **What does it actually look like to make diversity a strength?**

Urano: Current technology and values are changing at an amazing speed. This means you cannot respond to change by doing business with only certain people within the company or a special category of people as in the past. In order to pick up on the needs that the customers themselves haven’t yet realized and connect it to the next business idea, it is necessary to think differently than before. This is where diversity becomes necessary. This is the same reason Komatsu is proactively working on open innovation, and here also it becomes necessary to work with people who have unique ideas and characteristics. There are some who say “Diversity is conflict” and there certainly are conflicts that rise from having differences in values. However, that is where active debates occur, which in turn produces the “Dantotsu (unique and unrivaled)” power.

— **In view of incorporating various values, from this year the 5 national heads of the overseas subsidiaries (non-Japanese executives) became Komatsu’s executive officers and 17 national heads (of which 5 serve concurrently as executive officers) became global officers.**

Urano: Komatsu’s globalization has moved from the localization of sales and manufacturing to the localization of management since the 90s. We have promoted many of our full-fledged locally hired employees who understand the values of the KOMATSU Way to top management positions, and currently all of our major overseas subsidiaries except Russia, Brazil and India have local nationals as top executives. It can be said that the localization of management has progressed.

In order for Komatsu to go one step further as a global business, I think it is necessary to emphasize diversity in management and execution of operations. This time, we will have executive officers and global officers from overseas to think about not only the operations in their own countries but of Komatsu Group as a whole. In this way we hope to bring global values into decision-making for business strategies and human resources strategy, and promote diversity in the management levels by emphasizing the training of locally-hired employees who have the potential to lead the next generation for upper levels of management.

— **Next tell us about women empowerment that was legislated in Japan in April of this year.**

Urano: We have worked towards the goal of having 5% of management be women (Komatsu Ltd.) by April 2016. The actual result was 4.6% and did not reach the goal, but setting a number and aiming high is what makes it possible to work on even the most detailed policies. Going forward, targets will be set for employee ratio, hiring ratio, and management ratio to aim for an increase in the ratio of women.

For example, in looking at the new graduate hires for engineers, until now it was mainly from mechanical fields where male students dominate in numbers. However, with products and services becoming increasingly ICT based in Komatsu, personnel from the science and information technology fields will also become important. There are plenty of female students in these fields, so we can hope for an increased ratio in female hires.

We are also devising ways to make it easier for women to work at the manufacturing sites. Making the tough jobs easier—such as introducing equipment to handle heavy items—makes for a work environment that is better, not only for women but for all employees as well.

CSR Theme 2

Developing People



— In order to increase the number of women in management, isn't it necessary to have more initiatives than there have been so far?

Urano: As mentioned before, once the ratio of women increases after addressing the issues in each job category, it will be necessary to make it possible for women to continue in their career even through life events such as marriage and child bearing.

In order to do that, particularly in the present transitional period, we are holding training sessions for women who are one or two steps away from management level positions, to help them think about their career plan. Being given work with some responsibility often leads people to experience a lot of personal growth and find joy in their work. We are hoping that if women employees have such experiences before going through life events, it will motivate them to continue pursuing their careers.

Aside from this, Komatsu has continued with other initiatives for diversity, such as actively promoting the “Business Creation Center” (BCC) where persons with disabilities are employed as permanent staff to work at manufacturing sites and in the offices, as well as promoting the re-hiring of retired people to have them make good use of their cumulative experience.

In society there are people who have various characteristics and conditions that cannot be lumped together. We are conscious that creating a work environment where the LGBT population can work comfortably is also an issue that must not be forgotten. We will continue to work on diversity as a way of being both a “good company” and a “strong company”.

Promoting Women's Careers

Approach and Goals

Komatsu is actively promoting various measures such as proactive employment and development of women as well as creating an environment where women can maintain a career after child bearing. With the 3 year mid-range management plan “Together We Innovate GEMBA Worldwide: Growth Toward Our 100th Anniversary (2021) and Beyond” which started in April this year, we have set and begun working towards the goal of having a ratio of women in management of 7% by April 2018 and 10% by April 2021.

Systems and Status in FY2015

From FY2015, as measures for the development of women employees, the CDP (Career Development Program) was fully implemented. This provides career plan training which includes thinking about future careers and ways of working, as well as discussing mid-term career goals with their supervisors. We are also working on creating an environment that makes it easier for women to work, such as introducing and establishing the system for working from home in FY2014 as a flexible way to work, and providing a childcare service at the KOMATSU Way Global Institute located in Komatsu City, Ishikawa Prefecture, so that employees who have children can participate.

Also, in order to have female students searching for jobs to get well acquainted with Komatsu, we are being proactive in hiring activities for women such as discussion meetings for each job category, holding career and networking events in cooperation with outside groups and schools for women engineers.

CSR Theme 2

Developing People



In terms of external recognition, Komatsu was selected again this year for the second time in a row 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.



Nadeshiko Brand logo

DATA

	FY2014	FY2015	FY2016
Number (ratio) of women employed	1,050(10.3%)	1,091(10.5%)	1,239(11.5%)
Number (ratio) of women in management positions	55(3.5%)	64(4.0%)	80(4.6%)
Number (ratio) of women in executive positions	2(4.7%)	2(4.7%)	2(4.2%)
Number (ratio) of women hired	32(15.0%)	20(10.9%)	29(18.3%)

* All based on Komatsu (non-consolidated). The number employed and the ratio is of new college graduates, data as of April 1.

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.

CSR Theme 2

Developing People



Systems and Status in FY2015

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 FY2015, the seminar was held in July with the participation of 11 executives representing subsidiaries in 9 countries: United States, Chile, Brazil, Italy, Sweden, Russia, China, Indonesia, and Australia. 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 in "their own words".

We also provide Global Management Training for selected employees to develop executive candidates capable of holding global leadership roles. About 10 general managers in Japan and top managers at overseas subsidiaries with potential are selected every year for enrollment in short-term courses at international business schools. In FY2015, 10 individuals attended training at business schools in the United States, England, France and 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.

Also, for even further development, from FY2016, a Global Officer System—composed of executives of the main overseas subsidiaries—will be established. In addition to appointing top management personnel from the main overseas subsidiaries as executive officers, 14 of them will be appointed as executive officers who are to participate in Komatsu's important meeting body.

DATA

	Overall	Non-Japanese
Number of Executive Officers	53	5
Number of Global Officers	26	17

* As of April 1, 2016

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.

CSR Theme 2

Developing People



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 FY2016

As of April 2016, the employment ratio of persons with disabilities is 2.63% (Komatsu Ltd.). As for BCC, there are 98 people working at 9 business units. With the expansion of its organization, BCC has taken on matters that had previously been outsourced, as well as tasks that had been taking up time and effort internally, and thereby contributed to the efficiency and cost cutting for the company as a whole.

DATA

	FY2014	FY2015	FY2016
Employment ratio of persons with disabilities	2.50%	2.58%	2.63%
Number of BCC locations	9	9	9
Number of BCC staff members	88	94	98

* Data is for Komatsu Ltd. As of April 1st.

Promoting Hiring of Retired Employees

Approach and Goals

As the aging of Japanese society accelerates, Komatsu is committed to maintaining its efforts to hire more elderly workers. Komatsu(non-consolidate) introduced a re-employment program in 2006 and revised this system from April 2013 so that as a general rule all those who desire to do so can work until the age of 65. 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.

DATA

	FY2013	FY2014	FY2015
Number of retired employees	143	178	207
Number of retired employees who were rehired by Group companies	118	157	159

CSR Theme 2

Developing People



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 FY2015

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.

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.

CSR Theme 2

Developing People



Main Programs and Measures Designed to Enhance Work-Life Balance

Program/Measure		Description
Childcare support	Childcare leave program	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	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
	Telework program	Option to work at home in order to care for children up to the third grade of elementary school
	Allowance toward the cost of using childcare services	Allowance toward the cost of childcare for infants up to age two before entering nursery school (10,000 yen/month)
	Nursing leave	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) Allowance toward the cost of using childcare services
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
	Telework program	Option to work at home for a maximum of three years in order to provide care for family members
	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	Provided to encourage employees to take five consecutive days of leave for mental and physical rejuvenation 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
	Volunteer incentive program	Long-term paid leave of up to two years, or short-term paid leave of 12 days per year

CSR Theme 2

Developing People



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

	FY2013	FY2014	FY2015
Pregnancy leaves	41	47	46
Childcare leaves	85	80	89
Male	7	4	9
Within one week leave	0	0	1
Return and retention rates	98.8%	100%	96.7%

Family-care leave

	FY2013	FY2014	FY2015
Family-care leaves	4	4	6

CSR Theme 2

Developing People



Remuneration

	FY2013	FY2014	FY2015
Salary for 30-year-old employees	JPY320,430	JPY323,890	JPY326,460
Highest	JPY334,000	JPY332,100	JPY339,900
Lowes	JPY311,400	JPY288,850	JPY317,900
Overtime payment	JPY55,831	JPY62,509	JPY49,674

*College graduates and others hired during annual recruitment period. Overtime pay calculated based on model pay scale for 30-year olds.

Paid vacation

	FY2013	FY2014	FY2015
Days granted	20.0	20.0	20.0
Days taken	17.8	18.3	18.4
Ratio	89.0%	91.5%	92%

Volunteer incentive program

	FY2013	FY2014	FY2015
Number of program users	100	79	92
Long-term leaves	1	1	1
Dispatch of Japan Overseas Cooperation Volunteers	—	—	—

CSR Theme 2

Developing People



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 FY2015

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.

In 2011, Komatsu distributed a revised edition of the KOMATSU Way that was officially acknowledged in 2006, to all Group employees. The revisions included making the established values and way of thinking easier to understand, increasing the number of case studies discussed, and adding Komatsu's approach to brand management.

In FY2015, we started QC (Quality Control) training at our overseas subsidiaries. As the understanding and practice of QC progresses at each overseas subsidiary, we expect that efficiency and quality improvement will progress at the same time, and also lead to a better understanding and spreading of KOMATSU Way which is much influenced by QC.

Also, 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.

CSR Theme 2

Developing People



DATA

Educational Training that pertains to KOMATSU Way

Name of Training Course	Course participants	Aim	Training dates (2015)	Number of participants/cases
Education for top management personnel of overseas subsidiaries (Global Management Seminar)	Overseas subsidiaries' management level personnel or candidates	To train up managers at overseas subsidiaries who understand the KOMATSU Way and can talk about it in their own words	July	11 people
Education for mid-level managers of overseas subsidiaries (KOMATSU Way)	Mid-level managers of overseas subsidiaries expected to be responsible for the core	To train up local leaders who will understand and practice KOMATSU Way	June (United States) October (Chile) November (Indonesia)	June: 23 people October: 29 people November: 19 people
Leadership Development Program)	business/functions			
KOMATSU Way Expert Development Program	Mid-level managers of overseas subsidiaries with aptitude	To train up 'evangelists' responsible for spreading the KOMATSU Way in overseas subsidiaries	June (United States) October (Chile) November (Indonesia)	June: 14 people October: 12 people November: 12 people
QC Training	Mid-level managers of overseas subsidiaries with aptitude	To promote understanding of QC at overseas subsidiaries	September (Chile) November (Indonesia)	September: 21 people November: 23 people
Training by Job Level	New employees, assistant managers, newly appointed executives, etc.	To promote the understanding and practice of KOMATSU Way	Year round	3,314 people

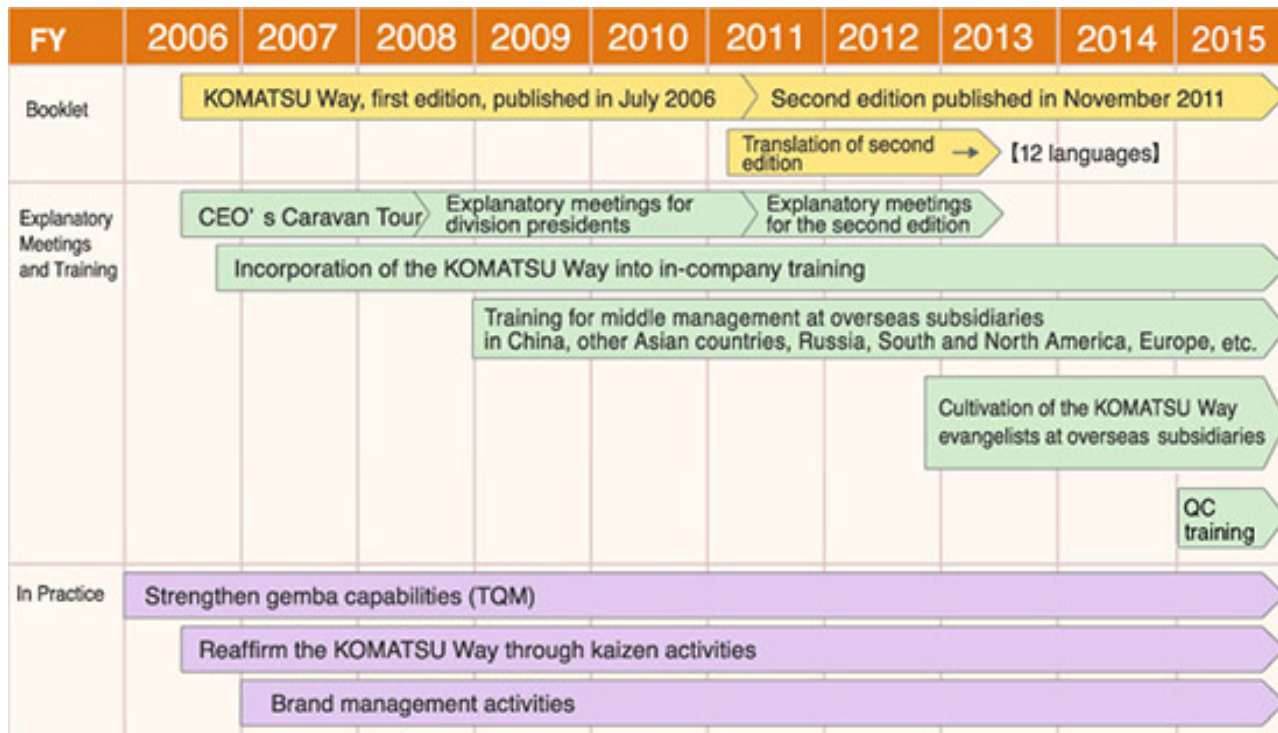
CSR Theme 2

Developing People



All Komatsu QC Convention	Representatives of domestic and overseas Komatsu Group companies	To present improvement activities as OJT and strengthen awareness of KOMATSU Way practices	November	87 cases
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The KOMATSU Way—History of Dissemination Activities



CSR Theme 2

Developing People



Employee Training Structure

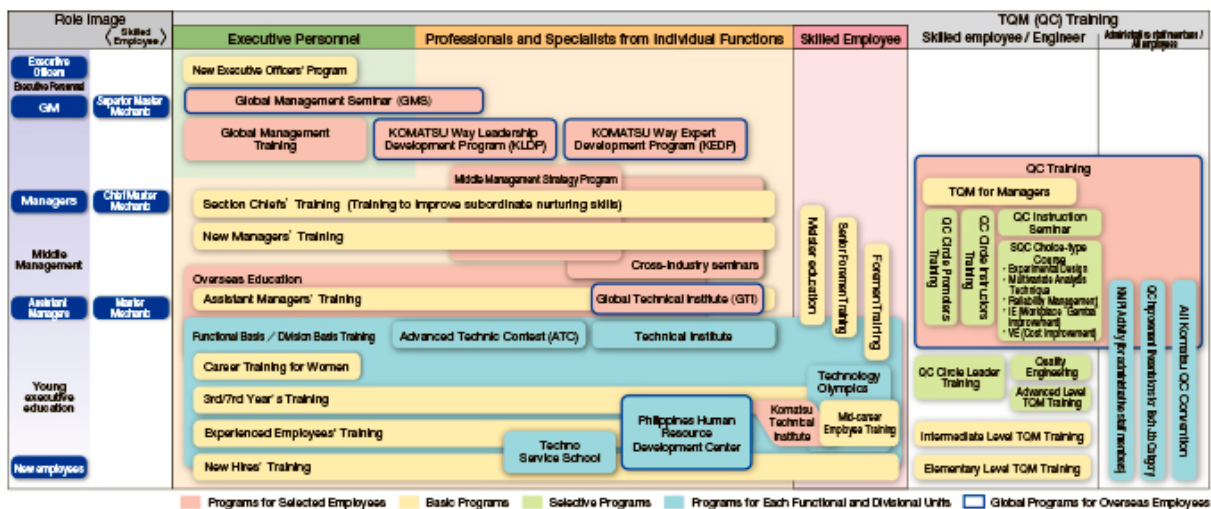
Approach and Goals

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 FY2015

Employee Training Structure



Please refer to the following pages for the contents of each program that was held in 2015

- ▣ Educational training pertaining to the KOMATSU Way p.56
- ▣ Technical Capability of manufacturing workplace p.59
- ▣ Services Personnel HR development p.61

DATA

Employee Training

	FY2013	FY2014	FY2015
Average hours per FTE	96	98	96
Average spent per FTE	JPY215,000	JPY229,000	JPY244,000

*Non-consolidated data for Komatsu Ltd.

CSR Theme 2

Developing People



Strengthening Our Gemba Capability

Enhancing the Technical Capability of Our Manufacturing Workplace

Systems and Status in FY2015

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.

CSR Theme 2

Developing People



TOPICS

Newly Established Technical Training Center in Oyama City, Tochigi Prefecture

In September 2015, a new building for a technical training center was built on the grounds of the Oyama Plant, one of the main domestic plants, strengthening and completing the educational function. In this training center, in addition to consolidating each training area including assembly, painting, machine processing, facility maintenance, parts inspection, and thermal treatment, a welding area was added, providing training areas for the 7 technical fields to strengthen its functionality. As a result, aside from operation inspection, comprehensive training in all technical areas has become possible, forming the framework to promote further skill upgrading.



The newly completed technical training center

DATA

Status of Human Resource Development at the Manufacturing Gemba

		FY2013	FY2014	FY2015
All-Komatsu Technology Olympics	Number of participants	203	211	195
	From overseas	49 (11 countries)	50 (10 countries)	36 (11 countries)
All-Komatsu QC Competition	Number of teams	76	78	87
	From overseas	21 (11 countries)	25 (13 countries)	26 (12 countries)

CSR Theme 2

Developing People



Status of Dispatching Technicians from Japan to Overseas Plants and Distributors

**FY2015 Main
Countries of
Dispatch**

U.S.A., Yemen, Italy, India, Indonesia, Egypt, Australia, Oman, Qatar, Korea, Kuwait, Sri Lanka, Thailand, China, Chile, Germany, Turkey, Norway, Philippines, Brazil, Vietnam, Myanmar, Mongolia, Jordan

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 "Techno Service School" 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. Having set up this educational environment, we will conduct tests to assess knowledge levels in order to gauge the competitive capabilities of the distributor and develop a practical training program that is combined with sales promotion activities.

CSR Theme 2

Developing People



TOPICS

Newly Established Training Center for Domestic Distributors in Komatsu City, Ishikawa Prefecture

In October 2015, a model training center for domestic distributors was newly established in Komatsu City, Ishikawa Prefecture. Due to Japan's market situation of the last few years, which has included an increase in the number of vehicles distributed due to an upswing in demand, compliance with emissions regulations, and growing complexity of machine composition due to ICT technology being mounted, proper training of distributors' service personnel has become imperative. The model training center recreates the environment of a maintenance plant as a model for the distributors by envisaging various service work so that we can provide practical training on everything from safety training, such as predicting dangers, to learning accurate and efficient maintenance/repair technology.



Model Training Center for Domestic Distributors

CSR Theme 2

Developing People



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.

CSR Theme 2

Developing People



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 FY2015, we also sought to raise the standard of the comprehensive strengths of our distributors, overseas subsidiaries and Komatsu by holding not only the global Brand Management Convention, but also by holding Brand Management Meetings in Japan, Europe, Russia and North America, as well as by having Brand Management Conventions in Europe, Russia and North America.

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.



September 2015, Europe Brand Management Convention held in Brussels, Belgium

CSR Theme 3

Growing with Society



Compliance

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.

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

CSR Theme 3

Growing with Society



and 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 FY2015

No incidents of special note occurred during 2015.

DATA

1. Number of Internal Reporting

	FY2013	FY2014	FY2015
Number of Internal Reporting (number of serious cases)	52 (0)	52 (0)	68(0)

2. About Komatsu's Worldwide Code of Business Conduct

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

3. Compliance Education in FY2015

Class Learning	Approx. 2,000 people
e-Learning	Approx. 22,000 people

CSR Theme 3

Growing with Society



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.

Risk Management Structure



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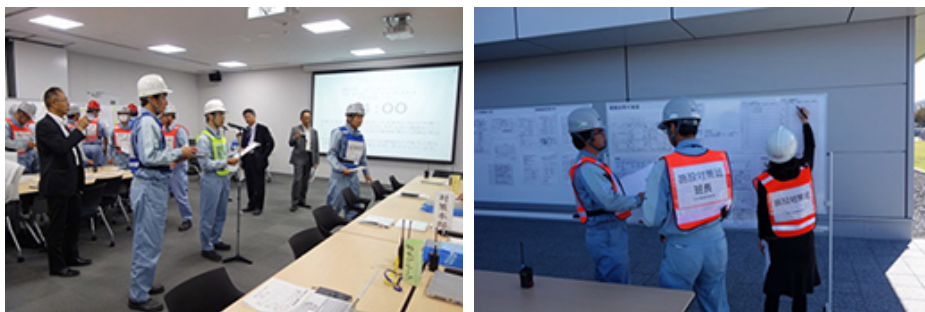
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Systems and Status in FY2015

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.



Oyama Plant and Tochigi Plant combined BCP Training

Promoting Risk Management throughout the Group

To reinforce the risk management structure across the Group, including overseas subsidiaries, Komatsu is establishing channels for risk reporting, creating a risk management manual, etc. Also Komatsu is conducting BCP initial response training at the sales and service bases in Japan 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.

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Growing with Society



Strengthening Information Security



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.

DATA

Record of BCP Training

Date	Business Site	Content of Training
July 2015	Business sites in Japan	Communication training with broad-area wireless devices
September 2015	Hakozaki Office (Fukuoka)	BCP Initial Response
October 2015	Oyama-Tochigi Plant	BCP Training

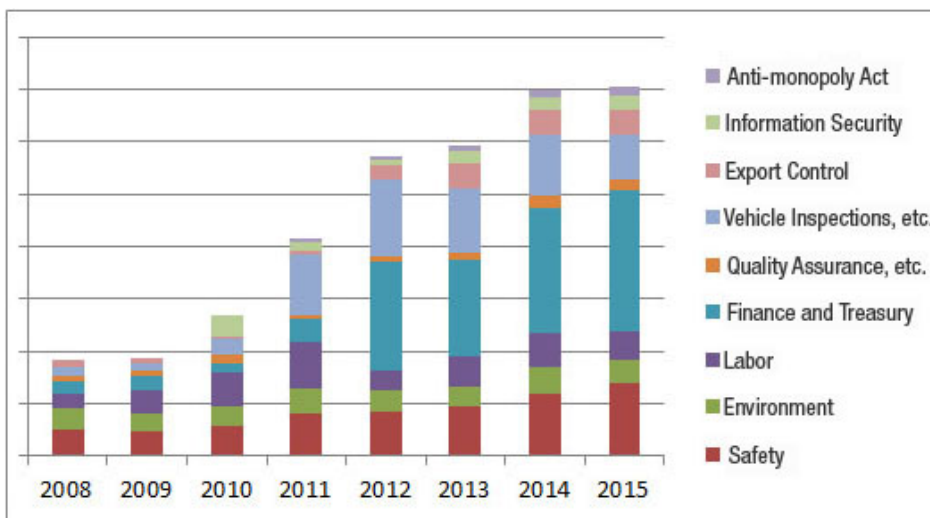
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October 2015	Komatsu NTC (Toyama)	BCP Training
October 2015	Gigaphoton (Tochigi)	BCP Training
November 2015	Shonan Plan	BCP Training
November 2015	KELK (Kanagawa)	BCP Training
November 2015	Head Office	BCP Initial Response
November 2015	Head Office	Safety Reporting
March 2016	All Group companies in Japan	Safety Reporting
March 2016	Business sites in Japan	Communication training with broad-area wireless devices

Implementation of Compliance and Risk Audits



Employee Education (Information Security)

Name of Course	Target
New Employee Training	New hires (both new graduates and experienced hires)
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 mangers)

CSR Theme 3

Growing with Society



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



CSR Theme 3

Growing with Society



Midori-kai and the State of Our Support of the Organization in FY2015

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.

Midori-kai companies have been divided into 5 groups by production item, to promote improvement activities along with Komatsu for each one of the shared improvement themes of safety, environment and cutting-edge element technologies. The case examples of improvement are shared within the companies of the group which is set up for lateral dissemination of information.

In North America, Europe and China, there are Midori-kai organizations made up of Komatsu's major business partners.

These chapters are making the most of the characteristics of their respective region in furthering their activities.

Support to Member Companies

Komatsu supports Midori-Kai member companies in a variety of ways, and making effective use of the initiatives of each group while promoting improvement activities. Support activities during FY2015 are described below.

Safety

As part of the effort to strengthen safety and health activities, we are conducting safety patrols continually and sharing information on labor accidents, as well as lateral sharing of safety measures through the safety activities presentation meetings, in order to support each company in increasing their level of safety.

As a part of each group's initiatives, there is some friendly competition as they patrol each other's companies within the group to provide findings and look for areas of improvement as part of promoting such activities.

In addition, we opened safety training centers in each Komatsu plant that our business partners can use so that their employees can also experience simulated workplace hazards and be trained to anticipate dangerous situations.



Example of conducting safety patrols for each other. Activity involving friendly competition of patrolling each others' company to point out and make improvements based on findings.

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Environment

We made certain certifications, such as ISO14001 and Eco Stage mandatory, and as a result of our directing and supporting efforts to obtain these certifications, all 164 companies within the Midori-kai are now certified. 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 the energy consumption of 97 companies of our 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.

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.

As a new initiative in FY2015, we held a CSR study group for young management.



The study group for business partners held in February 2016. Using Komatsu's CSR activities as an example, each company worked on the CSR Materiality identifying process for their own company.

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.

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 maintenance personnel from our plant to our partner companies—as we did following the Great East Japan Earthquake—to help support speedy production recovery.

CSR Theme 3

Growing with Society



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.

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%

CSR Theme 3

Growing with Society



FY2015 Record of Support to Midori-kai (Japan)

Item	Content	Results
Human resources development and edification	Participation in Komatsu's Executive Development Education (selected each year)	2 companies
	Participation in All Komatsu QC Convention and Technology Olympics	19 companies in total
	Publishing "CSR Communication" (FY2011-)	118 issues in all
	CSR study groups held	23 companies
	Support in Management Salon	13 companies
	Held an Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors Education	181 companies in total (312 people)
Occupational Safety and Health	Safety Patrol	All 97 companies
	Held a Special Committee on Safety	22 times
Environment	Support of reduction activities for electricity use	All 97 companies
	Held a Special Committee on Environment	8 times

CSR Theme 3

Growing with Society

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.

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.

CSR Theme 3

Growing with Society



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.

CSR Theme 3

Growing with Society



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, while at the same time conducting interactive dialogue.

1. Activities for Corporate Investors and Securities Analysts

On the same day that quarterly business results are announced, the company holds explanatory sessions for corporate 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.

2. Informational Meeting for Individual Shareholders

To furnish an opportunity to communicate with individual shareholders, Komatsu convenes shareholders' meetings in major cities in Japan twice a year, with top management explaining the company's performance and management strategy. In 2015, we held meetings in Nara City and Fukuoka City in December and the president 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, overseas business development, and governance.

Since these meetings were launched in 1997, they have been convened 41 times, with about 12,000 shareholders participating to date.



Shareholders' meeting held in Nara City in December 2015



Shareholders' meeting held in Fukuoka City in December 2015

CSR Theme 3

Growing with Society



3. Plant Tours for Individual Shareholders

Komatsu has been holding plant tours for individual shareholders to further deepen their understanding of the company. Tours were held at the Awazu Plant (Ishikawa) in October 2015, then at the Osaka Plant (Osaka) and Oyama and Tochigi Plant (Tochigi) in March 2016 for a total of seven days.



Plant tour for shareholders at the Awazu Plant in October 2015



Plant tour for shareholders at the Osaka Plant in March 2016



Plant tour for shareholders at the Oyama and Tochigi Plant in March 2016

4. Techno Center Tours for Individual Shareholders

Komatsu offered Techno Center tours (Izu City, Shizuoka Prefecture) in August 2015 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 crafts and science classes, and had stamp rallies.



Visitors watching a demonstration of construction equipment and participating in a science class during the Techno Center Tours in August 2015.

CSR Theme 3

Growing with Society



5. 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 FY2015, these meetings were held in 11 cities in Japan.



Meetings for individual investors

Events for Shareholders in FY2015 (in Japan)

	Location	Approximate Number of Participants
Shareholders' Meeting	Nara, Fukuoka	800
Plant Tours for Shareholders	Awazu Plant, Osaka Plant, Oyama and Tochigi Plant	350
Techno Center Tours	Komatsu Techno Center (Shizuoka)	130
Meetings for Individual Investors	11 cities in Japan	1,000

CSR Theme 3

Growing with Society



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. Also, at overseas subsidiaries, we are being proactive about holding employee meetings to provide a place for communication to take place with the local Group employees.

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, 2016 a total of 107 questions on specific topics, along with the president's answers, explanations and messages to employees, have been published in Japanese and English.



Employee meeting held at the main office the day after financial statements were announced in April 2016

“Virtual Office of President” on the intranet

CSR Theme 3

Growing with Society



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 five plants in FY2015 and were attended by about 43,700 people.

Date	Plant	Number of Visitors (approx.)
May 24	Ibaraki Plant	7,000
August 2	Awazu Plant	15,000
September 26	Koriyama Plant	7,000
October 25	Shonan Plant	6,700
November 8	Osaka Plant	8,000



Ibaraki Plant



Awazu Plant



Koriyama Plant (Judo class)



Shonan Plant



Osaka Plant

Social Contribution Activities



Accomplishments and Approaches for Social Contribution Activities

Komatsu believes that, in addition to their main business, it is the responsibility of businesses to conduct “Social Contribution Activities” in the local community where they do business. In our social contribution activities, we emphasize themes that make the most of the know-how which have been cultivated in our main business.

Basic Approaches to Social Contribution (from “Komatsu’s Worldwide Code of Business Conduct”)

“Specific elements of CSR (Corporate Social Responsibility) may differ from country to country, from region to region or from one business to another. However, regardless of such differences in detail, the key question remains the same for companies to co-exist in harmony with society, that is, how to respond to the expectations from society, and thus gain trust from society. As already stated, it is Komatsu Group's world-wide common principle that Komatsu should fulfill its corporate social responsibilities through its own business operations. On top of that, we also acknowledge that a company, as a good corporate citizen, should live up to the expectations of the society by promoting harmonious relations with, and contributing to the benefit of, the community in which it operates. Accordingly, we shall be proactively and continuously engaged in regional activities for social contribution as part of our corporate social responsibility.”

Social Contribution 5 Basic Principles (from “Komatsu’s Worldwide Code of Business Conduct”)

Aims: To clarify the responsibilities of Komatsu Group and its employees as members of the local community and guide their activities for social contribution accordingly.

Principles: Activities for social contribution should:

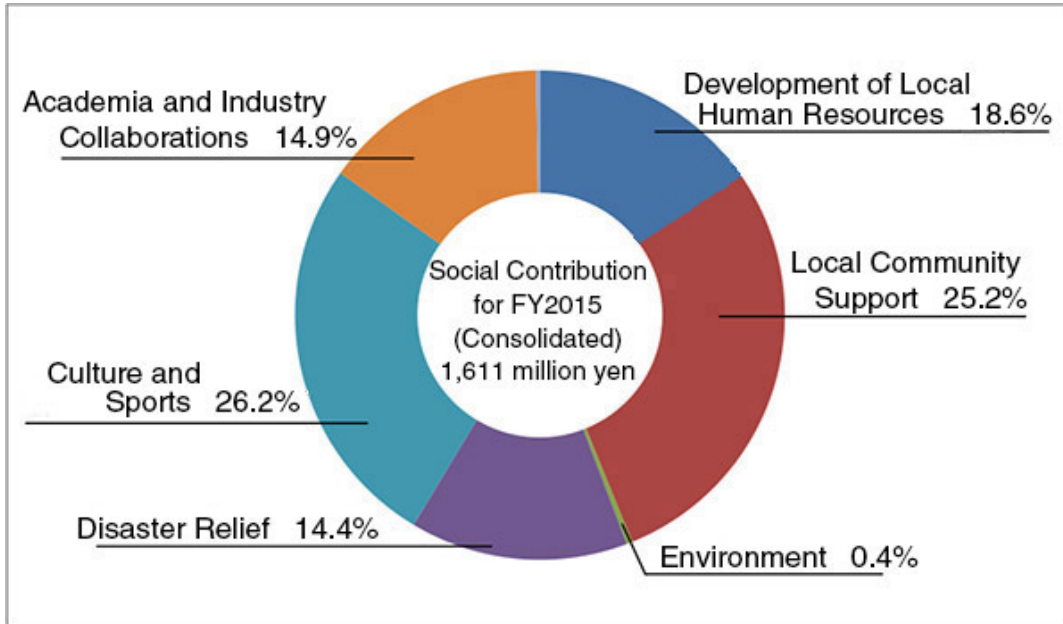
- have continuity;
- contribute to the advancement of public welfare;
- be chosen voluntarily (not forced);
- be reasonable to employees; and
- not be designed to advertise our products or services.

Social Contribution Activities



Social Contribution Expenditures of the Komatsu Group

Results of Komatsu’s social contributions divided and summarized into 6 general categories are as per below.



Social Contribution Activities



Komatsu's Initiatives for the Social Issues In Various Areas of the World

The world has various social issues depending on each area.

As Komatsu develops business on a global scale, we listen to the opinions of the people who live in each area and conduct support activities to improve the living standards of the people in the local community. We believe that conducting such social contribution activities is the responsibility of those doing business in that area.

South Africa

Providing Basic Education to Youth Who Did Not Receive Education due to Apartheid (Komatsu South Africa Komatsu-DenRon Community Development Centre)



In the poverty-stricken districts of South Africa, there are a large number of unemployed people who did not receive education during the days of Apartheid. Meanwhile, there are businesses that suffer from a chronic lack of skilled human resources. In order to solve this problem at its source, Komatsu is cooperating with its customer, DenRon to operate a school and provide free education. The young people who graduated from this school have gone on to work full-time at local companies, and some have even become employees of DenRon.



Mr. Thembaletu Smith,
Graduate of Komatsu DenRon School

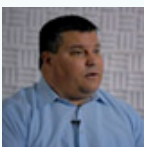
I grew up in the country and there were no computers in the village, so I was able to learn about computers for the first time at this school.

North America

Fostering Career Ideas in Children (Employees of Komatsu America as guest teachers)



“Junior Achievement (JA)” is an NPO supporting international education that provides programs to help children gain knowledge and experience as a member of society from the time they reach school age, and Komatsu America Corp. (KAC) supports this program through employee participation. In these classroom presentations, where the KAC employee becomes the teacher, not only do they gain the joy of the receiving children’s appreciation, the employees themselves improve their skills in communication and time management. Many of the managers of KAC consider participation in JA a part of employee education.



Mr. Peter Truschke,
Junior Achievement of Chicago

Komatsu volunteers are very important in providing a presence that connects the classroom with the real world.

Social Contribution Activities



Chile

Improving the Living Standards of Residents in the Mining Community (Community Support Together with Customer, Komatsu Cummins Chile)



For companies that engage in the mining industry, working to improve the living standards of the community is considered “license to operate” and Komatsu Cummins Chile (KCC) actively participates in this effort. As one of these activities, we are supporting the poverty-stricken district alongside our Customer, Minera Los Pelambres. The event at the elementary school of giving out Christmas presents —organized mainly by KCC employee volunteers—has been going on for 16 years.



Ms. Patricia Trigo,
Teacher at Coiron Elementary School

It is important that there are people who care about this little village.



Ms. Yesenia Carvaja,
Graduate

It's like they are all my uncles!

Indonesia

Improving the Living Standards of a Poverty-Stricken District (Local Community Support by KI Foundation)



The villages in the vicinity of Komatsu Indonesia (KI) have a high unemployment rate and the household income for the majority is lower than the average in Jakarta, with approximately 70% of the people not graduating from high school. The KI Foundation, funded by subsidiaries of Indonesia, provides educational funding support for the children in these areas, as well as providing health programs, promoting recycling, repairing mosques, and providing employment opportunity as hall staff in the employee cafeteria.



Mr. Suryana,
Caretaker of the Local Mosque

We received support in getting materials and paying the construction company for mosque repairs.

Social Contribution Activities



Japan

Construction Industry Labor Shortage - Promoting Labor Participation of Women (Komatsu Safety Training Center, Training Course aimed at women, Komatsu Rental (Temporary Toilets for Women))



In Japan's construction industry, due to the aging of experienced workers and lack of young people taking construction jobs, the decrease in the labor population is becoming a serious problem. As a measure to deal with this, initiatives are being started in various areas to make it possible for women to work and be successful in the construction industry and Komatsu is also supporting these efforts. A training course aimed at women has been set up at Komatsu Safety Training Center, and Komatsu Rental has developed and started the rental of temporary toilets that women can use safely and comfortably at construction sites.



Ms. Midori Yamazaki,
Student of Komatsu Safety Training Center

The practicums make me nervous but it is easier not to feel timid when there are only women.

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

Activities in FY2015

Continued Support of Construction Equipment Operators Training in Liberia

Since FY2014 we have been supporting the construction equipment operators training center established in Liberia as a cooperative project with the Japanese government and the United National Industrial Development Organization (UNIDO). The second Term has started in 2016, as our continued support for the project.

Social Contribution Activities



<Outline of the Project>

- Name of the Vocational School: Japan Heavy Equipment Operator School (JHEOS)
- Objective: To promote employment of youth in the mining, construction and agricultural sectors in Liberia by providing skills training and the development of human resources.
- Investor: The Japanese government (providing gratis fund aid)
- Manager: UNIDO

<Footprints of the First Term (April 2013 - March 2016) of the Project and Contents of Komatsu's Support>

- May 2014: Komatsu trained four instructors for three weeks in Japan.
- June 2014: Opening ceremony of the vocational school.
- August 2014: Temporary closure of the school due to the Ebola outbreak (Komatsu continued to support the instructors via emails, etc. while the school was closed).
- December 2014: Komatsu provided a used PC200 hydraulic excavator free of charge.
- April 2015: The vocational school started some programs.
- August 2015: First graduation ceremony held (for 149 students).

<Komatsu's Plan of Support for the Second Term (April 2016 -- March 2018) of the Project>

- To provide know-how related to training materials and equipment to improve programs.
- To train instructors at Komatsu facilities.
- To dispatch Komatsu instructor from Japan to train local instructors, etc.



August 2015 First Graduation Ceremony (for 149 students)



March 2016, The Second Term of Project Starts (the signing ceremony)

Liberia is not only rich in iron ore and other resources, but also the government is planning infrastructure development under the background of economic growth. As a result, we are looking forward to an increase in mid to long-term demand for construction and mining equipment. To unflinchingly capture future market demand, we believe it is our important task to develop human resources in Liberia. As part of its efforts for social contributions around the world, we have been promoting human resource development which directly results in employment. In Liberia, under collaboration with our local distributor, we are committed to supporting the Project, one of the areas of focus for its CSR activities.

Social Contribution Activities



Collaboration with a Business Partner

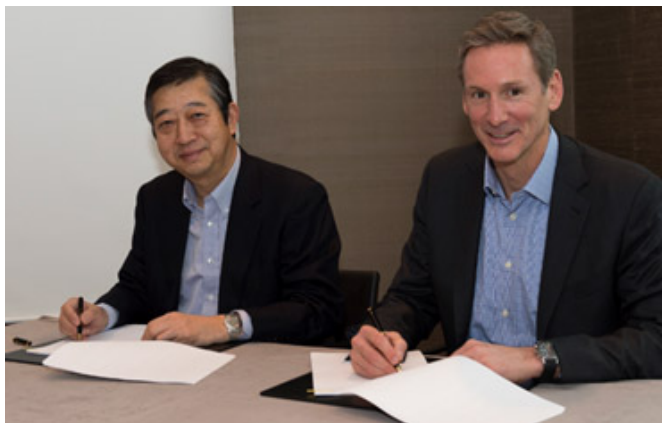
- Local Human Resources Development in Collaboration with Cummins Inc. -

More effective results can be expected from CSR activities based on collaborations than from activities conducted alone, as we can use each other's human resources, know-how and resources, etc. In promoting social contribution activities in the past, Komatsu has collaborated with entities like NPO organizations that have their own unique know-how. And now in April 2016, we have made a contract with our business partner, Cummins Inc. of U.S., to collaborate on the development of local human resources.

Komatsu and Cummins' Common Objective

Komatsu and Cummins Inc., a major engine manufacturer in the U.S., have been building a strong trust relationship over the years as partners in the engine business.

Our two companies have both been putting energy into supporting human resources development in local communities as part of their social contribution activities, and already have collaborated in several areas. Based on this contract, we will globally expand our development of human resources by comprehensively utilizing each other's resources and best practices.



April 10, 2016, Tetsuji Ohashi, President and CEO of Komatsu (left) and Mr. Tom Linebarger, CEO of Cummins Inc. (right) signing the contract.

Social Contribution Activities



Programs being started by and considered for the collaboration of the two companies

Country	Contents of Program
Australia	Komatsu and Cummins signed a national agreement for Technical Education for Communities (TEC) collaboration earlier this year and are working on plans for five educational programs around the country.
South Africa	Cummins, Komatsu and Schneider Electric plan to launch a TEC program in 2016.
USA	Along with other partners including the State of Utah, the two launched the Diesel Technicians Pathways Program in Salt Lake City. This vocational education initiative includes high school diesel programs as well as a community college.
Peru	Distributors of the two have just launched a TEC partnership with a local school in Arequipa focused on heavy duty machinery maintenance.



Providing an engine technology program to the high school students in Salt Lake City in cooperation with the state government of Utah and other organizations.



Scene at a school supported in Peru

Social Contribution Activities



VOICE



**Mr. Tom Linebarger,
CEO of Cummins Inc.**

For decades, Cummins and Komatsu have built a strong and growing business relationship. We share common goals and aspirations for our respective businesses, as well as for the people living in our communities. Using the strength of our employees' skills, our global presence and our strong business partnership, we can provide opportunity to those most in need. This is a win for Cummins, a win for Komatsu, but most importantly a win for our communities.



**Tetsuji Ohashi,
President and CEO, Komatsu Ltd.**

We share a common commitment to producing and supporting products in a responsible manner, as well as to strengthening education and improving opportunities for the people of the communities where we do business. A partnership that helps the people of our communities will only make our business partnership stronger. It is with great enthusiasm that Komatsu enters into this global collaboration with a trusted partner like Cummins.

Social Contribution Activities



Disaster Relief

Komatsu's products, starting with construction equipment, are a necessity in the recovery and rebuilding process when a natural disaster has occurred. When such an event occurs, we support disaster recovery in practical ways, such as quickly assessing the situation in the affected area and providing the equipment and supplies needed. The latest support provided are as follows:

Flood Damage by Dam Collapse (Brazil)

For the dam collapse accident that occurred in November 2015 in southeast Brazil, Komatsu Brasil International Ltda. lent 2 wheel loaders free of charge to be used for sludge removal and construction to secure the roads.



Condition of collapsed dam



Wheel loader WA320 provided by Komatsu

Kumamoto Earthquake

For the Kumamoto Earthquake which occurred on April 14, 2016, we provided a temporary house as the office building for the city government in the town of Mashiki, one of the districts that suffered the most damage.



Mashiki town office building damaged by the earthquake



Temporary house put up as the temporary town office building



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 1,200 ha of land in Cambodia and constructed 40 km of roads in eight villages, bringing the total number of operating hours for the machines and machinery introduced in 2008 to a cumulative total of approximately 26,000 hours. Construction of the seventh elementary school under this project was over, and the building with 3 classrooms and a teachers' staff room was completed in May. The total number of elementary school students will be approximately 490.



Komatsu's demining machine



Seventh elementary school in Roung village, completed in May

Also, last November, 2 buildings of prefabricated houses were donated to members of the local land-mine removal organization CMAC in Cambodia.

These members stay on site during the periods of activity, and were previously staying in tents pitched on the ground that offered poor coverage that did not even fully keep out the rain, and was a very problematic environment in terms of security and health.

The prefabricated houses donated by Komatsu, though small, provides private space for each person, and is being used as a break room for the members working on reconstruction.



The donated prefabricated houses



A room of the prefabricated house is for shared by two people

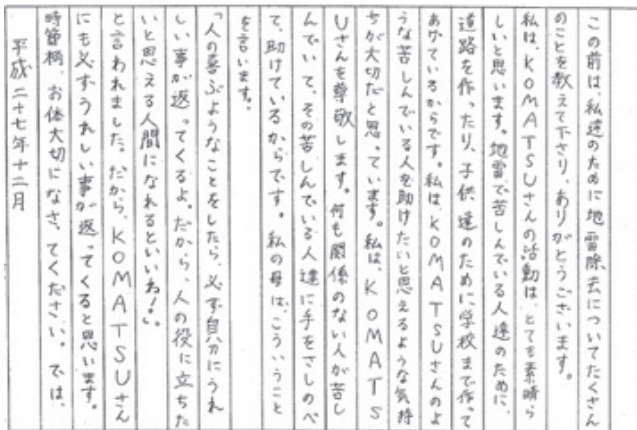
Social Contribution Activities



Visiting lecture at a junior 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. In 2015, classes were held at 6 schools, including elementary schools, junior high schools and universities.

At a classroom presentation that was held for sixth graders in November, each of the students seemed to be giving thought to various aspects of the presentation. There were students who had thoughts about peace: “I cannot understand why humans make things that hurt other people”, “wars should not ever happen”; while other students had thoughts about the future: “I also want to do something to help other people.” We will continue to offer visiting lectures to inspire young people who are the future.



Essay written by a 6th grader at Naeshiro Elementary School in Komatsu City, Ishikawa Prefecture after a visiting lecture

Social Contribution Activities



DATA

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

Item	Results (Cumulative Total by FY2015)
Demined area	1,218 ha
Road construction	39.5km
Schools constructed	7
School children supported	487

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 FY2015

At the World Judo Championships held in Astana, Kazakhstan in August 2015, the athletes representing Japan, Haruna Asami (48kg class) won the silver medal and Miku Tashiro (63kg class) won the bronze medal. Also, Lien Chen-Ling (57kg class), a member of Komatsu's judo club competed as an athlete representing Taiwan and gave an outstanding performance. For the team competition, the women's team from Japan won all four matches, in a clean sweep from the first match to the final match with a score of 5 to 0. In those matches, Miku Tashiro who competed in the 63kg class performed exceptionally by winning 4 matches straight with ippon victories. For each day of the competition approximately 50 Komatsu employees—including people from the local Kazakhstan office and distributors, employees from Komatsu Manufacturing Russia, LLC and Komatsu CIS from Russia, as well as family and cheering squad from Japan—came to show support for the athletes.



Komatsu cheering squad at the World Judo Championships in Astana

Social Contribution Activities



During FY2015, all of the athletes entered competitions across the world, including Kuwait, Rabat (Morocco), Budapest (Hungary), Tyumen (Russia), Abu Dhabi (UAE), Taipei (Taiwan), Cheju (South Korea), Paris (France), Rome (Italy), Düsseldorf (Germany) as well as domestically in Tokyo, Yokohama, Fukuoka, Akita, Amagasaki, Ageo and Chiba. Komatsu employees and their families based in regions where these competitions took place attended 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, they attempted to continue their winning streak at the 65th Group Tournament of the All Japan Businessmen's Judo Federation held in Akita in 2015 but unfortunately lost by the slightest of margins and placed second. The local personnel in Akita and a cheering party from Tokyo banded together to cheer for the team.

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 conducts classes in many locations across Japan.

In FY2015, Judo classes continued to be 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.

The Judo classes in Yaroslavl, Russia was conducted for the 5 consecutive year under the instruction of Coaches Mika Sugimoto and Ikumi Tanimoto, while in Brazil, Assistant Coach Ayumi Tanimoto and Coach Mika Sugimoto held Judo classes at Parana and Komatsu Brazil’s Suzano Plant. In Astana where the World Championships were held, before the Championship competitions took place, Judo classes sponsored by the All Japan Judo Federation were held and Assistant Coach Ayumi Tanimoto participated in instructing.



Commemorative photo of all participants in the Yaroslavl Judo classes

Month	Place	Number of Participants
September	Koriyama (Fukushima)	20
October	Yaroslavl (Russia)	260
October	Curitiba (Brazil)	150
October	Suzano (Brazil)	70

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

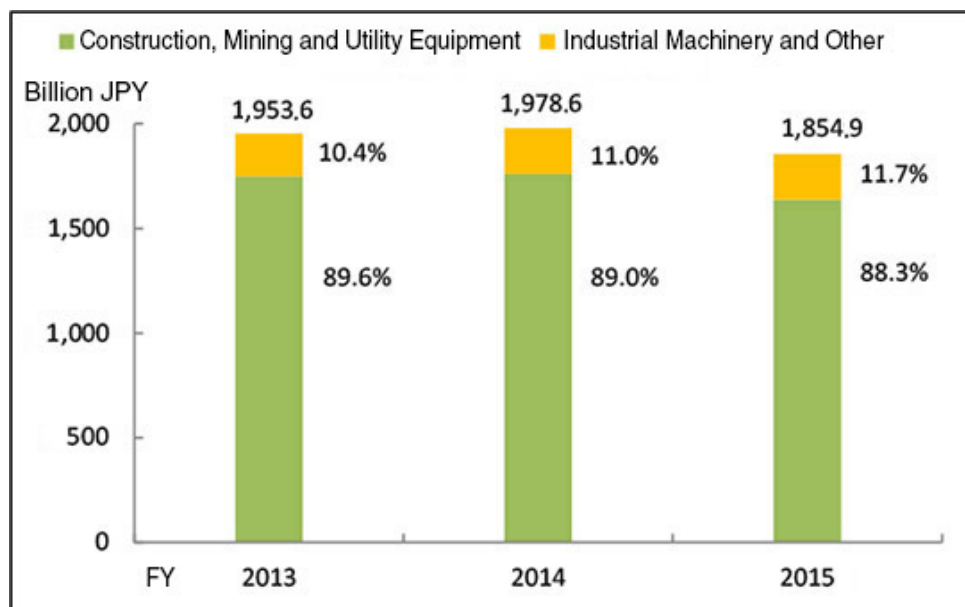
• Please refer to “[Products and Applications](#)” and “[Services and Solutions](#)” for details about our products, services and the Komatsu brand.

Head Office

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

Net Sales (Consolidated)

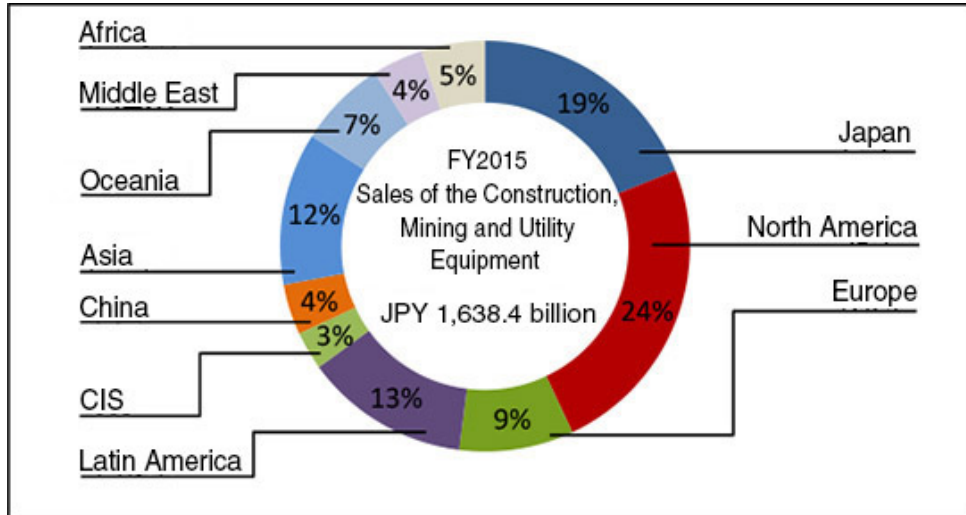
Sales to Outside Customers (by operating departments)



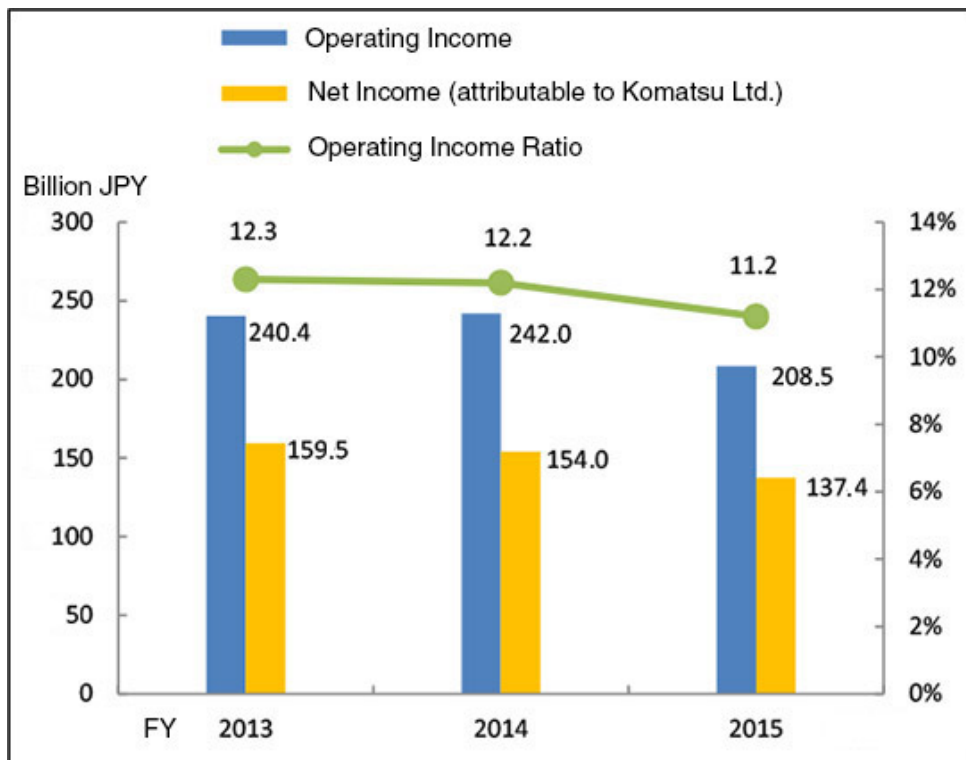
Our Approach to CSR



Sales of the Construction, Mining and Utility Equipment by Region



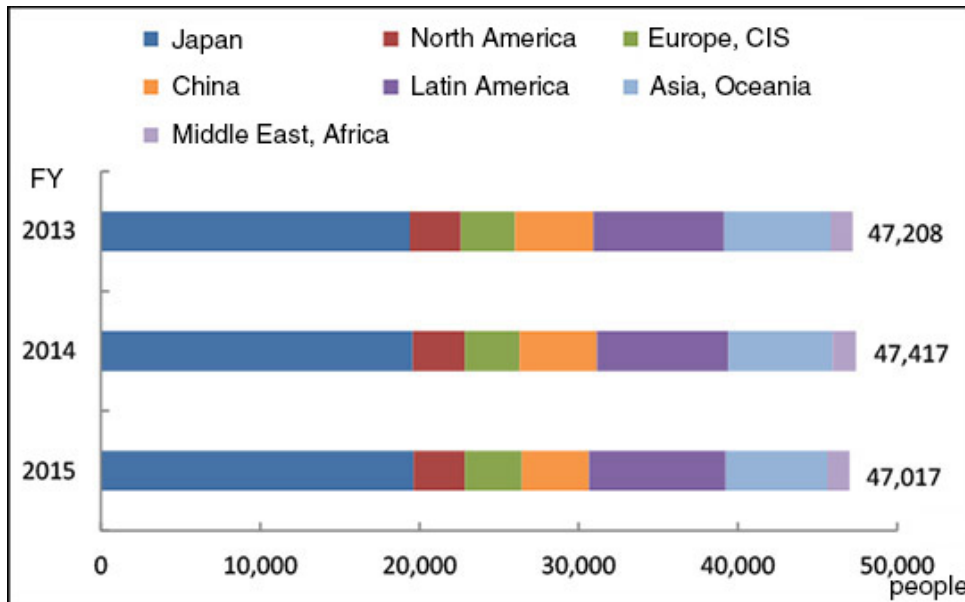
Income and Income Ratio



Our Approach to CSR



Number of Employees by Region



Number of Operations

- Number of Komatsu Group companies (includes Komatsu Ltd.): 180
- Number of production operations for the Construction, Mining and Utility Equipment Department: 40
- Number of distributors for construction and mining equipment: 217
- Number of distributors for forklift trucks: 140

Notes:

Please refer to “[Global Operations](#)” for details about production operations and sales and after-sales service operations.

Please refer to “[Annual Securities Reports](#)” for financial related information.



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	 CSR Report: Message from Top Management  Komatsu Report: Interview with the President
Organizational Profile	G4-3	Name of organization	 CSR Report: Corporate Profile
	G4-4	Primary brands, products, and services	 CSR Report: Corporate Profile  Company Info: Products and Applications  Company Info: Service and Solutions
	G4-5	Location of organization's headquarters	 CSR Report: Corporate Profile
	G4-6	Countries where organization operates, has significant operations, or is specifically relevant to sustainability	 Company Info: Global Operations  CSR Report: Strengthening Our Gemba Capability (Dispatching Technicians from Japan)  CSR Report: Initiatives for Social Issues
	G4-7	Nature of ownership and legal form	 CSR Report: Corporate Profile
	G4-8	Markets served	 Company Info: Global Operations

Our Approach to CSR



	G4-9	Scale of organization	
	G4-10	Number of employees	▣ CSR Report: Corporate Profile
	G4-11	Percentage of employees covered by collective bargaining agreements	▣ CSR Report: Condition of the Labor Union
	G4-12	Organization's supply chain	▣ CSR Report: Support for CSR Initiatives of Business Partners
	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"> ▣ IR Info: Corporate Governance ▣ CSR Report: Risk Management ▣ CSR Report: Compliance ▣ Environmental Report: Promoting Legal Compliance, and Pollution Mitigation and Prevention ▣ Environmental Report: Management of Chemical Substances and Pollution Prevention
	G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives subscribed or endorsed	<ul style="list-style-type: none"> ▣ CSR Report: Message from Top Management ▣ Environmental Report: International Initiatives through the Environment
	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"> ▣ Annual Securities Report: Overview of Subsidiaries and Affiliates ▣ Company Info: Subsidiaries and Affiliates

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	G4-18	Materiality process (key aspects)	<ul style="list-style-type: none"> ▣ CSR Report: CSR Theme Formulation Process (2011) ▣ CSR Report: Formulation of Komatsu's CSR Priority Issues and Themes (2016)
	G4-19	Materials identified in process	
	G4-20	Aspect Boundary for each material Aspect within organization	
	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	—
	Stakeholder Engagement	G4-24	Stakeholder groups engaged
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	<ul style="list-style-type: none"> ▣ CSR Report 2016: Editorial Policy
	G4-29	Date of most recent previous report (if any)	
	G4-30	Reporting cycle	

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	G4-31	Contact point for questions regarding report or its content	<p>CSR Digest: Back Cover</p> <ul style="list-style-type: none"> ▣ CSR Website, Inquiry Form
	G4-32	'In accordance' option chosen by organization	—
	G4-33	Organization's policy and current practice regarding external assurance for report	—
Governance	G4-34	Organization's governance structure	<ul style="list-style-type: none"> ▣ IR Info: Corporate Governance ▣ CSR Report: Organization ▣ Environmental Report: Organizational Chart of the Environmental Management Structure
Ethics and Integrity	G4-56	Organization's values, principles, standards, and codes of conduct	<ul style="list-style-type: none"> ▣ Company Info: Komatsu's Worldwide Code of Business Conduct ▣ CSR Report: Compliance ▣ CSR Report: The KOMATSU Way

2. Specific Standard Disclosures

(1) Economic

	G4-DMA	Reason for importance of material Aspect	<ul style="list-style-type: none"> ▣ CSR Report: CSR Theme Formulation Process (2011) ▣ CSR Report: Komatsu's CSR Priority Issues and Themes (2016)
Economic Performance	G4-EC1	Direct economic value generated and distributed	<ul style="list-style-type: none"> ▣ Komatsu Report: Business Highlights ▣ CSR Report: Personnel Policy and Performance Appraisal System (remuneration data) ▣ CSR Report: Enhancing Work-Life Balance (Work-Life Balance Data) ▣ Annual Securities Report: Income Taxes ▣ CSR Report: Developing People Needed by the Community ▣ CSR Report: Initiatives for Social Issues ▣ CSR Report: Disaster Relief ▣ CSR Report: Clearing Anti-Personnel Landmines and Reconstruction Support
	G4-EC2	Organization's financial implications, risks and opportunities due to climate change	<ul style="list-style-type: none"> ▣ Environmental Report: Mitigating Climate Change through Products and Services ▣ Environmental Report: Initiatives to Mitigate Climate Change in Business Operations

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	G4-EC3	Organization's defined benefit plan obligations	<ul style="list-style-type: none"> ▢ Annual Securities CSR Report: Liability for Pension and Other Retirement Benefits
	G4-EC4	Financial assistance received from government	—
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"> ▢ CSR Report: Diversity Initiatives (Promoting Globalized Management)
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investment and services	<ul style="list-style-type: none"> ▢ CSR Report: Initiatives for Social Issues ▢ CSR Report: Disaster Relief ▢ CSR Report: Clearing Anti-Personnel Landmines and Reconstruction Support
	G4-EC8	Significant indirect economic impact	<ul style="list-style-type: none"> ▢ Komatsu Report: Smart Construction ▢ Company Info: Process Innovation utilizing IoT ▢ CSR Report: Developing People Needed by the Community ▢ CSR Report: Initiatives for Social Issues ▢ CSR Report: Disaster Relief ▢ CSR Report: Clearing Anti-Personnel Landmines and Reconstruction Support
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	<ul style="list-style-type: none"> ▢ CSR Report: Support for CSR Initiatives of Business Partners

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(2) Environmental

Materials	G4-EN1	Materials used by weight or volume	<ul style="list-style-type: none"> ▢ Environmental Report: Relationship between Business Activities and the Environment
	G4-EN2	Percentage of materials used that are recycled input materials	<ul style="list-style-type: none"> ▢ Environmental Report: Promoting the Reman Remanufacturing Business ▢ Environmental Report: Environmental Action Plan and Results for FY2015 (Research and Development)

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Energy	G4-EN3	Energy consumption within organization	<ul style="list-style-type: none"> ▶ Environmental Report: Relationship between Business Activities and the Environment ▶ Environmental Report: Site Data
	G4-EN4	Energy consumption outside organization	<ul style="list-style-type: none"> ▶ Environmental Report: Relationship between Business Activities and the Environment ▶ Environmental Report: Amount of CO₂ Emissions by Scope 3
	G4-EN5	Energy intensity	<ul style="list-style-type: none"> ▶ Environmental Report: Environmental Action Plan and Results for FY2015 (Manufacturing) ▶ Environmental Report: Environmental Action Plan and Results for FY2015 (Procurement and Logistics) ▶ Environmental Report: Reducing CO₂ Emissions in Manufacturing Operations ▶ Environmental Report: Reducing CO₂ Emissions in Logistics
	G4-EN6	Reduction of energy consumption	<ul style="list-style-type: none"> ▶ Environmental Report: Environmental Action Plan and Results for FY2015 (Manufacturing) ▶ Environmental Report: Environmental Action Plan and Results for FY2015 (Procurement and Logistics) ▶ Environmental Report: Reducing CO₂ Emissions in Manufacturing Operations ▶ Environmental Report: Reducing CO₂ Emissions in Logistics ▶ Environmental Report: Halving Electricity Usage Project ▶ Environmental Report: Environmental Accounting
	G4-EN7	Reduction in energy requirement of products and services	<ul style="list-style-type: none"> ▶ Environmental Report: Environmental Action Plan and Results for FY2015 (Research and Development) ▶ Environmental Report: Amount of CO₂ Emissions by Scope 3 ▶ Environmental Report: Mitigating Climate Change through Products and Services
Water	G4-EN8	Total water withdrawal by source	<ul style="list-style-type: none"> ▶ Environmental Report: Relationship between Business Activities and the Environment ▶ Environmental Report, Effective Utilization of Resources in Manufacturing Operations (Water Resources) ▶ Environmental Report, Site Data
	G4-EN9	Water sources significantly affected by withdrawal of water	—
	G4-EN10	Total volume of water recycled and reused	<ul style="list-style-type: none"> ▶ Environmental Report: Effective Utilization of Resources in Manufacturing Operations (Water Resources)

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Biodiversity	G4-EN11	Operational sites owned, leased, or managed in areas of high biodiversity value	▶ Environmental Report: Biodiversity
	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)	▶ Environmental Report: Relationship between Business Activities and the Environment ▶ Environmental Report: Reducing CO₂ Emissions in Manufacturing Operations
	G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	▶ Environmental Report: Site Data
	G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	▶ Environmental Report: Relationship between Business Activities and the Environment ▶ Environmental Report: Reducing CO₂ Emissions in Logistics ▶ Environmental Report: CO₂ Reduction of Suppliers ▶ Environmental Report: Reducing CO₂ Emissions in Non-manufacturing Divisions ▶ Environmental Report: Amount of CO₂ Emissions by Scope 3
	G4-EN18	Greenhouse gas emissions intensity	▶ Environmental Report: Environmental Action Plan and Results for FY2015 (Manufacturing) ▶ Environmental Action Plan and Results for FY2015 (Procurement and Logistics) ▶ Environmental Report: Reducing CO₂ Emissions in Manufacturing Operations ▶ Environmental Report: Reducing CO₂ Emissions in Logistics

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	G4-EN19	Reduction of greenhouse gas emissions	<ul style="list-style-type: none"> ▶ Environmental Report: Environmental Action Plan and Results for FY2015 (Manufacturing) ▶ Environmental Report: Environmental Action Plan and Results for FY2015 (Procurement and Logistics) ▶ Environmental Report: Reducing CO₂ Emissions in Manufacturing Operations ▶ Environmental Report: Reducing CO₂ Emissions in Logistics ▶ Environmental Report: Halving Electricity Usage Project ▶ Environmental Report: Environmental Accounting
	G4-EN20	Emissions of ozone-depleting substances	—
	G4-EN21	NO _x , SO _x and other significant air emissions	<ul style="list-style-type: none"> ▶ Environmental Report: Relationship between Business Activities and the Environment ▶ Environmental Report: Management of Chemical Substances and Pollution Prevention
Effluents and Waste	G4-EN22	Total water discharged by quality and destination	<ul style="list-style-type: none"> ▶ Environmental Report: Relationship between Business Activities and the Environment ▶ Environmental Report: Effective Utilization of Resources in Manufacturing Operations (Water Resources) ▶ Environmental Report: Site Data
	G4-EN23	Total weight of waste by type and disposal method	<ul style="list-style-type: none"> ▶ Environmental Report: Relationship between Business Activities and the Environment ▶ Environmental Report: Effective Utilization of Resources in Manufacturing Operations (Waste) ▶ Environmental Report: Environmental Data by Manufacturing Facility (in Japan), (outside Japan)
	G4-EN24	Total number and volume of significant spills	<ul style="list-style-type: none"> ▶ Environmental Report: Promoting Legal Compliance, and Pollution Mitigation and Prevention
	G4-EN25	Amount of waste deemed hazardous under Basel Convention ² 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"> ▶ Environmental Report: Environmental Action Plan and Results for FY2015 (Research and Development) ▶ Environmental Report: Amount of CO₂ Emissions by Scope 3 ▶ Environmental Report: Mitigating Climate Change through Products and Services

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	G4-EN28	Percentage of products and their packaging materials that are reused or recycled	<ul style="list-style-type: none"> ▶ Environmental Report: Promoting the Reman Remanufacturing Business ▶ Environmental Report: Environmental Action Plan and Results for FY2015 (Research and Development) ▶ Environmental Report: Environmental Action Plan and Results for FY2015 (Procurement and Logistics)
Compliance	G4-EN29	Fines and non-monetary sanctions for non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> ▶ Environmental Report: Promoting Legal Compliance, and Pollution Mitigation and Prevention
Transport	G4-EN30	Impacts of shipping and transportation	<ul style="list-style-type: none"> ▶ Environmental Report: Relationship between Business Activities and the Environment ▶ Environmental Report: Environmental Action Plan and Results for FY2015 (Procurement and Logistics) ▶ Environmental Report: Reducing CO₂ Emissions in Logistics
Overall	G4-EN31	Environmental protection expenditures and investments	<ul style="list-style-type: none"> ▶ Environmental Report: Environmental Accounting
Supplier Environmental Assessment	G4-EN32	New suppliers screened using environmental criteria	<ul style="list-style-type: none"> ▣ CSR Report: Support for CSR Initiatives of Business Partners
	G4-EN33	Negative environmental impacts in supply chain and actions taken	—
Environmental Grievance Mechanisms	G4-EN34	Number of grievances filed through formal grievance mechanisms	—

(3) Social

a. Labor Practices and Decent Work

Employment	G4-LA1	New employee hires and employee turnover	<p>CSR Report: Personnel Policy and Performance Appraisal System (Data on employment and turnover)</p> <ul style="list-style-type: none"> ▣ (Employment) ▣ (Turnover)
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	G4-LA2	Benefits provided to full-time employees	▣ CSR Report: Enhancing Work-Life Balance (Work-Life Balance Data)
	G4-LA3	Return to work and retention rates after parental leave	▣ CSR Report: Enhancing Work-Life Balance (Data on pregnancy and childcare leaves)
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	▣ CSR Report: Occupational Safety and Health
	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	—
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	▣ CSR Report: Occupational Safety and Health
Training and Education	G4-LA9	Average hours of training per year for employees	▣ CSR Report: Employee Training Structure (Data on employee training)
	G4-LA10	Support for continued employability through skills management and lifelong learning, and assistance for managing career endings	<ul style="list-style-type: none"> ▣ CSR Report: Employee Training Structure ▣ CSR Report: Strengthening Our Gemba Capability ▣ CSR Report: Diversity Initiatives (Rehiring of Retired Employees)

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	G4-LA11	Percentage of employees receiving regular performance and career development reviews	CSR Report: Personnel Policy and Performance Appraisal System
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees by categories	CSR Report: Diversity Initiatives
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	—
	G4-LA15	Negative impacts for labor practices in supply chain and actions taken	—
Labor Practices Grievance 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	CSR Report: Compliance
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	—

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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	—
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	▢ CSR Report: Risk Management
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	—

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Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed through formal grievance mechanisms	—
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c. Society

Local Communities	G4-SO1	Implemented local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> ▣ CSR Report: Developing People Needed by the Community ▣ CSR Report: Initiatives for Social Issues ▣ CSR Report: Disaster Relief ▣ CSR Report: Clearing Anti-Personnel Landmines and Reconstruction Support
	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	▣ CSR Report: Compliance
	G4-SO5	Confirmed incidents of corruption and actions taken	—
Public Policy	G4-SO6	Total value of political contributions	—
Anti- competitive Behavior	G4-SO7	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	—

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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	CSR Report: Support for CSR Initiatives of Business Partners
	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	CSR Report: Quality and Reliability Quality (Responsible Commitment to Customers)
	G4-PR2	Non-compliance with regulations concerning health and safety impacts of products and services	
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	—

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	G4-PR4	Non-compliance with regulations concerning product and service information and labelling	—
	G4-PR5	Results of surveys measuring customer satisfaction	CSR Report: Quality and Reliability (Responsible Commitment to Customers)
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	—

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