



CSR Report 2017

KOMATSU

KOMATSU CSR REPORT 2017

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[Editorial Policy]

These reports principally cover data for the period from April 2016 to the end of March 2017, with some non-periodic information on continuing efforts.

The date of the previous report is July 2016. We publish these reports every July, and the next issue will be published in July 2018.

Please use [this form](#) to send us any questions regarding our reports.

The reports contain Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines. You can see a list of the Standard Disclosures and their location in our report [here](#).

Message from Top Management



Providing Solutions for Our Customers and Society by Strengthening ESG Efforts

Tetsuji Ohashi
President and CEO

In the mid-range management plan, "Together We Innovate GEMBA Worldwide: Growth Toward Our 100th Anniversary (2021) and Beyond", which we announced in April 2016, we uphold the three strategies of "Growth strategies based on innovation," "Growth strategies of existing businesses," and "Structural reforms designed to reinforce the business foundation", and work toward the goal of achieving long-term growth by strengthening our Environmental, Social and Governance (ESG) efforts.

Komatsu has been undertaking efforts focused on ESG in the past. However, I have expressly included ESG as keywords in the mid-range management plan, because I have personally felt that there are ever growing needs for ESG initiatives in the course of repeated dialogues with a variety of our stakeholders.

For example, I have found ESG to be one of the common topics of discussions whenever I visit our mining customers. I feel that the number of occasions has been increasing, in which they express their interest in collaborating not only to improve sustainability and safety at their jobsites, but also to work together for human resource and community development by incorporating our know-how accumulated through business.

With this background, we held the ESG meeting with investors in December 2016. We introduced Komatsu's history centering on ESG based on our founder's management principles of Globalization, Quality First, Technology Innovation and Human Resource Development. In this Report, I would like to share with you the philosophy and passion, which has been handed down through generations and honored by our employees for almost 100 years.

Efforts to Reduce Environmental Impact

In terms of CO₂ emissions throughout the life cycle of construction equipment, our major products, about 90% is emitted during use by customers. By providing products and solutions designed to reduce CO₂ emissions, we will make significant contributions to the reduction of environmental impact.

Over the years, we have continued our efforts of proposing fuel-saving machine operations based on analyses of KOMTRAX (Komatsu Machine Tracking System) data and have introduced hybrid hydraulic excavators. Furthermore, we believe we can offer an important solution to customers by developing and proposing new construction methods which emit a smaller amount of CO₂.

Since 2015 we have been promoting SMARTCONSTRUCTION in Japan as our DANTOTSU (unrivaled) solution designed to achieve safe and high-productivity jobsites of the future. SMARTCONSTRUCTION not only enables automated operation of intelligent Machine Control models, but also connects all aspects of jobsite operation data, such as survey, design and work progress data through ICT. As efficient machine operations shorten the period of construction, SMARTCONSTRUCTION reduces CO₂ emissions per work volume.

Support for Sustainable Mining

Against the backdrop of increasing global population and rate of urbanization, we can anticipate that consumption and production of major minerals will continue to grow in the mid to long range. In mines, safe and low environmental impact operations are urgently needed. As mines are in operation 24hours, 365days, in such demanding jobsites the main challenge is to prevent operational man made errors and minimize the risks of accidents. At the same time, development of a seamless and stable operation for improved productivity is a requirement.

In response to these challenges, we have developed the Autonomous Haulage System (AHS) as a solution. We have succeeded in remote operation of super-large dump trucks with the maximum payload of 300 tons from the control room about 1,500 km away from the mines by taking full advantage of high-precision GPS, obstacle sensors, wireless networks and controllers mounted on the vehicles. In addition to dynamically enhanced safety, we have also confirmed improved fuel consumption and prolonged tire life thanks to stable machine operations.

With AHS, we will continue to propose more comfortable and attractive ways of working for jobsite customers and provide solutions designed to make jobsite operations safer, more sustainable and productive into the future.

Actions based on SLQDC as a general rule

Companies are expected to play more important roles in society today. Each and every employee must fully understand corporate social responsibilities, and comply with the so-called Rules of the Business Community in addition to compliance with the laws and regulations in a narrow meaning. This is indispensable for companies to gain trust from society.

I have repeatedly asked Komatsu Group employees to decide and act according to the priorities of SLQDC, when they cannot easily make decisions. SLQDC stands for Safety, Law (compliance), Quality, Delivery and Cost. Safety comes first, the order is never reversed.

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 ahead to March 2019, the target year of our mid-range management plan, 2021, our 100th anniversary year, and beyond, during which we will further strengthen our ESG efforts. We are also going to fulfill our corporate responsibilities as a global company, as we engage in the initiatives of the United Nations' Global Compact and the World Business Council for Sustainable Development (WBCSD).

July 2017
Tetsuji Ohashi
President and CEO



Network Japan
WE SUPPORT

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



Komatsu participates in the World Business Council for Sustainable Development. For more information, Please visit [this site](#).

Our Approach to CSR



Komatsu's Commitment to Environmental, Societal and Governance (ESG) Management

In April 2016, Komatsu announced its new Mid-Range Management Plan, with a target date of March 2019, under which the Komatsu leadership team reinforced the company's commitment to ESG-focused management. Following this announcement, Komatsu began internal discussions to determine what ESG activities should be emphasized globally, re-examine our Community and Social Responsibility (CSR) priorities, and evaluate how we can more clearly connect to the Sustainable Development Goals (SDGs) established by the United Nations. Out of the discussions emerged common themes that have been at the heart of our organization since the beginning.

The Foundation of Our Philosophy

Komatsu's CSR themes embody the philosophy that has been handed down through the generations from our founder Meitaro Takeuchi.

Takeuchi was born in Japan in 1860. He was entrusted with the management of several local mines by his father, who was a politician and businessman.

In 1902, Takeuchi began full management of the Yusenji Copper Mine, traces of which currently remain in Komatsu City in Ishikawa Prefecture. Inspired by the leading-edge technologies he saw in Europe, Takeuchi also began focusing his efforts on developing industrial technologies locally. Takeuchi believed "a mine will become depleted when it is completely excavated, but the more you train in industrial manufacturing technologies, the more power you will obtain to create new industries." This conviction led him to establish a machinery company, initially called Komatsu Iron Works, as a maintenance company for mining equipment.

In 1921, Komatsu Iron Works was spun off as an independent entity from its parent company and began operating as Komatsu Ltd. Takeuchi said he established the company in Komatsu City instead of Tokyo to repay the contributions received from the community and to avoid an adverse impact leading to the decline of the community if the mines closed.

The core of Komatsu's philosophy includes contributing to the sustainability of local economies through technology development and job creation.

What will happen to the people working in the mine site, if Yusenji mine is closed? Will this lead to the decline of the community?

This thought led Meitaro Takeuchi to establish Komatsu Iron Works (later, Komatsu Ltd.)



Yusenji Copper mine (around 1908)

Our Approach to CSR



Lifetime Devoted to Nurturing Talent

Throughout his lifetime, Takeuchi maintained a fervor for nurturing engineering talent. He sent engineers to study in the United States and various countries in Europe, and in 1917 he established an internal school for engineering trainees. He handpicked young people from farming villages in the local region and provided them with education in basic technologies. This private Komatsu Industrial School of Youth continued operation until 1973.

Before nurturing engineers inside the company, Takeuchi also sought to raise the level of industrial technology skills for his entire country. He was a strong contributor to the faculty of the Science and Engineering department at Waseda University in Tokyo and later established a technical high school in his birthplace of Kochi Prefecture. In 1957, Komatsu opened a joint training school for technicians of supplier companies.

According to Takeuchi, "Human resource development is the foundation of industries and enriching the nation." The passion for developing industry and nurturing human resources is part of Komatsu's global DNA.



Komatsu's founder Meitaro Takeuchi
(1860-1928)

Manufacturing industry enriches the nation.

Human resource development is the foundation of industries and enriching the nation.

Ideas of Meitaro Takeuchi

- We should strive to manufacture products that are technologically challenging, which our nation has never manufactured before
- Technology depends on people, and the company depends on people
- We must repay the contributions received from the community

Corporate Philosophy

- Globalization
- Technology innovation
- Quality first
- Human resource development

Our Approach to CSR

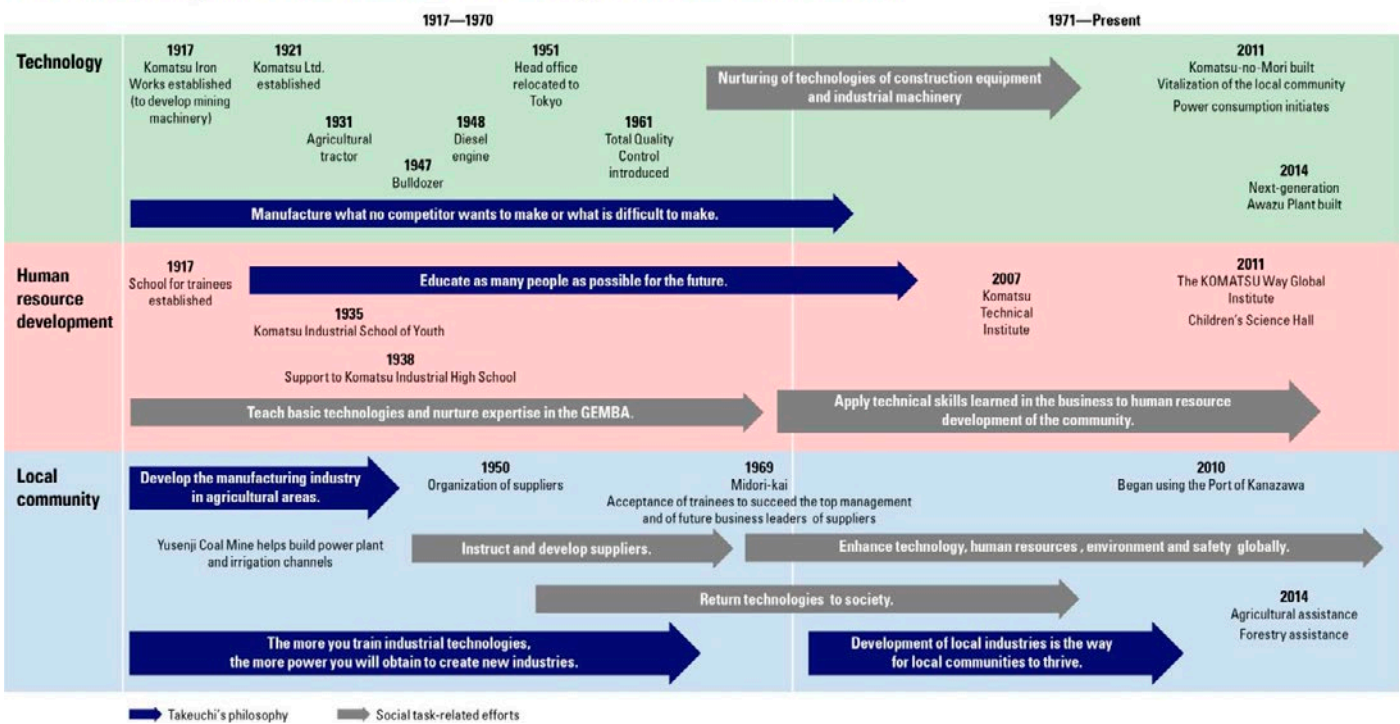


The Passion Continues

27 years after Takeuchi's death, Komatsu exported its first products overseas, marking the beginning of the company's globalization era. In the early 1970's Komatsu began international production for the first time and continued to broaden and localize its global operations through the 1980's.

In each region, Komatsu not only focused on employing and developing people, we localized operations and management and worked to cultivate deep partnerships with local suppliers. Honoring Takeuchi's strong conviction that a company should help a community thrive, Komatsu's policy is to never exit a market once we enter it.

Takeuchi's Footprints in Ishikawa Prefecture, Japan: The Home of Komatsu



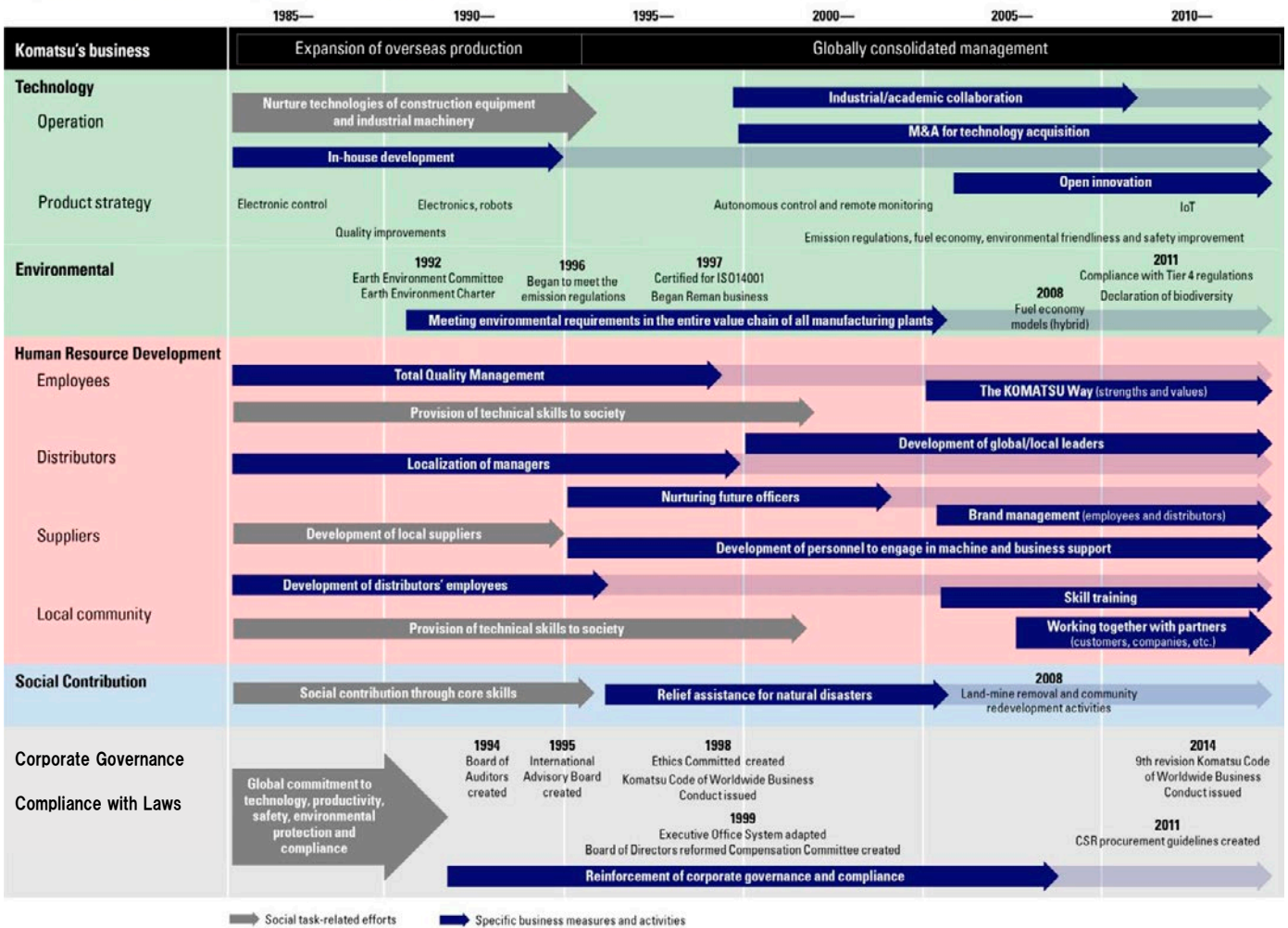
Komatsu also continued to hone capabilities in production technologies and product design during this time. These efforts were the basis of our focus on creating Dantotsu (Unrivaled) Products, pursued by Komatsu since 2003.

While innovation activities continue to develop local human resources, Dantotsu Products, Services and Solutions improve safety on jobsites, operate in environmentally responsible ways and enhance a community's quality of life.

Throughout this period of global development, the philosophies emphasized by Takeuchi - technology innovation, human resources development and community support - have invariably permeated Komatsu's core business activities.



Expansion to Global Operations and CSR



Accelerated CSR Activities

Beginning in the 1990's, Komatsu began rapidly promoting initiatives in various CSR fields. Based on the dual perspectives of “company and society” and “company and employees,” a group of executives formed The Committee to set a vision for being both a strong company and an excellent corporate citizen.

In 1992 Komatsu established the Earth Environment Committee and announced the Earth Environment Charter. Komatsu positioned initiatives for the earth's environment as a top priority in its management practices. In 2015, Komatsu established medium- and long-term targets spanning our products, entire lifecycle to reduce CO2 emissions and is making active efforts to attain these goals.

The Board of Auditors was established in 1994 to ensure corporate governance, the International Advisory Board (IAB), a management advisory body, was established in 1995 and the Board of Directors was reorganized with the introduction of the Executive Officer System in 1999. In parallel, Komatsu strengthened its structure by publishing the Komatsu Code of Worldwide Business Conduct, currently in its 9th edition.

Our Approach to CSR



During this time, Komatsu also focused efforts on local human resources development. Group companies worldwide worked to build local technical, engineering and business skills both to support the organization's needs and to better their communities.

“We must repay the contributions received from the community”
Our founder's vision to co-exist and grow with the community is alive

The KOMATSU Way Global Institute/ The Waku-waku Komatsu Kan (Kids' Pavilion)

In 2011, as part of a project for our 90th anniversary, a facility was established in Komatsu City where our employees from around the world gather for global conferences and training. This facility does not have a canteen or lodging function, so local hotels and restaurants benefit from visitors to the Institute. At Kids' Pavilion, which is a replica of our first headquarter building, retired Komatsu employees provide a place for next generation growth by facilitating science classes for local elementary school children.



Grow with Our Suppliers

Our suppliers who support Komatsu's quality and reliability are our equal partners and we strongly believe that our relationship should be a “win-win. For this reason, we provide support for their continuous improvement in quality, safety and environmental aspects in ways such as opening our safety “dojo” facilities for their usage, and provide support in various certifications. For human resource development, we provide support such as inviting next generation management to participate in Komatsu's management training programs. Products at Awazu Plant, one of our main plant located in Komatsu City, are comprised of 60% components procured from our local suppliers. Our suppliers form an industrial cluster contributing to the development of the region.



The Intersection of Ideas: Three CSR Themes and Our Founder's Philosophy

In its 2010 Environmental & Social Report, Komatsu adopted the message “Komatsu recognizes that the business activities are in fact CSR activities.”

In 2011, a high-level materiality analysis was conducted to identify the critical economic, environmental and social issues that could best be addressed through Komatsu's strategy and core business activities. The analysis led us to tighten our focus on three CSR themes:

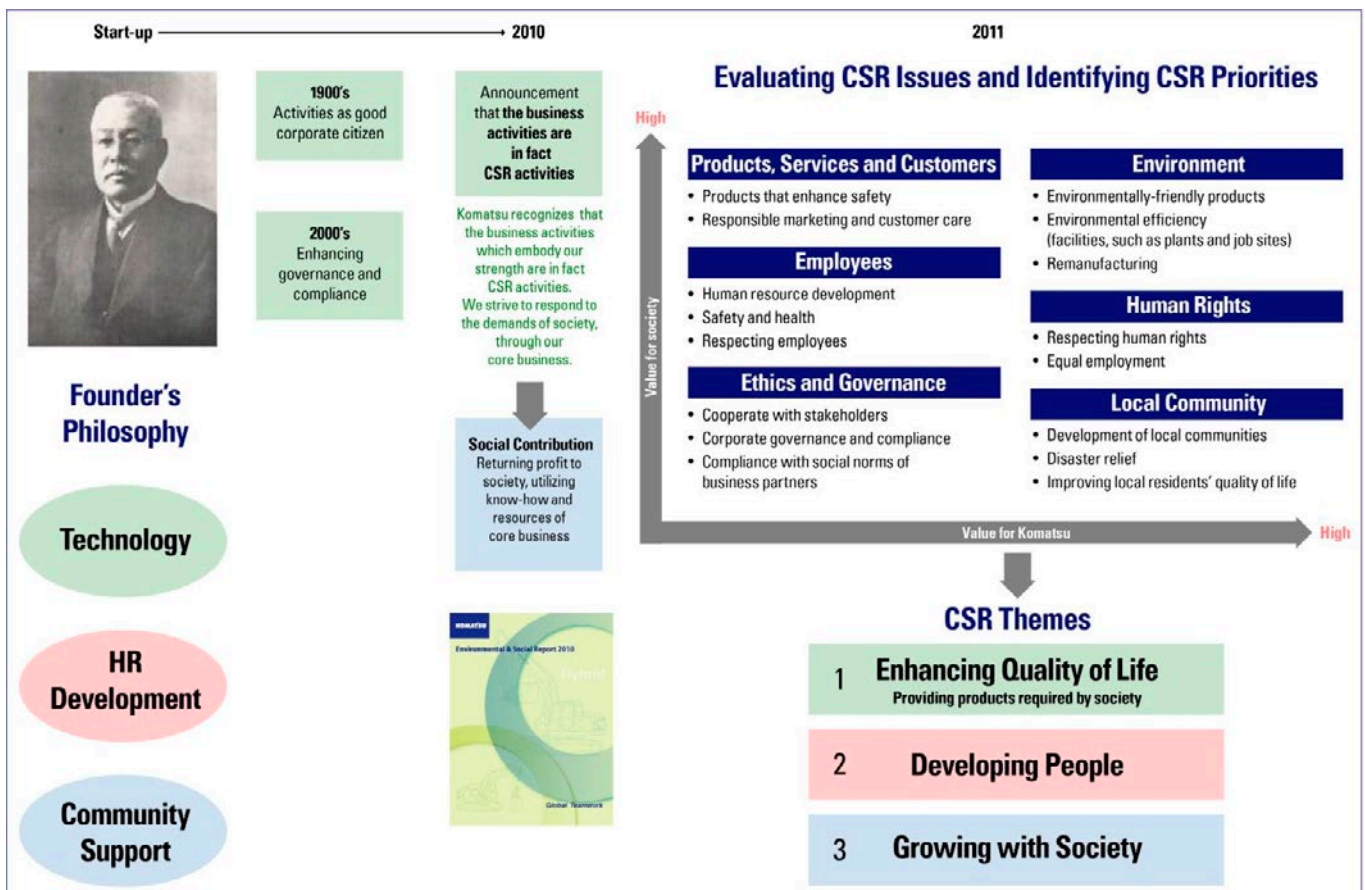
Our Approach to CSR



- 1. Enhancing Quality of Life** - expresses our intention to contribute to the sustainability of customers' businesses by leveraging our innovation to provide safe products, services and solutions that enable high productivity and have little environmental burden.
- 2. Developing People** - is our initiatives for developing our employees, developing talent at our distributors and suppliers, and also leveraging our know-how to cultivate human resources in the local community.
- 3. Growing with Society** - refers to activities that support coexisting harmoniously with society. Besides responsibilities that we must naturally fulfill, such as governance and compliance, these activities include implementing initiatives for earning the trust of stakeholders, activities for building trusting relationships with suppliers, and efforts toward disaster reconstruction support and community support.

These three CSR Themes allow Komatsu teams globally to honor Meitaro Takeuchi's founding philosophies while leveraging our strengths to innovate technology, develop human resources and live in harmony with our local communities.

One hundred years have passed since Komatsu Iron Works was first established, but the ideas of Meitaro Takeuchi continue to be handed down on a global scale and form the fabric connecting all of Komatsu.



Our Approach to CSR



Moving Forward

In early 2016, business and CSR leaders across the globe began discussing the best ways to further ESG in connection with our Mid-range Management Plan. The teams reviewed how ESG management aligns with our core business practices, the strategic goals we should pursue and how Komatsu's CSR activities link to the international Sustainable Development Goals (SDGs) established in 2015 by the United Nations.

Sustainable Development Goals (SDGs)

The SDGs, officially known as The 2030 Agenda for Sustainable Development is a set of 17 goals with 169 targets covering a broad range of sustainable development issues, which was adopted at the U.N. General Assembly in September, 2015.

<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

SDG Goals and Selection Process

Based on the discussions, we did a thorough analysis to compare the 17 SDG goals and their accompanying 169 SDG targets with our CSR activities and themes. We evaluated 1) whether there is a relation, and 2) the depth of the relation.

For example, one of our CSR activities is providing products and services that contribute to infrastructure development and improve the quality of life. For each SDG goal and target, we compared our activity: For example, for SDG Goal #1, we compared as follows;

<Example 1> SDG Goal #1 (No poverty)

SDG Target 1.1 (By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day).

In this instance, we did not see a direct relation.

SDG Target 1.5 (By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters), we believe there is an indirect relation, and thus colored the cell light blue to indicate the connection. (Refer to ① in the Chart 1)

In the same manner, we compared as follows;

<Example 2> SDG Goal #9 (Industry Innovation and Infrastructure)

SDG Target 9.1 (develop quality, reliable, sustainable and resilient infrastructure, including regional and trans- border infrastructure to support economic development and human well-being). We colored the cell rich blue because there is a strong relation with our key theme. (Refer to ② in the Chart 1)

The same process was followed for all SDG targets and all of Komatsu's CSR activities. On Chart 1, the number in the cell represents the SDG target(s) where there is a relation, and the color (dark/medium/light) indicates the depth of the relation (direct or indirect).



Our Approach to CSR

[Chart 1: Komatsu's CSR key themes and SDGs]

Inter-connections: High Med Low

Figures: SDGs targets

SDGs (Sustainable Development Goals)

Komatsu's CSR key themes	1 No Poverty	2 Zero hunger	3 Good health & well being	4 Quality education	5 Gender equality	6 Clean water & sanitation	7 Affordable & clean energy	8 Decent work & economic growth	9 Industry, innovation & infrastructure	10 Reduced inequality	11 Sustainable cities & communities	12 Responsible consumption & production	13 Climate action	14 Life below water	15 Life on land	16 Peace & justice	17 Partnership for the goals
Enhancing Quality of Life Providing products required by society																	
Provide products and services that contribute to infrastructure development and improving quality of life	1.5						7.1 7.b	8.4	9.1	10.1	11.1, 11.2, 11.a, 11.c			14.5	15.3		
Improve production/safety as well as promote efficiency and energy conservation through innovation					5.b		7.a 7.3	8.2 8.4	9.2 9.5	10.2	11.3		13.1				17.6 17.7
Improve environmental efficiency at operation sites and plants		3.9				6.3 6.4	7.2	8.4	9.4		11.6	12.4	13.1		15.1, 15.2, 15.4, 15.6		17.7, 17.14, 17.15
Reduce environmental load throughout product life cycle		3.9				6.3 6.4	7.a	8.4	9.4		11.6 11.c	12.4 12.5	13.1		15.4 15.5		
Enhance safety for society, customers, employees and business partners								8.8	9.5		11.2, 11.3, 11.b						
Developing People																	
Enhance our employees and suppliers through the KOMATSU Way				4.4				8.5 8.8									17.16
Enhance our employees and distributors through brand management								8.5	9.5								17.6
Local HR education in the area of construction equipment and manufacturing	1.a			4.3 4.4	5.1			8.6 8.8	9.5	10.2 10.b	11.a						17.9
Respect for employees (Diversity)			3.d	4.4	5.1, 5.5, 5.c			8.5		10.2							
Develop the next generation				4.1				8.5		10.2			13.3				
Growing with Society																	
Engage in dialogue with stakeholders	1.a		3.d		5.5 5.b		7.a	8.7	9.1 9.5		11.b		13.b			16.7	17.6 17.17
Strengthen our corporate governance and compliance					5.1 5.5	6.3		8.8	9.4	10.2 10.3	11.b	12.6	13.3		15.1	16.3 16.5	17.14
Promote compliance with environmental, labor and social norms with the group among business partners					5.1		7.a	8.5 8.7, 8.8	9.4	10.2	11.6		13.b		15.1	16.3 16.5, 16.b	17.16
Social contribution utilizing core business (support for local communities, clearing land mines and cultivation of safe villages)	1.a	2.3	3.9	4.1 4.3, 4.4		6.6		8.5	9.a	10.2 10.b	11.6 11.7				15.2	16.7	17.16
Disaster relief	1.5		3.9								11.5 11.b		13.1	14.5		16.7	17.14

According to the team's analysis, five SDG goals have a strong relationship with Komatsu's three CSR Themes.

■ The five SDG goals are:



#8 Decent Work and Economic Growth



#9 Industry Innovation and Infrastructure



#11 Sustainable Cities



#13 Climate Change



#17 Partnerships

Our Approach to CSR







Chart 2 explains how Komatsu's business and CSR activities contribute to the five SDG goals and targets that have the strongest ties to Komatsu's business.

By focusing on these five SDG goals, Komatsu contribute to all the SDG goals comprehensively since it is proved that each SDG goal is mutually intertwined. Our next steps are to engage with additional internal and external stakeholders, share this information and follow the Plan-Do-Check-Act method to validate the analysis and establish an action plan.

Following this analysis, we are now reviewing what additional opportunities exist for Komatsu to make an increased contribution to the achievement of the SDGs, focusing on SDGs 8, 9, 11, 13, and 17. We will prioritize opportunities that contribute to the SDGs by creating value for stakeholders and shareholders, and will communicate progress in future Komatsu reports.

[Chart 2: Co-relation between SDG Goals and Komatsu Business/CSR]

SDG Goals	Komatsu Business/CSR	SDG Targets (which have strong ties with Komatsu business)
Decent work & economic growth 	<p>We strive for increased employment and job creation in regions where we operate by utilizing our human resource and skills development know-how cultivated in our business.</p> <p>We place top priority in providing a safe and rewarding workplace for our employees and our customers' employees worldwide.</p>	<ul style="list-style-type: none"> • Achieve full and productive employment and decent work • Reduce youth not in employment, education or training • Achieve higher levels of economic productivity through diversification, technological upgrading and innovation • Improve resource efficiency in consumption and production
Industry innovation & infrastructure 	<p>We enhance productivity, safety and reduction of the environmental impact of our customers' business by providing innovative and environmentally sound business solutions.</p> <p>We collaborate with business partners and stakeholders, including our customers, towards advanced technology contributing to sustainable infrastructure and energy/resource development.</p>	<ul style="list-style-type: none"> • Develop resilient infrastructure to support economic development and human well-being • Promote inclusive and sustainable industrialization • Upgrade infrastructure with greater adoption of clean and environmentally sound technologies and industrial processes • Encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending
Sustainable cities 	<p>We contribute to bringing industrial vitalization and enhancement of quality of life through our Dantotsu (Unrivaled) Products, Services and Solutions which accelerate sustainable infrastructure development and urbanization.</p> <p>We support development of cities resilient to natural disasters and provide disaster relief using Komatsu equipment and core business skills.</p>	<ul style="list-style-type: none"> • Provide access to sustainable transport systems (infrastructures, including roads) for all • Enhance inclusive and sustainable urbanization • Reduce the environmental impact by waste management • Reduce the number of people affected by disasters
Climate change 	<p>We commit to reduce carbon emissions and environmental impact throughout our value chain.</p> <p>We increase efficiency and reduce energy use through innovation.</p>	<ul style="list-style-type: none"> • Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters • Raising capacity for effective climate change-related planning and management focusing on women, youth and communities
Partnerships 	<p>We engage with stakeholders to understand societal needs and take action.</p> <p>We foster actions complying with social, environmental and working condition norms including our business partners.</p> <p>We work towards social solutions through open innovation, academic-industrial collaborations, and partnering with customers, distributors, suppliers and local communities.</p>	<ul style="list-style-type: none"> • Enhance regional and international cooperation on and access to science, technology and innovation • Enhance knowledge sharing through a global technology facilitation mechanism • Enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships

Enhancing Quality of Life Developing People Growing with Society

Our Approach to CSR



[Chart 3:Discussions and dialogues on Komatsu's ESG initiatives]

Date	Topic	Description
May to September, 2016	Identify strengths and value for business and society (Work with external experts)	<ul style="list-style-type: none"> ■ Interview with management and presidents of overseas affiliates ■ Internal discussions regarding what strengths and long term value the company contributes towards society
December	ESG Meeting with Investors	<ul style="list-style-type: none"> ■ Explanation of Komatsu's history and ESG strategies and initiatives ■ Receiving commitments/requests for information on long term targets and process in selecting SDGs
December	CSR Committee Meeting	<ul style="list-style-type: none"> ■ Discussions on the relation between ESG and CSR Themes, SDGs and responding to requests given at ESG Meeting
January	Global CSR Meeting	<ul style="list-style-type: none"> ■ Discussion with 30 participants in charge of CSR from overseas subsidiaries on Komatsu's global ESG initiatives, SDGs, challenges and opportunities
February, March	CSR Steering Committee Meetings (3)	<ul style="list-style-type: none"> ■ Discussed and authorized Komatsu's target SDGs and explanation of selection process

Our Approach to CSR



A Story of Success: The relationship between SDGs and the UNIDO - Komatsu partnership in Liberia

(Mr. Stavros Papastavrou)



The United Nations Industrial Development Organization (UNIDO) is a specialized agency of the UN that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability. My name is Stavros Papastavrou and I am working with UNIDO as a Project Manager for Liberia. I am driven by a strong belief in education and industry's role in bringing about sustainable development. I work to ensure that vocational training increasingly meets the needs of industry, with a big goal in mind: getting young people into decent jobs.

The 2030 agenda for sustainable development recognizes the role of the business sector in development. As the main driver of economic growth and job creation in many developing countries, the business sector is a key partner for UNIDO. Private investment and business sector involvement in accelerating development is crucial as stipulated by the **Sustainable Development Goal (SDG) 17**, which calls for partnerships to solve today's development problems

The project "**Promoting youth employment in the mining, construction and agriculture sectors**", funded by the Government of Japan, aims to help young Liberians access the labor market by developing their skills in the operation and maintenance of heavy-duty machinery. These skills are necessary across all sectors. However, developing youth skills requires first that the quality of teaching and learning improves. Our partnership with Komatsu Ltd. was key to supporting one of Liberia's first vocational schools. Komatsu helped to establish a training facility with modern equipment and curricula. It provided technical support on safety training, donated a hydraulic excavator as well as trained instructors on hydraulic excavator operations and on maintenance subjects in Japan and South Africa.

This cooperation with Komatsu is at the core of the SDGs. It shows how important it is for industry to engage in promoting inclusive and sustainable industrial development. With no doubt, the project has contributed to supporting **SDG 9 "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation"**, notably by raising industry's share of employment in Liberia.

Our Approach to CSR



40% of our graduates have entered the labor market

part-time employees. This will give a boost to Liberia's efforts in achieving economic transformation.

Komatsu's leadership in technology, human resource development and community support are key ingredients necessary to achieve the UN's SDGs. At Komatsu and UNIDO we can be proud that our partnership is closely aligned with **SDG 8, 9 and 17** and we are able to combine our strengths to achieve transformation in the countries where we are working.

Together, we have also contributed to **SDG 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"**. With the support of Komatsu, the project has been able to upgrade the skills of the Liberian workforce: a total of 150 youth have graduated in courses that match the needs of industry. The project has also been effective in terms of generating employment opportunities for Liberian youth. 40% of our graduates have entered the labor market, either as full-time or

Stavros Papastavrou
Project Manager, Liberia
United Nations Industrial
Development Organization

Our Approach to CSR



CSR Theme and Key Business Activities

Komatsu’s CSR Priorities

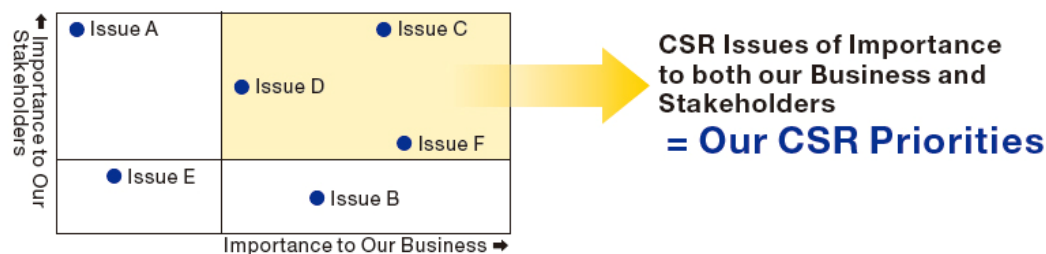
In 2010, with the support of Business for Social Responsibility (BSR), a nonprofit organization, Komatsu undertook a materiality assessment to accomplish the following objectives:

1. Identify a set of CSR issues and prioritize these CSR issues by their relevance to our business and their importance to our stakeholders
2. Define a set of global CSR themes and activities

From a list of many CSR issues, we selected those relevant to Komatsu as a construction/mining and industrial equipment manufacturer. We then evaluated CSR issues on their importance to our business. To understand the relevance of CSR issues to our business, we interviewed senior executives across our company, including leaders of regions outside Japan. These interviews helped us to understand the degree to which CSR issues interact with our business priorities and operations. We then evaluated CSR issues on their importance to our stakeholders. To understand the relevance of CSR issues to our stakeholders, we reviewed external reports, viewpoints, and public statements published by governments and policy makers, issue experts and advocates, media, suppliers, and customers. We also took into consideration BSR’s view of stakeholder importance.

Evaluating CSR issues

We evaluated CSR issues based on the degree of importance to our business shown on the horizontal axis, and the degree of importance to our stakeholders shown on the vertical axis.



The CSR issues important to both businesses and stakeholders came to the top right quadrant. We narrowed our focus to sixteen material issues across six categories. By focusing on the material issues that are most important to our business and our stakeholders, we believe we are in a strong position to leverage our core strengths as an equipment manufacturer and create lasting social impact going forward.

Our Approach to CSR



Komatsu’s CSR Priorities

Products, Services, and Customers	<ul style="list-style-type: none"> Products that enhance safety Responsible marketing and customer care
Environment	<ul style="list-style-type: none"> Environmentally-friendly products Environmental efficiency (facilities, such as plants, and job sites) Remanufacturing
Employees	<ul style="list-style-type: none"> Human resource development Safety and health Respecting employees
Human Rights	<ul style="list-style-type: none"> Respecting human rights Equal employment
Ethics and Governance	<ul style="list-style-type: none"> Cooperation with stakeholders Corporate governance and compliance Compliance with social norms of business partners
Local Community	<ul style="list-style-type: none"> 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**

Our Approach to CSR



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.

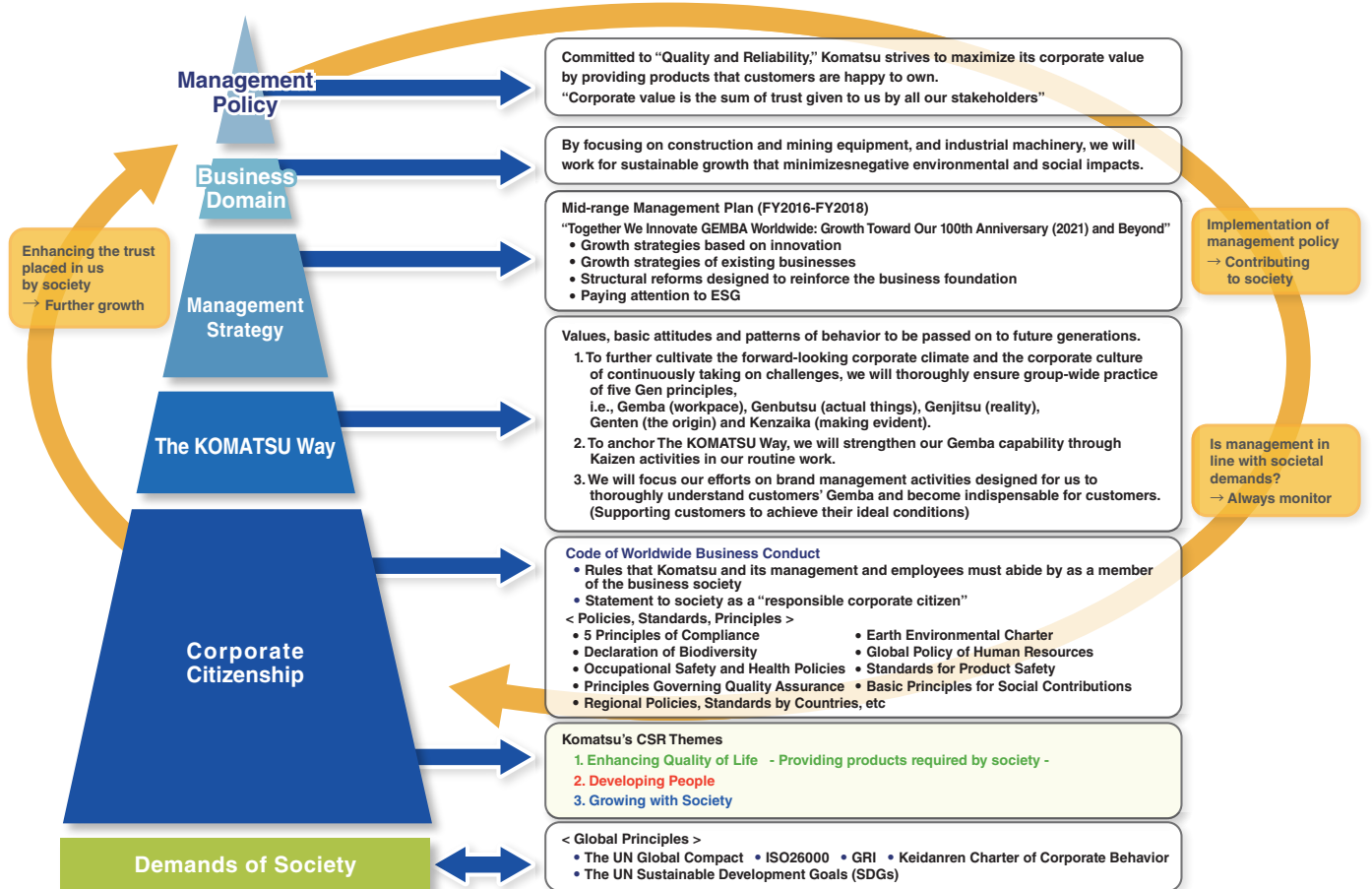
CSR Themes	Key Business Activities	
	Activities through core business	Social Contribution Activities
<p>Enhancing Quality of Life</p> <p>-Providing products required by society-</p>	<ul style="list-style-type: none"> Provide products and services that contribute to infrastructure development and improving 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
<p>Developing People</p>	<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
<p>Growing with Society</p>	<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

Our Approach to CSR



Incorporating CSR into Management

Having clearly defined our CSR themes and key activities, we constantly confirm that Komatsu meets public expectations and requirements throughout the conduct of our business and we deepen our understanding of material issues through dialogues involving stakeholders inside and outside the company. Thus, we seek to earn the trust society has placed in us as we pursue sustainable growth. In our social contribution activities, we pay due consideration to prevailing issues in the regions where we operate and think through how we can apply our strengths to undertake “activities with a human face” that are uniquely associated with Komatsu.



Our Approach to CSR



Comparison with Global Principles

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

ISO26000 core subjects /issues	UNGC 10 Principles	Komatsu's CSR Priorities	Incorporation into Komatsu's Internal Guidelines *: 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 	<p>**"Quality and Reliability" of organizational structure, business operations, employees and management</p> <p>*Emphasis on corporate governance</p> <p>*Observe business rules</p>
Human Rights	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 	<p>*Respect each employee's fundamental human rights</p> <p>*Achieve a balance between work and personal life</p> <p>**Respect human rights</p>

Our Approach to CSR



<p>Labour Practices</p>	<p>Labour Principle 3 Principle 4 Principle 5 Principle 6</p>	<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
<p>The Environment</p>	<p>Environment Principle 7 Principle 8 Principle 9</p>	<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
<p>Fair Operating Practices</p>	<p>Anti-Corruption Principle 10</p>	<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
<p>Consumer Issues</p>		<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

Our Approach to CSR



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

Our Approach to CSR



Employees	President explains business performance, policies and strategies	› Meetings with the president	Semiannually
		› Sharing Q&A session content with global employees via the intranet	As needed
	Dialogue with the labor union and employee representatives to improve the workplace environment	Regular Meetings between Management and Labor Union	As needed
Local Community	Explanation of initiatives related to operations, the environment and safety	Meetings with residents of the local community near the plant	As needed
	Activities to resolve local issues based on employee suggestions	Voluntary activities by employees	Daily
Industry-Academia Collaboration Partners	Exchange of ideas and opinions between representatives such as university professors and the Chief Technology Officer	Komatsu Science and Technology Collaboration Council	Biannually
Investors	CEO and CFO explains business performance, policies and strategies	IR Meeting in Japan, U.S. and Europe	Japan: Daily 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

Our Approach to CSR



Joint Programs with Stakeholders

Partnership with customers at Komatsu Brasil International Ltda.

In 2016, Komatsu Brasil International Ltda. (KBI) started a training course for construction equipment mechanics as part of the SENAI program (industrial on-the-job training program administered by the Brazilian government) in partnership with Anglo American. A technical training session on the maintenance of Komatsu equipment was conducted for 30 local trainees in the city of Conceição do Mato Dentro, where Anglo American runs a mining business, to build up their technical skills. As a consequence, two graduates were employed by KBI. This program has been welcomed broadly for its potential benefit not only to Komatsu and Anglo American but other enterprises and local communities as well.



A trainee fabricating a dump truck mockup



Training at an Anglo American's mining site

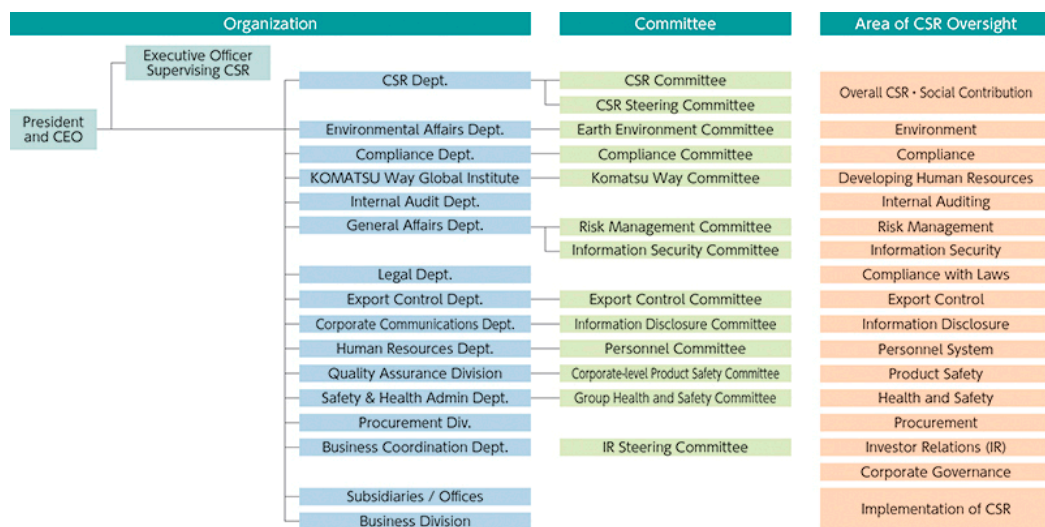
Our Approach to CSR



Organization to Promote CSR

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

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



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.

Our Approach to CSR



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.

Global CSR Meeting

In January 2017, managers in charge of CSR from the global Komatsu Group gathered in Tokyo to attend its first Global CSR Meeting. A total of 35 participants from 16 countries got together at the Komatsu head office to have a 2.5-day session of animated discussions. Active two-way communication at the conference included sharing the best practices of CSR activities being undertaken by local companies in the world, mutually identifying issues involved in driving these activities and exploring directions in upcoming approaches, as well as presenting Komatsu's CSR policies and guidelines from the head office.

We will periodically hold this kind of meeting which brings us a great opportunity to build up global teamwork.



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

Social Contribution Activities

Theme1 : Enhancing Quality of Life -Providing Products Required by Society -

- Providing products and services that contribute to infrastructure development and improvement of quality of life
- Improving productivity, safety and efficiency, and enhancing energy conservation through innovations

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> ■ Opening SMARTCONSTRUCTION demonstration facilities in Japan (Komatsu IoT Center) (June) 	<ul style="list-style-type: none"> ■ Fostering the growth of SMARTCONSTRUCTION as a core business
<ul style="list-style-type: none"> ■ Expansion of launching construction equipment that respond to comprehensive applications of ICT "i-Construction" advocated by Japan's MLIT (April, 2017) <p>Related article</p> <p>▶ The ICT Construction Equipment Expansion Series</p>	<ul style="list-style-type: none"> ■ Sales expansion of ICT intensive machines in Japan, the US and Europe
<ul style="list-style-type: none"> ■ Development of a totally new solution to cab-less unattended dump trucks (Innovative Autonomous Haulage Vehicle) <p>Related article</p> <p>▶ <Unveils a real machine at MINExpo INTERNATIONAL 2016, Las Vegas> Komatsu has developed a totally new concept of cab-less unattended dump trucks.</p>	<ul style="list-style-type: none"> ■ Optimization of mining machine operations, and expanding scope of remote and unattended operations

Our Approach to CSR



<ul style="list-style-type: none"> Continuing production reforms by implementing "connectivity" with IoT <p>Related article</p> <ul style="list-style-type: none"> Reinforcing Production with The Internet of Things (IoT) : Embarking on production reforms by implementing "connectivity" in Komatsu Style 	<ul style="list-style-type: none"> Cost reduction of JPY 50 bn for 3 years (FY2015-2017)
	<ul style="list-style-type: none"> Development of EUV light sources and new products (EUV: Extreme Ultra Violet. EUV light sources are keys to a next generation technology of semiconductor lithography.)
<p>Related article</p> <ul style="list-style-type: none"> Mining and crushing and cement operationsPDF 	<ul style="list-style-type: none"> Reinforcement of global presence in quarry and cement production business

- Improving environmental efficiency at operation sites and plants
- Reducing environmental impact throughout the product life cycle

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> Development and Launch of Tier4 Final (exhaust emissions regulation) Models (year-round) Reduction of CO₂ emissions from construction equipment <p>Related article</p> <ul style="list-style-type: none"> Tier4 Final Compliant Models Released Reduction in CO₂ Emissions of Construction Equipment 	<ul style="list-style-type: none"> Expanding lines of environmentally compatible models Goal set for FY2018: Cutting the volume of CO₂ emissions per workload from construction equipment to 25% as compared to FY2007 level by FY2025.
	<ul style="list-style-type: none"> 25% of CO₂ reduction per work volume (New models to be sold in FY2025 as compared to FY2007)

Our Approach to CSR



<ul style="list-style-type: none"> Reduction of CO₂ emissions in manufacturing in; Japan -40.3% (compared to FY2000) Overseas -28.7% (compared to FY2010) <p>Related article</p> <p>> Setting Mid- and Long-Term Objectives and Progress</p>	<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 water consumption in Japan: -48.3% (compared to FY2010) <p>Related article</p> <p>> Setting Mid- and Long-Term Objectives and Progress</p>	<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 reducing electricity usage project to suppliers (96 companies) Water risk seminar for suppliers: Held twice, with 135 participants (from 96 member firms of the Midori-kai) 	<ul style="list-style-type: none"> Follow-up action to suppliers that could not achieve the targets

- Enhancing safety for society, customers, employees and business partners

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> Safety and Health Management in Indonesia <p>Related article</p> <p>> Occupational Safety and Health</p>	<ul style="list-style-type: none"> Dissemination of know-how accumulated at the mother plant to child plants around the world
<ul style="list-style-type: none"> Promoting the Five-Year Health Development Plan in Japan (Lifestyle diseases, cancer, Tabaco and mental health) <p>Related article</p> <p>> Occupational Safety and Health</p>	<ul style="list-style-type: none"> Continuation of the Five-Year Health Development Plan

Our Approach to CSR



<ul style="list-style-type: none"> ▪ Safety patrol in suppliers' sites (97 companies) <p>Related article</p> <p>› Occupational Safety and Health</p>	<ul style="list-style-type: none"> ▪ Continuation of safety patrol in suppliers' sites
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Theme2 : Developing People

Enhancing our employees and suppliers through the KOMATSU Way

Major Achievements for FY2016	Mid-range Issues and Targets
<p>Employee trainings (non-consolidated);</p> <ul style="list-style-type: none"> ▪ Average hours per FTE: 76 hours ▪ Average spent per FTE: JPY 246 thousand <p>Related article</p> <p>› Employee Training Structure</p>	
<ul style="list-style-type: none"> ▪ Continued QC instructor trainings to oversea subsidiaries <p>Related article</p> <p>› Employee Training Structure</p>	<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 Asia Training & Demonstration Center in Thailand (November) ▪ Manufacturing skill competition (193 participants from 12 countries) ▪ QC circle competition (98 cases from 14 countries) <p>Related article</p> <p>› Strengthening Our Gemba Capability</p>	<ul style="list-style-type: none"> ▪ Continuation of manufacturing skills development world-wide

Our Approach to CSR



Development of employees and distributors through Brand Management initiatives

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> Improvement and expansion of Brand Management activities <p>Related article</p> <p>> Brand Management Initiatives</p>	<ul style="list-style-type: none"> Continuation of improvement and expansion of Brand Management activities
<ul style="list-style-type: none"> Service Technical Competition (October, 42 participants) <p>Related article</p> <p>> Strengthening Our Gemba Capability</p>	<ul style="list-style-type: none"> Support to training centers outside Japan Support for distributors' development of managers

Respect for employees

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> Enhancement of employees' work-life balance (Average days of paid leave taken per year: 19.2 days) <p>Related article</p> <p>> Enhancing Work-Life Balance</p>	<ul style="list-style-type: none"> Continuation of enhancement of employees' work-life balance (less than 2,100 working hours per year, and at least 18 days of paid leave taken per year)
<ul style="list-style-type: none"> Development of self action plan to promote female employees (April, 2016) Career plan training for female employees <p>Related article</p> <p>> Diversity Initiatives</p>	<ul style="list-style-type: none"> Promoting female employees (Ratio of employees in management positions: 7% in FY2018, 10% in FY2021)

Our Approach to CSR



- Promoting employment of persons with disabilities (Employment ratio : 2.68%, non-consolidated)

Related article

> [Diversity Initiatives](#)

- Continuation of creating workplaces that provide a sense of fulfillment such as activity of Business Creation Center
- Employment ratio : 2.3%, Group Companies in Japan, as of FY2018

Theme3 : Growing with Society

Engaging in dialogues with our stakeholders

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> ▪ Shareholders' meeting (December, 524 participants) ▪ Plant tours for shareholders (October and March, 560 participants) ▪ Techno Center tours (March, 174 participants) ▪ Meetings for Individual Investors (10 cities in Japan, 683 participants) ▪ Plant Fairs (8 plants in Japan, 67,800 visitors) ▪ President meeting with employees and sharing Q&A session contents with global employees <p>Related article</p> <p>> Communication with Stakeholders</p>	<ul style="list-style-type: none"> ▪ Continuation of communication activities

Our Approach to CSR



Strengthening our corporate governance and compliance

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> ▪ Chairman resigned from the position of representative of the Board (April 2016) ▪ Appointment of Global Officers (April 2016) <p>Related article</p> <ul style="list-style-type: none"> > Notice of Change of Representative Directors' Positions > Announcing New Personnel System for Senior Management Officers 	<ul style="list-style-type: none"> ▪ Continuation of enhancement of corporate governance
<ul style="list-style-type: none"> ▪ "Visualization" research of potential risks (Started in July) ▪ Conducting compliance and risk audit (382 offices) ▪ Conducting compliance training (18,700 employees) ▪ Information provision through "Everybody's Compliance" (136 issues, April, 2017) <p>Related article</p> <ul style="list-style-type: none"> > Compliance > Risk Management 	<ul style="list-style-type: none"> ▪ Reinforcement of the system including the consolidation of offices and continuation of individual activities

Our Approach to CSR



Promoting compliance with environmental, labor, human rights and social norms within the Group and among business partners

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> ▪ Conducting safety patrol (102 suppliers) ▪ Implementation of power consumption reduction activities (96 suppliers) ▪ CSR training (23 suppliers), Subcontracting Charges Law Training (312 participants from 181 suppliers) ▪ Information provision through "CSR Bulletin" (118 issues, cumulative total) <p>Related article</p> <p>› Support for CSR Initiatives of Business Partners</p>	<ul style="list-style-type: none"> ▪ Continuation of individual activities based on "CSR procurement guideline"

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

Social Contribution Activities

Theme1 : Enhancing Quality of Life -Providing Products Required by Society -

Support for Agriculture with ICT

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> Direct sowing on well-drained paddy fields by using intelligent ICT excavators 	<ul style="list-style-type: none"> Planned allocation of 20 rental models of agricultural ICT excavators in various areas of Japan to promote

Theme2 : Developing People

Local HR development in the area of training and manufacturing

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> Komatsu and Cummins collaborative program <p>Related article</p> <p>> Collaboration with Cummins Inc.</p>	<ul style="list-style-type: none"> Enhancement of programs in each area (Australia, South Africa, the US and Peru)

Our Approach to CSR



Komatsu-no-mori (science class and flower fostering provided by retired employees)

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> Amounted to 331,000 visitors (cumulative total) Teaching how to grow flowers to kindergarten students (106 pupils from 2 kindergartens) 	<ul style="list-style-type: none"> Continuation of growing flowers with 2 kindergartens Opening of the second term of "Waku-Waku Komatsu Workshop"

Support for university researches related to Komatsu's innovation

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> Visiting lectures at two Indonesian universities Inviting instructors to Japan and providing lectures (from Indonesia) 	<ul style="list-style-type: none"> Continuation of supporting to universities

Theme3 : Growing with Society

Disaster relief

Major Achievements for FY2016	Mid-range Issues and Targets
<p>Kumamoto earthquake (April 2016):</p> <ul style="list-style-type: none"> Temporary unit house boxes rented to Mashiki-machi free of charge Support for students in Mashiki-machi <p>Related article</p> <p>> Disaster Relief</p>	<ul style="list-style-type: none"> Assistance tailored to the needs of disaster areas

Our Approach to CSR



Clearing anti-personnel land mines and reconstruction support

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> ▪ Cambodia; Demined area 1,517ha, Road construction 49.1km, Ponds constructed 45, Schools constructed 8 (cumulative total). ▪ Angola; Demined area 213ha (cumulative total) ▪ Laos: Cluster submunitions cleared area 88ha ▪ Visiting lectures in Japan (10 schools) <p>Related article</p> <p>› Clearing Anti-Personnel Landmines and Reconstruction Support (Latest activities)</p>	<ul style="list-style-type: none"> ▪ Continuous activities in Cambodia and Laos ▪ Continuation of visiting lectures

Supporting Flower Association of Japan

Major Achievements for FY2016	Mid-range Issues and Targets
<ul style="list-style-type: none"> ▪ Technical support to fostering flowers in Komatsu Green Park ▪ Donation of young cherry trees to disaster areas of the Great East Japan Earthquake (more than 4,200 trees, cumulative total) 	<ul style="list-style-type: none"> ▪ Continuous support to growing flowers at Komatsu-no-mori ▪ Inspection of health condition of cherry trees and consultation (Ina city and Koganei city)

Our Approach to CSR



External Evaluations

- ▼ Commendations from Assessment Bodies
- ▼ External Evaluations for CSR Activities (FY2016)

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.



FTSE Blossom Japan

Selected for inclusion in the FTSE Blossom Japan Index Component (July 2017)
 "FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Komatsu has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products."



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

Our Approach to CSR



Selected for inclusion in the listing of SRI issues developed by Morningstar (As of January, 2017)



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



Certified as a company of the Climate Change A List by CDP



Selected as a “2016 Nadeshiko Brand” company by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange

External Evaluations for CSR Activities (FY2016)

2016

May	“PROPER National” awarded by the Ministry of Environment and Forestry, Indonesia (PT Komatsu Reman Asia).
September	Chosen to be a Dow Jones Sustainability Index.
October	Chosen to be a FY2016 Excellent Disclosure Firm in the “List of Excellent Disclosure Firms Picked by Securities Analysts” (ranked 1st among 20 firms in the machinery section).
October	Ranked 19th (among 266 firms) in the 12th Ranking of Firms with Enterprise Power compiled by Nikkan Kogyo Shimbun, Ltd.

Our Approach to CSR



October	Chosen to be a firm on the “Climate Change A List” by CDP.
October	Awarded the “Platinum Grand Prize from the Economy, Trade and Industry Minister Award” in the Fourth Platinum Grand Prize hosted by Platinum Initiative Network and Platinum Grand Prize Steering Committee.
November	Accredited CDP (Carbon Disclosure Project) Water A (CDP survey specializing in water).
November	Awarded the FY2016 Ibaraki Prefecture Globally Compatible Enterprise Award (Ibaraki Plant).
December	21st IR Excellent Business Prize awarded.
December	Chosen to be a Euronext Vigeo World 120 index.

2017

January	Ranked 43rd (among 396 firms) in the manufacturing section of the “20th Environmental Management Survey” conducted by Nikkei Inc.
February	Awarded the Director of Kanto Bureau of Economy, Trade and Industry (Komatsu) award and the Director of Chubu Bureau of Economy, Trade and Industry (NTC) award in recognition of Komatsu's energy-saving efforts.
February	Chosen on the “Nadeshiko Brand 2017” list, or a list of firms supporting active promotion of women
March	Ranked fourth (among 1,136 firms) in the 11th “CSR Firm Ranking” compiled by Toyo Keizai Inc.

CSR Theme 1
Enhancing Quality of Life
 -Providing Products Required by Society



Product Safety -Increasing Safety by Innovation-

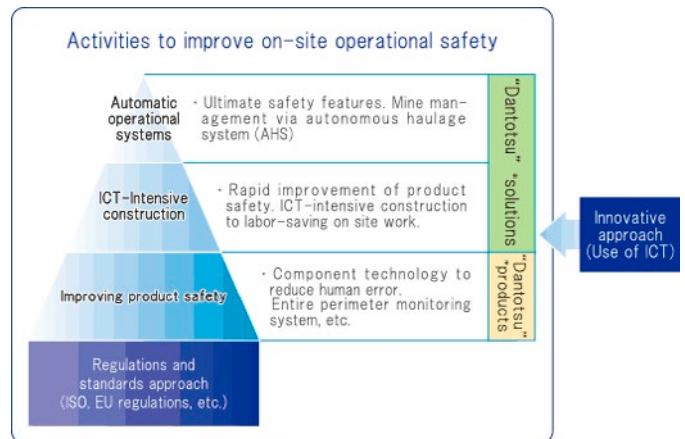
Innovation brings about a variety of valuable ideas such as environmental design and economic efficiencies. Out of these, our highest priority is "Safety."

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 important 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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Example of Safety Activities

Safety Improvement at Mining Sites: Innovative Autonomous Haulage Vehicles

Komatsu exhibited an "Innovative Autonomous Haulage Vehicle" featuring a cabless structure at the "MINExpo INTERNATIONAL 2016" which was held in Las Vegas, United States in September 2016.

Unlike 930E and 830E autonomous models, Komatsu has newly developed this vehicle exclusively as an unmanned vehicle designed to maximize the advantages of unmanned operation. Komatsu plans a market introduction in the near future. By distributing equal load to the four wheels both when the vehicle is loaded and unloaded, and adopting four-wheel drive, retarder and steering, Komatsu is aiming for high-performance shuttling of this vehicle in both forward and reverse travel directions, thereby totally eliminating the need for K-turns at loading and unloading sites. In particular, Komatsu expects that this new vehicle will considerably improve the productivity and safety at mines where existing unmanned haulage vehicles face challenging conditions, such as slippery ground due to frequent rain/snow fall as well as confined spaces for loading.

Komatsu has led the world by commercializing Autonomous Haulage System (AHS) in 2008. Since then AHS dump trucks have hauled over 1 billion tons (cumulative) of overburden and minerals at large-scale mines mainly in Chile and Australia. By continuing its efforts to optimize the performance of mining equipment and aggressively promote remote control and unmanned machine operation, Komatsu will help its mining customers significantly improve their productivity, thereby becoming their indispensable partner.



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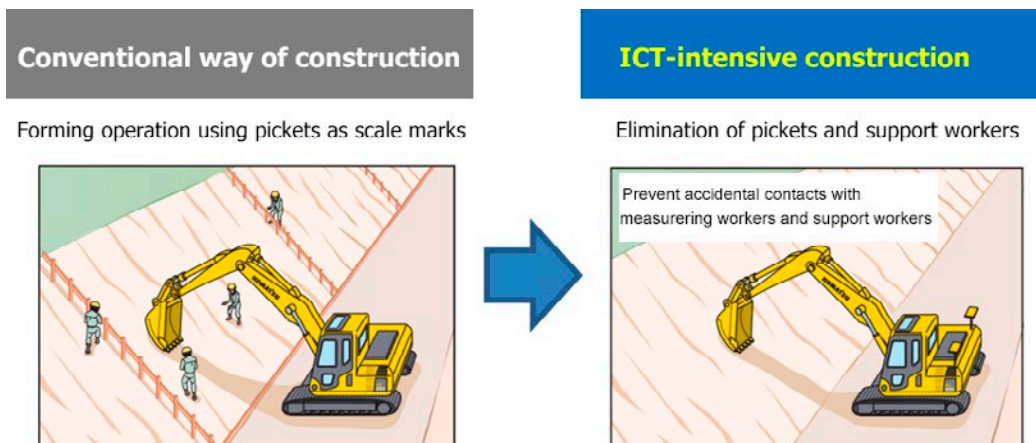


Safety Improvement of Construction Sites: "SMARTCONSTRUCTION" the Dantotsu Solution that brings a major revolution to construction sites

Since 2013, Komatsu has been moving forward with launching of ICT equipment to the market such as "D61PXi", an ICT bulldozer, and "PC200i", an ICT hydraulic excavator. In addition to the development of such ICT equipment, Komatsu has decided to begin "SMARTCONSTRUCTION", a service business to solve the various issues arising at construction sites and realize "Gemba (workplaces) of the Future", which will be one of our core businesses in the future.

"SMARTCONSTRUCTION" connects all the information of the construction sites with ICT and achieves the improvement of safety and productivity at Gemba. We also make use of the accumulated data acquired through "SMARTCONSTRUCTION" for maintaining social infrastructure and for recovering from natural disasters.

* For more information, please visit the following special website for SMARTCONSTRUCTION ([Komatsu Report 2017](#))



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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.

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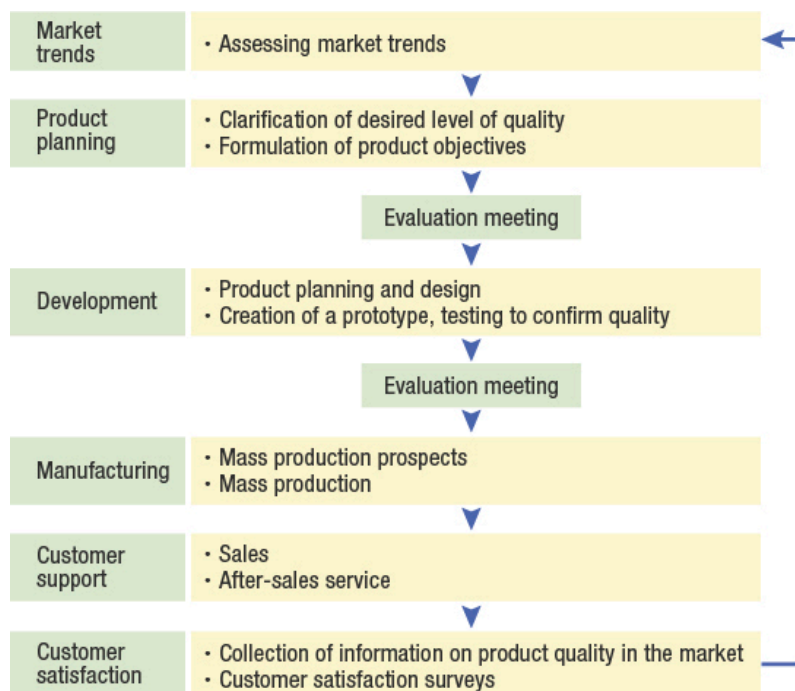
3. Providing products and services that incorporate proper regard for global environmental conservation is fundamental to the job of every employee and constitute the responsibility of every employee.
4. Providing products and services that are creative and provide benefits to the customer is fundamental 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.

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.



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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.

Increasing the Degree of Customer Satisfaction

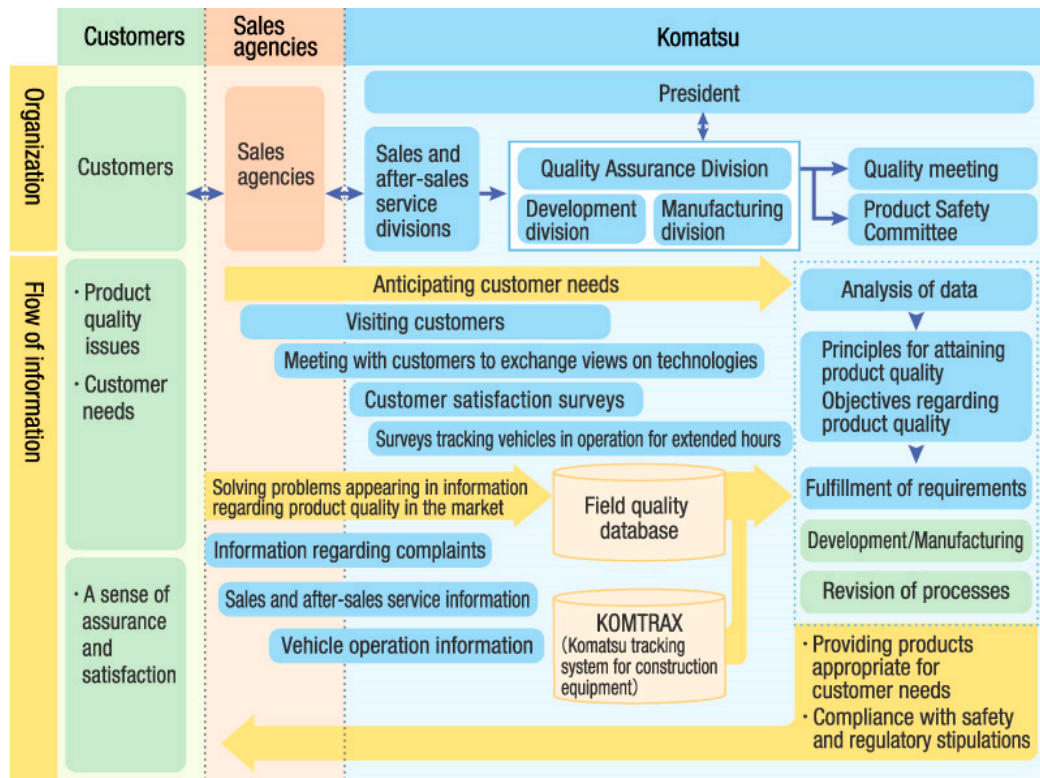
In accordance with its Principles Governing Quality Assurance, Komatsu has piloted a variety of initiatives to increase customer satisfaction.

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.

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



Post-launch Field Surveys and Feedback of Results

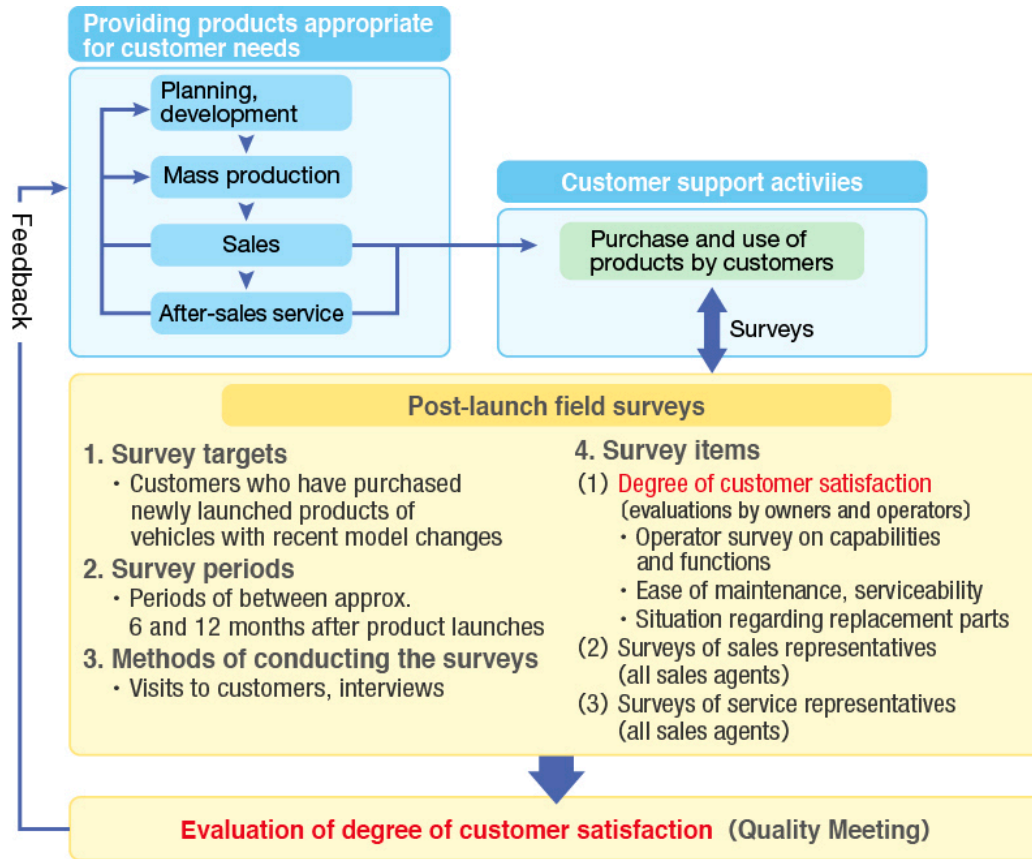
Komatsu's post-launch field survey is part of its system for comprehensively assessing customers' degrees of satisfaction, with company personnel visiting purchasers of newly launched products to request product evaluations.

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

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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

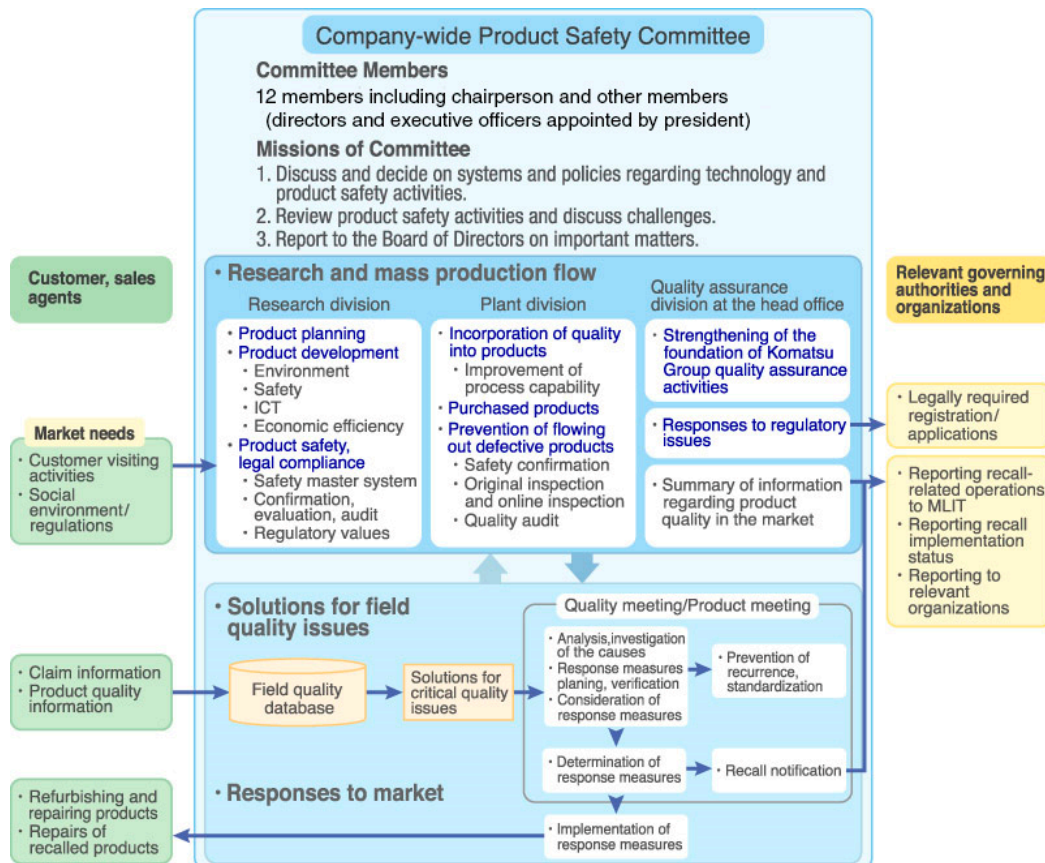
The provision of products and services that minimize any injury that might occur to a customer who has an accident is fundamental to the job of every employee and constitutes the responsibility of every employee.

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.

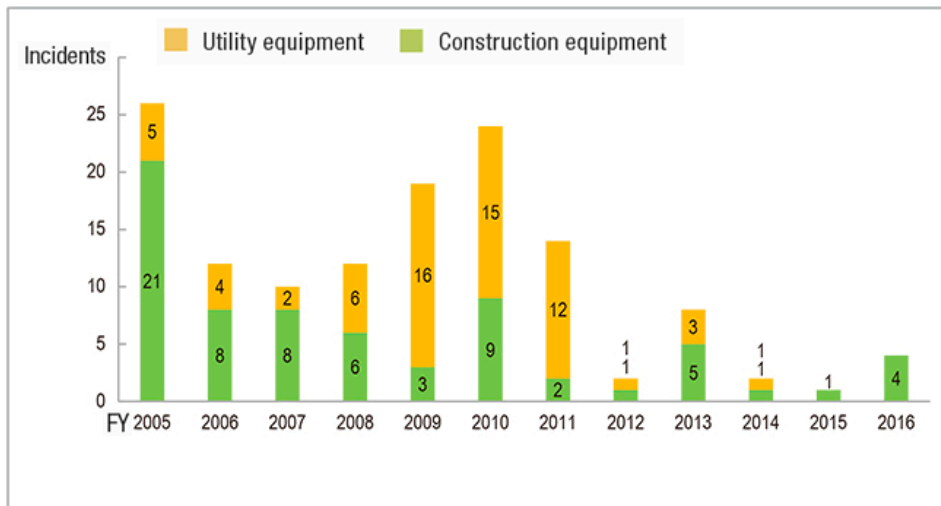
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Number of Incidents with Recall Notices Filed (for construction equipment and utility equipment products sold in Japan)



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Occupational Safety and Health

Occupational safety and health is a vital focus in Komatsu's business operations. Komatsu enhances safety at the workplace for our employees and business partners.

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.

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Occupational Safety and Health Policies

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

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

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

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

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

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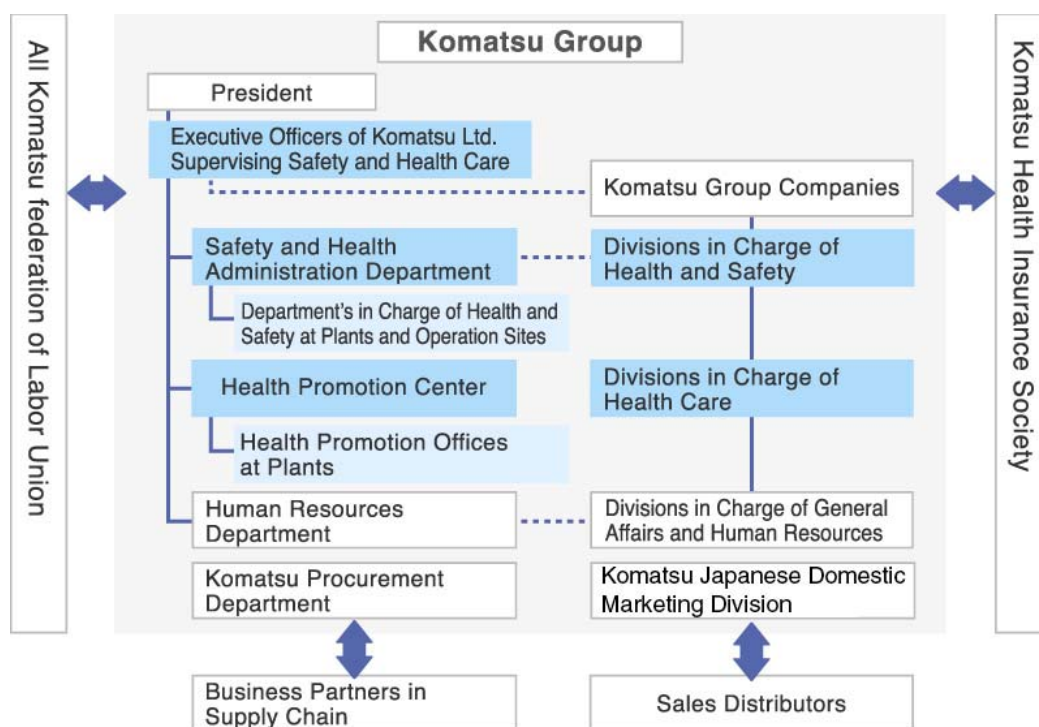
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Overview of Safety and Health System

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

Organization



Meeting Committee Structure

- **Group Health and safety Conference (safety meetings at Group companies, small-group “zero accidents” activities presentation, etc.)**

Aiming 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, this conference conveys and shares the policy, priorities and best practices of safety and health activities, and incorporates these practices into other divisions. It also administers presidential awards related to safety and health.

- **Group Safety and Health Committee (Safety and Health Committees at Group companies, Health and Safety Committees at Plants and Operation Sites)**

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.

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■ Global Occupational Safety, Health & Environmental Affairs Meeting

Discusses and shares information on activities to be implemented globally, and colligates them to activities of various overseas subsidiaries.

■ Group Health Representatives Meeting

- Formulating and proposing all company safety practices policy.
- Promoting and implementing practices based on the company policy for each company and business location.

■ Health Promotion Meeting

- Formulates and implements company-wide safety and health management policies.; handles the overall supervision of health management activities throughout various business sites.

■ Health Promotion Committee

Consists of business owners and employees (organized by Komatsu 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.

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

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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.
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.

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Status in FY2016

Educational Training for Labor Safety and Health (in Japan)

■ Education regarding Mental Health

Contents	FY2016 Practice
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.	<ul style="list-style-type: none"> ■ Stress assessment/awareness training implemented in 30 companies, with approximately 23,400 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

Contents	FY2016 Practice
Safety, health and mental health education is provided to each level of the company including new employees	<ul style="list-style-type: none"> New Employees (1 time, 321 people) New Assistant Managers (10 times, 325 people) Foremen/Senior Foremen (6 times, 110 people) New Managers (6 times, 202 people)

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Safety and Health Management in Indonesia

PT Komatsu Indonesia Tbk (KI) manufactures numerous products such as hydraulic excavators and dump trucks. KI implements various types of safety activities referring to the ones carried out at Osaka plant and Ibaraki plant which are the mother plants for KI. Placing special emphasis on undertaking risk assessments, KI has been working on safety improvement activities from both top-down and bottom-up approaches.

Since the introduction of the risk assessment activities in 2009, the methodology of priority scheme on risk management against industrial accidents has been nurtured and shared by all employees at KI. By holding monthly safety meetings, the entire company focuses on risk assessment activities such as prediction of potential risks, judgement of the risk level, risk control actions, effectiveness measurement, and further standardization. Numbers of safety training sessions at the “Safety Training Hall” for anticipating potential dangers also foster the establishment of risk assessment methods at KI.

In 2012, Safety & Health Administration Dept. of Komatsu head office visited KI and advised to work on the OHSAS18001 certification. As a result of proactive activities, KI succeeded in gaining the OHSAS18001 certification in February 2014. In recent years, KI has been developing risk assessment methodologies for its group companies and suppliers in Indonesia. Also, in June 2016, KI achieved long hours of operation without industrial accidents, and received a commendation from the Komatsu’s head office.

To obtain the OHSAS18001 certification, KI asked for support from the University of Indonesia which has a reputation in the fields of medical and health management in the Southeast Asia area. They have achieved progress not only in their safety management system, but also in the management of health risks for own employees. KI has formulated a medical checkup program related to health risks which is being used for early detection and swift treatment of various diseases such as life-style related diseases.



Risk assessment training by the Health Promotion Center of Komatsu head office.



Danger prediction training for suppliers at the Safety Training Hall

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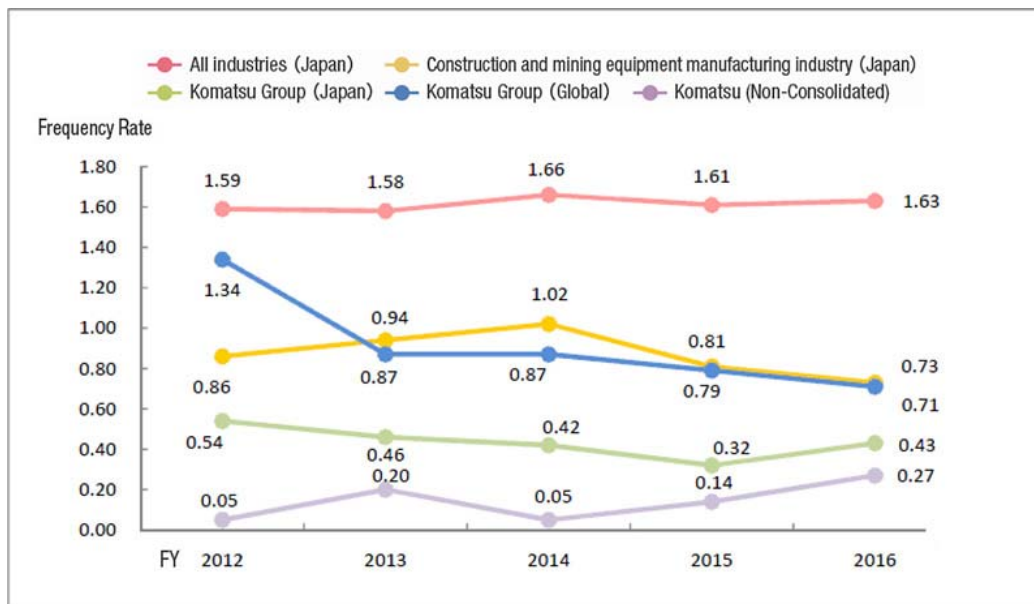
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DATA

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.

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OSHMS Certification and Renewal

(◎ : Certified ○ : Renewed)

FY	2008	2009	2010	2011	2012	2013	2014	2015	2016
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 Cabtec							◎		
GIGAPHOTON									◎
KELK									◎
Komatsu Tokki						◎			○

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OHSAS 18001 Certified Offices

FY	2008	2009	2010	2011	2012	2013	2014	2015	2016
Komatsu America Chattanooga Manufacturing Operation					◎			○	
Komatsu America Peoria Manufacturing Operation								◎	
Komatsu Germany (Mining Division)				◎			○		
Komatsu Forest			○			○			○
Komatsu Germany (Construction Division)			○			○			○
Bangkok Komatsu								◎	
PT Komatsu Indonesia						◎			
PT Komatsu Undercarriage Indonesia	◎			○			○		

* OHSMS: Occupational health and safety management systems

* OHSAS 18001: Occupational health and safety 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, but above all, 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.

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Developing People



Personnel System that Accurately Reflects Employee Abilities and Achievements

Komatsu recognizes the importance of providing an appropriate workplace environment to its employees where everyone can have feelings of pride and rewarding in what they do. To this end, regardless of age, gender or nationality, 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.

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 takes into account employees' abilities and achievements. Therefore, we need to ensure that employee evaluations are fair and appropriate for each employee. For this purpose, the company organized evaluator trainings for all managers on how to conduct evaluations, and also provides opportunities for non-managerial employees who are to be evaluated by them through a variety of stratified educations. An evaluation committee has been established jointly with the labor union at each business unit to confirm that evaluations are conducted properly. In addition, Komatsu provides individual feedback on evaluations to managers and to non-managerial employees, and has also set up a consultation office through which employees can express complaints and concerns.

Condition of the Labor Union

Komatsu has signed the "Global Compact" and considers "freedom of association" and "right to collective bargaining" which are advocated in this United Nations initiative to be basic human rights that we need to respect as a corporation.

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 17 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 7,200 employees of subsidiaries and affiliated companies.

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.

CSR Theme 2

Developing People



(1) Number of employees

	FY2014	FY2015	FY2016
Total	10,416	10,449	10,371
Male	9,325	9,295	9,203
Female	1,091	1,154	1,168

(2) Average age

	FY2014	FY2015	FY2016
Total	38.3	38.5	38.9
Male	38.4	38.5	38.8
Female	38.0	38.5	38.9

(3) Years of continuous employment

	FY2014	FY2015	FY2016
Total	14.1	14.3	14.6
Male	14.4	14.6	14.8
Female	11.4	12.0	12.4

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Developing People



(4) Annual total remuneration (average)

	FY2014	FY2015	FY2016
Total	7,191,383	7,111,071	7,162,627

(JPY)

(5) Number of employees (Komatsu Group)

	FY2014	FY2015	FY2016
Consolidated	47,417	47,017	47,204
Temporary	1,175	1,057	946
Non-Japanese (non-consolidated)	59	72	83
Non-Japanese (consolidated)	28,945	28,561	29,577

(6) Number of employees by age

	Total	Male	Female
Under 30	2,382	2,071	311
30-39	3,226	2,986	240
40-49	2,702	2,321	381
50-59	2,061	1,825	236
Total	10,371	9,203	1,168

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Developing People



(7) New graduates employment

Year (April)	College graduate			Junior college graduate	High-school graduate
	Total	Male	Female	Total	Total
2015	195	174	21	31	71
2016	161	133	28	21	52
2017	166	137	29	18	72

(8) Mid-career employment

	Total	College male	College female	Other male	Other female
April 2014–March 2015	127	62	14	35	16
April 2015–March 2016	25	10	4	6	5
April 2016–March 2017	24	5	11	4	4

(9) Employee turnover (April 2016–March 2017)

	Total	Male	Female
Number of employee turnover	96	73	23

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(10) Retention of new employees

	Male	Female
New employees (April 2014)	285	50
Enrollment (April 2017)	276	48

Turnover rate: 3.3%; 9 males, 2 females

(11) Diversity of management

	Female	Male	% of females	Non-Japanese
Management position	92	1,573	5.5%	9
General managers	8	359	2.2%	0
Directors and officers	2	53	3.6%	5
Executive officers	2	46	4.2%	5
Managers, directors and officers	94	1,626	5.5%	13

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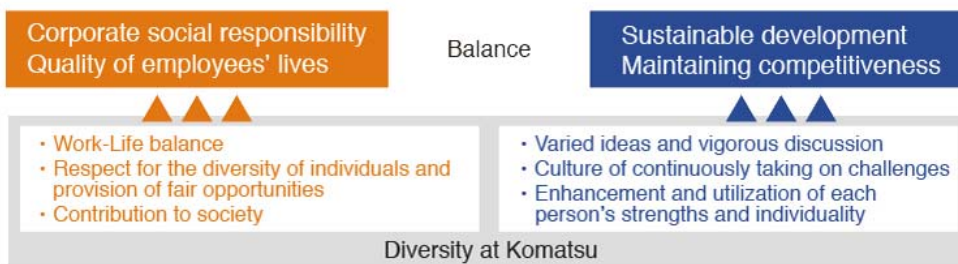
Developing People



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.

Komatsu's Approach to Diversity



* Diversity of individuals:
Nationality, race, age, gender, disability, socio-economic status, and more

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 2016, 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.

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Systems and Status in FY2016

As human resources development programs for female employees, Komatsu has been continuously providing a career plan seminar to think about their future careers and ways of working, and a CDP (Career Development Program) where they make mid/long-term career plans with supervisors since 2015. Also, Komatsu has started networking workshops for female employees collaborating with similar scale companies in Japan. In addition, female employees have opportunities to exchange opinions with manager level personnel for the purpose of creating mutual understandings. As a flexible way of working, the system of home teleworking has been spread out since the launch of the scheme in 2014. And Komatsu is pursuing further improvement in creating an environment that makes easier for employees who raise children to continue working by offering opportunities such as “Discussion Sessions on Balancing Work and Child-care” to which participants can bring their own children, and child-care services at the KOMATSU WAY Global Institute located in Komatsu City, Ishikawa.

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.

In terms of external recognition, Komatsu was selected for the third year 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

	FY2015	FY2016	FY2017
Number (ratio) of women employed	1,203 (11.1%)	1,239 (11.5%)	1,281 (12.0%)
Number (ratio) of women in management positions	66 (4.0%)	80 (4.6%)	94 (5.5%)
Number (ratio) of women in executive positions	2 (4.7%)	2 (4.2%)	2 (4.2%)

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Developing People



Number (ratio) of women hired	21 (10.8%)	28 (17.4%)	29 (17.5%)
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* 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.

Systems and Status in FY2016

■ 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 FY2016, the seminar was held in December with the participation of 10 executives representing subsidiaries in 8 countries: United States, UK, Italy, Australia, Chile, Indonesia, India, and South Africa. 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 FY2016, 9 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.

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DATA

	Overall	Local nationals
Number of Executive Officers	55	5
Number of Global Officers	27	16

* As of April 1, 2017

Employing Persons with Disabilities

Approach and Goals

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

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

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

Status in FY2017

As of April 2017, the employment ratio of persons with disabilities is 2.68% (Komatsu Ltd.). As for BCC, there are 103 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.

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DATA

	FY2015	FY2016	FY2017
Employment ratio of persons with disabilities	2.58%	2.63%	2.68%
Number of BCC locations	9	9	9
Number of BCC staff members	94	98	103

* 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 desire to play an active part outside the group, and we provide training opportunities, paid leaves and monetary aid.

DATA

	FY2014	FY2015	FY2016
Number of retired employees	178	207	211
Number of retired employees who were rehired by Group companies	157	159	173

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Developing People



TOPICS

A Practice in CSR at Komatsu Germany (KG) GmbH: Supporting Independence of Persons with Disabilities

Sixteen workers have found employment at KG so far through the medium of two institutions (“Werkstatt für angepasste Arbeit” and “Annastift”) that support the financial independence of persons with intellectual and developmental disabilities by introducing talents to private enterprises in Germany. They are engaged in tasks like post office, packing etc. under the support from other KG employees as supervisors in daily work.

Aiming at encouraging the financial independence of persons with disabilities through their engagement in practical working process at an enterprise, this sustainable program benefits both workers with disabilities and the company which employs them, as it not only aids KG in its business operation but offers a great stimulus to workers with disabilities.



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Developing People



Enhancing Work-Life Balance

Past Endeavors and Status in FY2016

It goes without saying that a healthy work-life balance and a fulfilling personal life are indispensable in maximizing the potential of employees' abilities and their motivation. Considering the "work-life balance" of our employees, Komatsu is working on both reducing the total hours of actual working time and establishing various systems. In terms of reducing total working hours, Komatsu has been working on promoting efficient ways of working in coordination with labor unions to formulate specific numerical targets of less than 2,100 working hours per year and at least 18 days on average of paid leave taken per year.

Also, establishing systems such as child-care leave and shorter working hours is one of the factors which ensure a sustainable workplace environment. In 2007, Komatsu was certified by the Japan Ministry of Health, Labour and Welfare to display the Kurumin Mark as a company that supports the development of the next generation. We subsequently launched the "Panel on Fostering Future Generations" as well as the "Research Group on Solutions against Low Birthrate and Longevity" in our company and have continued to work on expansion measures for the child-care support systems. In addition to the improvement in the paid leave systems such as extending periods of child-care leave (to a maximum of three years) in 2011 and granting child-care leave for employees in case whose spouse is transferred to another place, we review our personnel evaluation systems by offering options such as temporary part-time work for those who raise children and goal setting methods corresponding to each employee's working condition. These options are designed to motivate employees who are working part-time due to child-care.

We are also focusing on ways to support employees who are working while providing nursing care. In FY2013 we introduced an allowance that can be received during family-care leave as a measure of financial support, and in FY2014 we introduced an option of home teleworking for employees who are engaged in nursing care for children and/or other family members. Komatsu continues to support our employees to achieve a healthy work-life balance.

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Developing People



DATA

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

Main Programs and Measures Designed to Enhance Work-Life Balance

Programs and Measures		Content
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 (possible to take in installments)
	Part-time work	Shortening of working hours by a maximum of three hours per day (possible to take in installments)
	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)

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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

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)

CSR Theme 2

Developing People



Work-Life Balance Data

Parental leave

	FY2014	FY2015	FY2016
Pregnancy leaves	47	46	57
Childcare leaves	80	89	98
Male	4	9	10
Within one week leave	0	1	1
Return and retention rates	100%	96.7%	100%

Family-care leave

	FY2014	FY2015	FY2016
Family-care leaves	4	6	4

Paid vacation

	FY2014	FY2015	FY2016
Days granted	20.0	20.0	20.0
Days taken	18.3	18.4	19.2
Ratio	91.4%	92%	95.8%

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Volunteer incentive program

	FY2014	FY2015	FY2016
Number of program users	79	92	95
Long-term leaves	1	1	0
Dispatch of Japan Overseas Cooperation Volunteers	—	—	—

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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 FY2016

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 FY2016, to disseminate the KOMATSU Way to Group companies across the world, we have focused on holding training sessions in the areas where KOMATSU Way trainings had yet to be delivered, such as Australia and India. In addition, we are working on putting together a North American version of “narratives of KOMATSU Way experiences”. Although the philosophy of the KOMATSU Way was born and refined in Japan, it does not only represent the ways how Japanese/Japan behaves. The narratives of KOMATSU Way experiences is expected to become a shared tool to show the KOMATSU Way is pervasive and effectively used in the daily operations of our subsidiaries all over the world.

Also, in Japan, we have reviewed the training courses so that all different levels of trainings, including new employee training, can be taken by employees from all Komatsu Group companies. In this way, whatever company employees belong to, or whatever job they are in charge of, they can learn skills and philosophy which all Komatsu Group employees should acquire. KOMATSU Way and QC (Quality Control: comprehensive quality control) are fundamental for every Komatsu Group employees, therefore we will continue to spread them out to our employees.

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DATA

Educational Training that pertains to KOMATSU Way

Name of Training Course	Course participants	Aim	Training dates	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	December, 2016	10 people
Education for mid-level managers of overseas subsidiaries (KOMATSU Way Leadership Development Program)	Mid-level managers of overseas subsidiaries expected to be responsible for the core business/functions	To train up local leaders who will understand and practice KOMATSU Way	July, 2016 (Australia) February, 2017 (India)	21 people (Australia) 24 people (India)
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	July, 2016 (Australia)	20 people (Australia)
QC Training	Mid-level managers of overseas subsidiaries with aptitude	To promote understanding of QC at overseas subsidiaries	July, 2016 (Australia) November, 2016 (USA) February, 2017 (India)	22 people (Australia) 27 people (USA) 16 people (India)
Training by Job Level	New employees, assistant managers, newly appointed executives, etc.	To promote the understanding and practice of KOMATSU Way	Year round	1,383 people

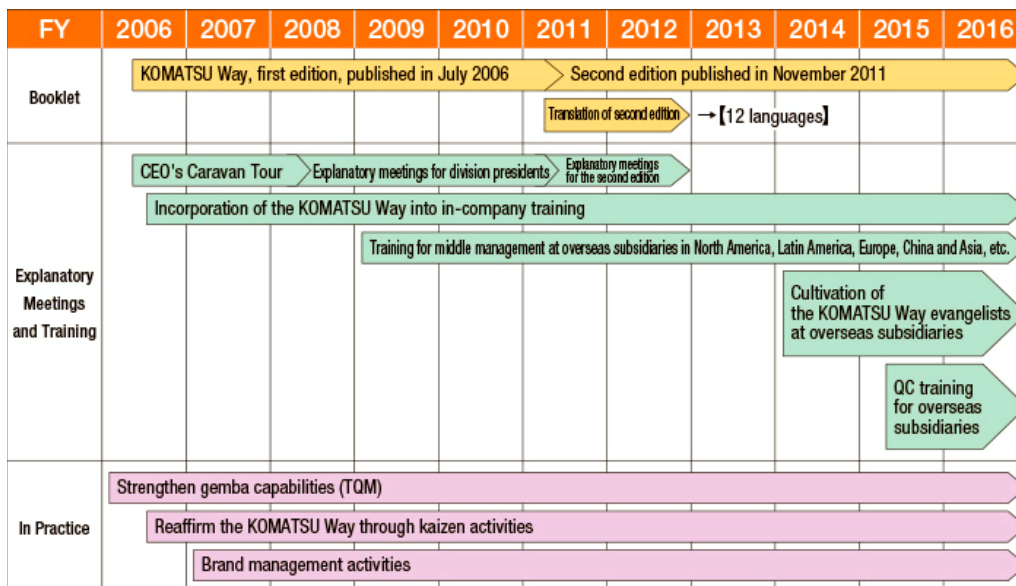
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All Komatsu QC Convention	Representatives of domestic and overseas Komatsu Group companies	To present improvement activities as OJT and strengthen awareness of KOMATSU Way practices	November, 2016 (Osaka Plant)	About 1,000 people
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The KOMATSU Way—History of Dissemination Activities



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Employee Training Structure

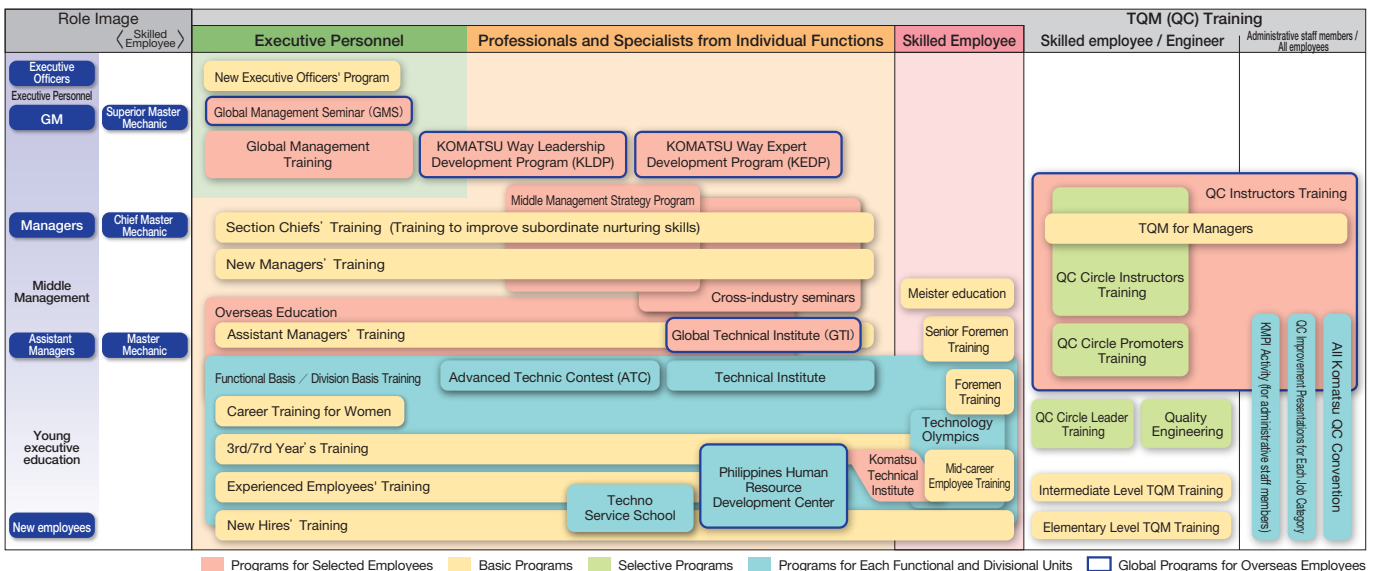
Approach and Goals

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 FY2016

Employee Training Structure



Please refer to the following pages for the contents of each program that was held in 2016

> Educational training pertaining to the KOMATSU Way

> Technical Capability of manufacturing workplace

> Services Personnel HR development

CSR Theme 2

Developing People



DATA

Employee Training

	FY2014	FY2015	FY2016
Average hours per FTE	98	96	76
Average spent per FTE	JPY229,000	JPY244,000	JPY246,000

* 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 FY2016

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



DATA

■ Status of Human Resource Development at the Manufacturing Gemba

		FY2014	FY2015	FY2016
All-Komatsu Technology Olympics	Number of participants	202	195	193
	From overseas	47 (11 countries)	36 (11 countries)	32 (11 countries)
All-Komatsu QC Competition	Number of participants	78	87	98
	From overseas	25 (13 countries)	26 (12 countries)	34 (13 countries)

■ Status of Dispatching Technicians from Japan to Overseas Plants and Distributors

— 2016 Main Countries of Dispatch

U.S.A., Angola, U.K., Italy, India, Indonesia, Sri Lanka, Thailand, China, Chile, Germany, Dubai, Panama, Philippines, Jordan, Russia

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 gage 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

Asia Training & Demonstration Center Opened in Thailand

Komatsu opened the Asia Training & Demonstration Center in Thailand to reinforce its training capability for distributors in Asia. In November 2016, Komatsu began training there.

Komatsu has a network of 13 distributors in 20 countries of Asia, keeping the top market share*1 in Asia. As part of strengthening Asian business in its mid-range management plan launched in the current fiscal year, Komatsu is adding to its powerful support for distributors' human resource development in order to further reinforce its business foundation for the future, and therefore opened the Center for Asian distributors.

Located in Chachoengsao Province, about 60km east of Bangkok, the Center occupies an area of about 77,000 m². The Center offers a variety of training programs, such as for sales, parts, service, and machine operation, needed for distributors of Komatsu construction equipment and forklift trucks. Equipped always with over 20 different models, the Center meets a wide range of uses, from product and technical trainings for distributors, to machine demonstration and trials, as well as operator training for end-customers to promote sales. Komatsu plans to accommodate over 2,000 trainees and customers annually from March 2017.

Komatsu operates 19 training centers in 16 countries worldwide. Komatsu will transfer its training know-how, nurtured in Japan and overseas, to the Center to the fullest extent and implement strong support for the human resource development of Asian distributors, thereby contributing to further growth of distributors.

* 1 Based on Komatsu's research



CSR Theme 2

Developing People



[Overview of Asia Training & Demonstration Center]

Name	Asia Training & Demonstration Center
Address	10/9 Moo 5, TambonTha Sa-An, Aumphur Bang Pakong, Chachoengsao, Thailand 24130
Grounds area	77,392 m ²
Main facilities	Workshop (for technical training of maintenance and repairs of actual products), machine demonstration and operator training area, actual products, classrooms, multi-purpose hall, viewing seats (for machine demonstration), and lounge
Investment	JPY2.5 billion
Number of employees	16

* Note: Asia Training & Demonstration Center is affiliated with Komatsu Parts Asia Co., Ltd., a Komatsu subsidiary in Thailand.

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 FY2016, the tenth anniversary year, in addition to holding a global Brand Management Convention in Japan, regional meetings were held in the 5 regions of North America, Europe, Russia, China and Japan (national). With our brand management initiatives having reached a major milestone, hereafter we plan on adding initiatives for each industry classification (mining, quarrying, etc.) as experimental activities. And, while working to heighten customer trust, we are strengthening our capabilities of employees who get involved in the initiatives and improving our organizational performances.



Global Brand Management Convention
(Komatsu City, Ishikawa Prefecture, October 2016)

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 2016, we held meetings in Toyama City and Sapporo 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 43 times, with about 13,000 shareholders participating to date.



Shareholders' meeting held in Toyama City in December 2016



Shareholders' meeting held in Sapporo City in December 2016

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) and Ibaraki Plant (Ibaraki) in October 2016, then Osaka Plant (Osaka), Oyama Plant and Tochigi Plant (Tochigi) in March 2017 for thirteen days in total.



Plant tour for shareholders at the Awazu Plant in October 2016



Plant tour for shareholders at the Oyama and Tochigi Plant in March 2017



Plant tour for shareholders at the Osaka Plant in March 2017

4. Techno Center Tours for Individual Shareholders

Komatsu offered Techno Center tours (Izu City, Shizuoka Prefecture) in March 2017 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 an operational demonstration during the Techno Center Tours in March 2017

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 FY2016, these meetings were held in 10 cities in Japan.



Meetings for individual investors

Events for Shareholders in FY2016 (in Japan)

	Location	Approximate Number of Participants
Shareholders' Meeting	Toyama, Sapporo	524
Plant Tours for Shareholders	Awazu Plant, Ibaraki Plant, Osaka Plant, Oyama and Tochigi Plant, etc.	560
Techno Center Tours	Komatsu Techno Center (Shizuoka)	174
Meetings for Individual Investors	10 cities in Japan	683

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, 2017 a total of 155 questions on specific topics, along with the president's answers, explanations and messages to employees, have been published in Japanese and English.

CSR Theme 3

Growing with Society



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



“Virtual Office of President” on the intranet

Communicating with the Local Community (Efforts in Japan)

We regularly open our plants to the public and hold various events during “Plant Fairs” to cultivate an understanding of our business among local residents. The events were held at eight plants in FY2016 and were attended by about 67,800 people.

Date	Plant	Number of Visitors (approx.)
May 22	Ibaraki Plant	7,500
May 28	Oyama and Tochigi Plant	12,000
July 16	Kanazawa Plant	10,000
August 28	Awazu Plant	15,000
September 24	Koriyama Plant	6,000
October 23	Shonan Plant	7,300
November 6	Osaka Plant	10,000

CSR Theme 3

Growing with Society



Ibaraki Plant



Oyama and Tochigi Plant



Kanazawa Plant



Awazu Plant



Koriyama Plant (Judo class)



Shonan Plant



Osaka Plant

CSR Theme 3

Growing with Society



Compliance

Promoting Compliance

Komatsu considers the maximization of corporate value with the pursuit of Quality and Reliability as the principle of our management. The Company believes its corporate value is the total sum of trust given to the Company by society and all stakeholders.

In order to increase this level of trust, it is important to not only improve our business performance but also to increase the integrity and transparency of our management through pursuing corporate governance (details described in “Komatsu Report”), compliance and risk management.

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, respect for human rights, 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.

CSR Theme 3

Growing with Society



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

Internal Reporting System

Komatsu has established the "Compliance Hotlines" as consultation offices both internally at Komatsu Group companies and externally at law firms 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 FY2016

No incidents of special note occurred during 2016.

CSR Theme 3

Growing with Society



DATA

1. Number of Internal Reporting

	FY2014	FY2015	FY2016
Number of Internal Reporting (number of serious cases)	52 (0)	68 (0)	95 (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 FY2016

Class Learning	Approx. 1,700 people
e-Learning	Approx. 17,000 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, information security problems, and elimination of anti-social forces. 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



Systems and Status in FY2016

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.

CSR Theme 3

Growing with Society



Koriyama Plant BCP Training



Kanazawa Plant 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/overseas affiliates, as well as independently-owned distributors and Midori-kai member companies.

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.

CSR Theme 3

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.

Corresponding to the Modern Slavery Act (UK)

In response to the “Modern Slavery Act 2015”, a law preventing the system of slavery in the current era, being enacted by UK in October 2015, Komatsu UK Ltd. disclosed its “Slavery and Human Trafficking Statement for the Financial Year 2015.” Recognizing the possibility of the risk of human rights violation occurring in Komatsu’s business operations and its supply chains, this statement reports how such an issue will be properly managed.

[> Komatsu UK Ltd. website \(link\)](#)

CSR Theme 3

Growing with Society

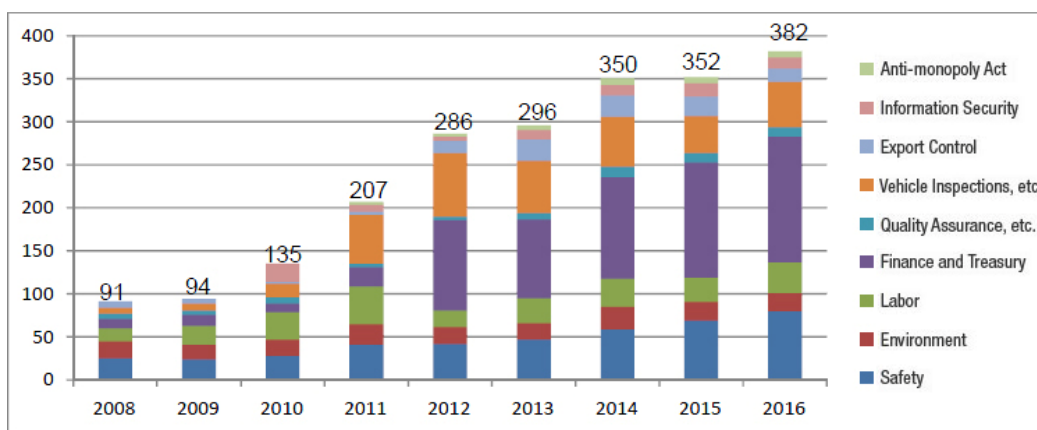


DATA

Record of BCP Training

Content of Training	Business Site
Communication training with Broad-area Wireless Devices (Communication training between contiguous business sites, communication training to the head office)	Major business sites in Japan
Safety Reporting	All group companies in Japan
Earthquake Initial Response, BCP Training	Head office, KOMATSU Way Global Institute, Awazu Plant, Kanazawa Plant, Osaka Plant, Ibaraki Plant, Shonan Plant, Oyama Plant, Koriyama Plant, Tochigi Plant, KELK, Gigaphoton, Komatsu NTC, Komatsu Safety Training Center, Aichi Office (Nagoya), Hiroshima Office (Hiroshima)

Implementation of Compliance and Risk Audits



CSR Theme 3

Growing with Society



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.

The Guidelines are available at:

➤ [Komatsu Group CSR Procurement Guidelines](#)

Coverage of the CSR Procurement Guidelines



CSR Theme 3

Growing with Society



Midori-kai and the State of Our Support of the Organization in FY2016

Komatsu Midori-kai

Komatsu Midori-kai is an organization made up of our business partners, with 162 member companies in Japan, out of which the procurement amount is approximately 73% 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.

CSR Theme 3

Growing with Society



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.

Main support activities until now are described below.

■ Safety

As part of the effort to strengthen safety and health activities, we are conducting safety patrols for 102 companies 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.



Safety promoters meeting (Awazu Plant)

■ 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 162 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 96 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.

CSR Theme 3

Growing with Society



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

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	162	73%
North America	39	20%
Europe	49	36%
China	61	90%

CSR Theme 3

Growing with Society



Human resources development and edification	Participation in Komatsu's Executive Development Education (selected each year)	21 companies in all
	Participation in All Komatsu QC Convention and Technology Olympics	24 companies in total
	Publishing "CSR Communication" (FY2011-)	118 issues in all
	CSR study groups held	23 companies
	Support in Management Salon	22 companies in all
	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 102 companies
	Mutual Safety Patrol (between companies)	80 companies, 121 times
	Held a Special Committee on Safety	28 times
Environment	Support of reduction activities for electricity use	All 96 companies
	Education on water-related risks	111 companies, 135 people

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.

CSR Theme 3

Growing with Society



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.

* These guidelines will be revised as needed.

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:

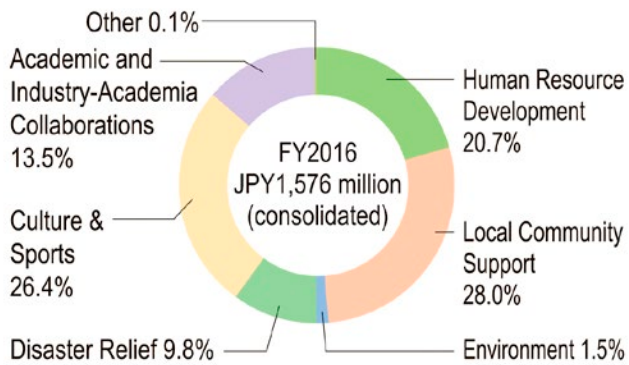
- have continuity;
- be reasonable to employees; and
- contribute to the advancement of public welfare;
- not be designed to advertise our products or services.
- be chosen voluntarily (not forced);

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

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.

Indonesia

Local Community Development (Komatsu Indonesia Foundation)

In June 2006, Yayasan Komatsu Indonesia Peduli (YKIP) was established with a view to consolidating Komatsu's CSR activities in Indonesia. Its operating expenses are covered by interests accruing on the deposit made by Komatsu Indonesia at the time of incorporation and monetary donations from the company and other groups.

YKIP operates in the following three areas of activity:

1. Development of local communities
Income generation, public facilities improvement, public sanitary improvement, health enhancement and other social programs
2. Educational support
Scholarships, internships, plant tours, assistance in education, skill development, etc.
3. Humanitarian support
Post-disaster reconstruction support, native community support, etc.



Ceremony of donating educational materials to a child education facility

Social Contribution Activities



Russia

Nurturing Welding Engineers (Komatsu Manufacturing Russia, LLC)

A welding engineer training course has opened at a university in Jaroslavl where Komatsu Manufacturing Russia, LLC is located, and employees of the company provide technical support towards the students. Students who have acquired technical skills in this course have participated in Championship of central part of Russia, an international skills competition.

This activity contributes to improving the educational standards in Jaroslavi, facilitating communication with local communities.



Training of welding skills

India

Hosting Children's Plant Tours (Komatsu India)

Komatsu India hosts plant tours for children from local schools.

Inviting school children to plant tours offers them an opportunity to learn about the concept of manufacturing and also the values of safety and 5S, Seiri (sort), Seiton (set in order), Seiso (shine), Seiketsu (standardize) and Shitsuke (sustain). This activity also enables the company to develop and maintain the relationships with local communities. Students receive educational kits which will support them for their daily educational needs and they also gain access to the company cafeteria in the plant.

Komatsu India also contributes to educating youths of local communities in collaboration with local colleges and research institutions.



School children learning safety, 5S & other good practices

Social Contribution Activities



Japan

Assisting Female Workers at Construction Sites (Komatsu Rental)

To address one of the female workers' biggest concerns at construction sites, Komatsu developed on-site temporary toilet units designed exclusively for women. The temporary toilet units incorporate features suggested by female users, such as a dressing space and a sound imitating device.

This effort is meant to foster a better working environment for women in the construction industry which is facing a labor shortage due to aging of society.

Also, "Comfort Toilet Units" should be useful not only on construction sites but in times of natural disasters as well.

スマートな現場は、スマートなトイレから
全ての現場に「快適トイレ」を
 現場で働く女性の声を集め、形にしたスマートなトイレです。

コマツオリジナルデザイン
 現場に溶込むスタイリッシュなデザイン!

- 振音装置と便座クリーナーを標準装備!
- 暖房便座も標準装備!
※一次電源接続必需
- 二重のカギ付きだから安心して利用可能!
- フィッティングボード付きで着替えも清潔・快適!
- 3連小物掛けや小物棚、化粧鏡も完備!
- 上下水道が無い場合でも水タンク設置で手洗OK!

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



Introducing Activities for FY2016 Nurturing Welding Engineers in India

Komatsu India Pvt. Ltd. (KIPL) Chennai Plant focuses on activities aimed at developing local communities. As one of these activities, KIPL has been working on supports for youths' employment by sending two welding engineers working at KIPL to the Industrial Training Institute (ITI), a vocational training school supported by KIPL since 2010.

19 students currently attend a welder course at ITI, aged from 16 to 18 years old. The course comprises classroom study and on-site training. By providing both courses on rules and actual skills, the trainers are making efforts to hand down more practical technics to the students.

ITI once had had the problems that there were not enough educational facilities nor trainers, and that students were not provided with appropriate trainings before KIPL have decided to support them. Compared with the period without KIPL's support, the ratio of graduates who achieved employment drastically leapt from about 20% to about 60%. Since 2010, KIPL has hired 11 graduates in total as apprentices for period of three to six months, and 5 of them were eventually promoted to full-time employees as welding engineers.

Social Contribution Activities



This endeavor has been growing as an approach appealing and meaningful to both KIPL and the students at ITI, since it allows KIPL to recruit quality students with immediate potential skills for work and the students to acquire skills to find employment at a manufacturing company while remaining at their hometown after graduation.



A scene of classwork



An exercise at a practical training shop

Social Contribution Activities



Collaboration with Cummins Inc.

More effective results can be expected from CSR activities based on collaborations than from activities conducted alone, as we can utilize 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 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 business partners in the engine business.

Our two companies have both been putting energy into supporting human resources development in local communities as part of 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.

Cummins Profile

Corporate name	Cummins Inc.
Established	1919
Headquarters	Columbus, Indiana, U.S.
Business segments	Engine, Power systems, Components, Distribution
URL	http://www.cummins.com/

Komatsu-Cummins Collaboration Program - A case in Australia -

Out of its sympathy with the philosophy and activities of Technical Education for Communities (TEC), a community education program being driven by Cummins across the globe, Komatsu has developed a variety of collaboration programs, including an effort launched in Australia in 2015.

Social Contribution Activities



TEC is dedicated to closing technical skill gaps among the associated vocational training institutions by building a standard infrastructure that helps them create technical curriculums, nurture trainers, introduce the kind of jobs students need and conduct hands-on training programs.



Activities underway in Australia span its four states of Queensland, Western Australia, Victoria and New South Wales. In 2016, three programs were started, and five programs will be launched in 2017 (targeting 112 students).

Designed to help local youths acquire software and practical skills systematically by the time they complete courses, the programs allow them to choose their future career at their own option once they get fully trained and technically competent.



A workshop opened in Clontarf, Western Australia

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:

Kumamoto Earthquake in April 2016

Komatsu provided 20 boxes of “unit-house” (covering about 260m²) to the Town Hall of Mashiki-machi as a temporary office, because the Town Hall was damaged by the Kumamoto Earthquake, and its operation was impeded.

These unit houses were utilized not only as a temporary office, meeting space and resident service counter space but also as a polling station at the time of the Lower House elections in July 2016.



Unit houses set up in the Town Hall's parking space / A message from KOMATSU posted beside the entrance door

Social Contribution Activities



22.7 million yen worth of contributions collected by a fund-raising drive among our employees and monetary donations from our suppliers were offered to the quake victims and municipalities.

One of the recipients of such donations, KATARIBA, a NPO, has been working to resolve the social issue where children's ability to thrive can be circumvented by their environments. Children and students should be able to study regardless of their parents' income or areas they live. The group opened a "Collabo-School" in an area ravaged by the Great East Japan Earthquake to provide after-school educational opportunities or mental care to the children that had been deprived of a safe learning environment. A similar school was also set up in Mashiki, Kumamoto, to aid children growing to lead future restoration of their community.

Graduates at the Collabo School visited Komatsu this March to extend their thanks and talk about visions of their future careers.



A thank-you letter was presented by Collabo-School graduates.



Social Contribution Activities



Clearing Anti-Personnel Landmines and Reconstruction Support (Latest activities)

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 1,500ha of land in Cambodia and constructed 50km of roads in nine villages, bringing the total number of operating hours for the demining machinery introduced in 2008 to a cumulative total of approximately 8,000 hours.

Last September, members of Midori-kai, an association of Komatsu suppliers, visited Cambodia on an overseas tour to observe demining sites and a local elementary school. In line with this visit, wells and water tanks were donated to the school, which are used not only by the school children and the faculty but also by the local residents as well.

The eighth in the series of elementary schools that has been built by this project so far, this school was constructed by Muroto Industrial Co., Ltd (Komatsu, Ishikawa Prefecture), a member of Midori-kai, with contributions from its employees and a donation from the company, in commemoration of its 80th anniversary of founding.



Muroto Komatsu Chork Kondeo Elementary School, the eighth in the series, had a school opening ceremony in May.

Social Contribution Activities



DATA

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

Item	Result (Cumulative Total by FY2016)
Demined area	1,517ha
Road construction	49.1km
Schools constructed	8 (about 600 school children)



Komatsu's demining machine



Komatsu's construction machinery developing infrastructures

We started support of unexploded bomb disposal activities in Laos last August.

In Laos, about 36% of the land is contaminated by unexploded bombs, many of which are cluster submunitions and every year children and farmers are getting hurt.

While the project aimed at mechanizing the work of disposing of cluster submunitions has been driven in the initiative of UXO-LAO, a Lao unexploded bomb disposal squad, and Japan Mine Action Service (JMAS), Komatsu has rented necessary equipment to the project charge-free, along with engineering support.

Komatsu has leveraged its expertise and skills to develop an unexploded bomb disposal machine based on the hydraulic excavator PC130-8 to remove 626 exploded bombs in the first year, restoring 88ha of safe land.

Social Contribution Activities



Machine developed based on a hydraulic excavator (for handling unexploded bombs)



Cluster submunition

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 FY2016, classes were held at 10 elementary schools and junior high schools.

After a classroom presentation that was held for second graders at a junior high school in February, one student wrote: “Haven’t you ever worried about your own life before making international contributions? Didn’t you care about your life for the sake of saving the people? I wish I could think that way”, while another commented: “I would like to learn from the courageous act of daring to visit a mine-planted country to save many people’s lives rather than to avert that country just because of its danger.” We will continue to offer visiting lectures to inspire young people who are the future.

2年生キャリア講演会感想

1. お仕事の内容で分かったことまた、お話の内容で印象に残ったことを書いてください。

私は地雷のことをあまり知りませんでした。そもそも戦争中に地雷が埋められていたこと自体知らなかったです。なのでお話をきいていると、1717が新しいことなのでとても興味深かったです。種類や形は実際のものでより一層深く知れたと思います。私は「解ることは簡単だけど新しいことを始めるのは大変だ」という言葉を大切にしています。柳楽さんが地雷のある地域にキルバリや道路、池や小学校をつくっているのが、その言葉と重なりました。新しいことを始めるのは勇気がいります。私もいつか、ましては地雷が埋まっているところから安心して暮らせる所になったのは柳楽さんたちの勇気とあきらめられたことだと思いました。

2. 事前に考えていた質問内容の中で分かったことを書いてください。

地雷をつくるのは100円と1リ除くのは300円と聞いて、地雷を埋めた行為はとても無責任だと思いました。1リ除くのは3倍のお金がかかるだけなのに、人々の不安や恐怖の気持ちも考えるべきです。なので私は日常生活の中でも無責任な発言や行動はしないようにします。

3. 講師の先生へのお礼のことばや今日のお話を聞いてさらに学んでいきたいことなどがあれば書きましょう。

先生に地雷除去プロジェクトの授業をしていただきありがとうございました。たくさんのお話を聞いて地雷になりました。とてもやがいのある仕事と、おっしゃっていたのが心に響きました。私も将来やがいのある仕事をして、今、山はなとてお話を聞いて生活していきたいです。



A scene of a visiting lecture at an elementary school, in which an anti-personnel landmine mockup is used to illustrate the terror of landmines.

Essay written by a second grader at a junior high school in Ikoma City, Nara Prefecture, after attending a lecture

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 26th 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 FY2016

The Olympic Year of 2016 witnessed a chain of tense battles fought starting from a final qualifier in April. Each and every athlete at Komatsu desperately battled for a seat in the national team in the Rio de Janeiro Olympic Games. Among them, Miku Tashiro (63kg class) and Chen-Ling Lien (57kg class) grabbed their positions in the Japanese team and in the Taiwanese team, respectively, in the Olympics. Members of Komatsu were excited with cheer for them.

Both Miku Tashiro and Chen-Ling Lien ended up in the fifth place in the world's harshest arena of the Olympics, a little short of a medal, despite an all-out cheer coming from the Komatsu Group for the two athletes in play.



Miku Tashiro, 63kg class, in the fifth place



Chen-Ling Lien 57kg class, in the fifth place



Cheering in the Rio de Janeiro Olympics

In addition, Komatsu employees rushed to offer their cheering to athletes in many difference parts in the world - France, Germany, Russia, Mexico, Mongolia, Azerbaijan and so on. In Japan, employees at the local Komatsu plants and in the sales offices, along with their family members, would come to cheer up athletes as they appeared in competitions held in Tokyo, Fukuoka, Miyazaki, Hyogo and Chiba. This worldwide support of judo has contributed to both the popularization of the sport and a greater corporate awareness through global teamwork.

Since its establishment, the Komatsu Women's Judo Club has been training foreign 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, London and Rio de Janeiro, and have won medals at world championships. It is our dream one day to 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 Club at the Eitai Dojo (in Koto-ku, Tokyo), while also directing and coaching at judo classes in different places around the world, including Japan, in order to popularize this sport and educate the next generation.

In FY2016, Judo classes continued to be held mainly in areas where Komatsu production sites are located.

The class in Yaroslavl, Russia, was conducted for the sixth consecutive year, under the instruction of Coach Haruna Asami and Judo athlete Nae Udaka. About 120 participants, mainly children belong to the local Judo club "Arenal," aged from 6 to 15 years old, worked in earnest in sessions of technical guidance and hands-on practice directed by the world champions.

As a new experiment, a demonstration was conducted in front of distributors' employees who visited Komatsu Manufacturing Russia, LLC (KMR) for a meeting. Employees at KMR took part in the demonstration as well to have a hands-on experience with Judo as they were offered to try the art of throwing to promote their understanding of Judo.



Yaroslavl Judo Class



Demonstration at KMR

Coach Haruna Asami and Judo athlete Nae Udaka visited Turkmenistan to host a Judo class with the cooperation of Embassy of Japan in Turkmenistan aiming to popularize Judo and to enjoy cross-cultural experiences. This Judo class was held because the country had highly appreciated Komatsu's supports with regard to Judo (donation of Judo uniforms, dispatching of instructors, invitation of Turkmenistan athletes to Japan, etc.) and asked Komatsu to send more Judo instructors to Turkmenistan.

The Judo class was held in the Judo hall at the National Institute of Sports and Tourism of Turkmenistan, Ashgabat, and a total of 81 female athletes, aged from 13 to 23 years old, joined in a three-day session of the class, from athletes participating in the Rio de Janeiro Olympics downward. The class was covered by a local TV station for its high public interest.

Social Contribution Activities



Komatsu Judo Club coaching youths in Turkmenistan

Month	Place	Number of Participants
May	Hitachinaka (Ibaraki)	28
Stepember	Koriyama (Fukushima)	20
October	Yaroslavl (Russia)	120
October	Turkmenistan	81

Our Approach to CSR



Corporate Profile

As of March 31, 2017

Company Name	Komatsu Ltd.
Established	May 13, 1921
Head Office	2-3-6, Akasaka, Minato-ku, Tokyo 107-8414, Japan
President and Chief Executive Officer	Tetsuji Ohashi
Main Businesses	Manufacture and sale of construction and mining equipment, utilities, forest machines and industrial machinery.
Common Stock	Consolidated 67,870 million yen Non-Consolidated 70,120 million yen Total Number of Shares Issued and Outstanding 971,967,660 shares Number of Shareholders 158,453

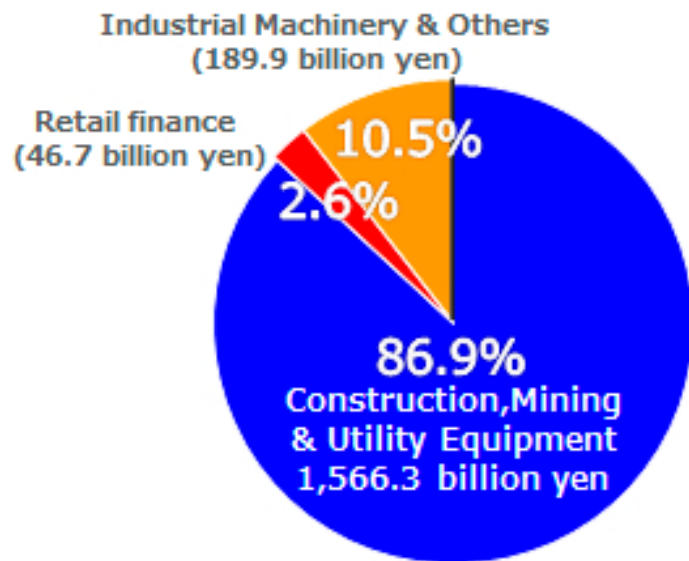
Our Approach to CSR



Net Sales
(For Fiscal Year ended March 31, 2017)

Consolidated 1,802.9 billion yen

Sales* by Segment



*Sales to outside customers

Komatsu Group

Komatsu Group consists of Komatsu Ltd., and 182 other companies.

Consolidated Subsidiaries 143

Companies accounted for by the equity method 38

Komatsu Ltd. 1

Total 182

Number of Employees

Consolidated 47,204

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

Aspects	Indicators	Description	Reference
Strategy and Analysis	G4-1	Statement from chief decision-maker regarding organization's strategy	<ul style="list-style-type: none"> › CSR Report: Message from Top Management › Investor Relations: President interview <input type="checkbox"/> › Environmental Report: Message from Top Management
Organizational Profile	G4-3	Name of organization	› Company Info: Corporate Profile
	G4-4	Primary brands, products, and services	<ul style="list-style-type: none"> › Company Info: Corporate Profile › Company Info: Products and Applications
	G4-5	Location of organization's headquarters	› Company Info: Corporate Profile
	G4-6	Countries where organization operates, has significant operations, or is specifically relevant to sustainability	<ul style="list-style-type: none"> › 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	› Company Info: Corporate Profile
	G4-8	Markets served	› Company Info: Global Operations


Our Approach to CSR



G4-9	Scale of organization	› Company Info: Corporate Profile
G4-10	Number of employees	› CSR Report: Personnel Policy and Performance Appraisal System
G4-11	Percentage of employees covered by collective bargaining agreements	› CSR Report: Personnel Policy and Performance Appraisal System
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"> › Investor Relations: 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	—

Our Approach to CSR



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 (3.36MB)  › Company Info: Subsidiaries and Affiliates
	G4-18	Materiality process (key aspects)	› CSR Report: Formulation of Komatsu's CSR Priority Issues and Themes (2017)
	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	› CSR Report: Dialogue with Our Stakeholders
	G4-25	Identification and selection of stakeholder groups engaged	
	G4-26	Organization's approach to stakeholder engagement	

Our Approach to CSR




	G4-27	Key topics and concerns raised through stakeholder engagement	
Report Profile	G4-28	Reporting period for information provided	
	G4-29	Date of most recent previous report (if any)	› CSR Report: Editorial Policy
	G4-30	Reporting cycle	
	G4-31	Contact point for questions regarding report or its content	CSR Digest: Back Cover › CSR Website, Inquiry Form <input type="checkbox"/>
	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	› Investor Relations: 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	› Company Info: Komatsu's Worldwide Code of Business Conduct › CSR Report: Compliance › CSR Report: The KOMATSU Way

Our Approach to CSR



2. Specific Standard Disclosures

(1) Economic

Aspects	Indicators	Description	Reference
	G4-DMA	Reason for importance of material Aspect	<ul style="list-style-type: none"> › CSR Report: CSR Theme and Key Business Activities
Economic Performance	G4-EC1	Direct economic value generated and distributed	<ul style="list-style-type: none"> › 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 (3.36MB)  › 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
	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 (3.36MB) 
	G4-EC4	Financial assistance received from government	—

Our Approach to CSR



Market Presence	G4-EC5	Ratio of entry level wage compared to local minimum wage	—
	G4-EC6	Proportion of senior management hired from local community	<ul style="list-style-type: none"> › CSR Report: Diversity Initiatives
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"> › Investor Relations: President interview › 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

(2) Environmental

Aspects	Indicators	Description	Reference
Materials	G4-EN1	Materials used by weight or volume	<ul style="list-style-type: none"> › Environmental Report: Relationship between Business Activities and the Environment

Our Approach to CSR



	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 FY2016 (Research and Development) ☐
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 FY2016 (Manufacturing) › Environmental Report: Environmental Action Plan and Results for FY2016 (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 FY2016 (Manufacturing) › Environmental Report: Environmental Action Plan and Results for FY2016 (Procurement and Logistics) › Environmental Report: Reducing CO₂ Emissions in Manufacturing Operations › Environmental Report: Reducing CO₂ Emissions in Logistics › Environmental Report: Setting Mid- and Long-Term Objectives and Progress › 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 FY2016 (Research and Development) › Environmental Report: Amount of CO₂ Emissions by Scope 3 › Environmental Report: Reduction in CO₂ Emissions of Construction Equipment

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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	› Environmental Report: Effective Utilization of Resources in Manufacturing Operations (Water Resources)
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	—

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Emissions	G4-EN15	Direct greenhouse gas emissions (Scope 1)	<ul style="list-style-type: none"> › 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)	<ul style="list-style-type: none"> › Environmental Report: Relationship between Business Activities and the Environment › Environmental Report: Site Data
	G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	<ul style="list-style-type: none"> › 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	<ul style="list-style-type: none"> › Environmental Report: Environmental Action Plan and Results for FY2016 (Manufacturing) › Environmental Action Plan and Results for FY2016 (Procurement and Logistics) › Environmental Report: Reducing CO₂ Emissions in Manufacturing Operations › Environmental Report: Reducing CO₂ Emissions in Logistics
	G4-EN19	Reduction of greenhouse gas emissions	<ul style="list-style-type: none"> › Environmental Report: Environmental Action Plan and Results for FY2016 (Manufacturing) › Environmental Report: Environmental Action Plan and Results for FY2016 (Procurement and Logistics) › Environmental Report: Reducing CO₂ Emissions in Manufacturing Operations › Environmental Report: Reducing CO₂ Emissions in Logistics › Environmental Report: Setting Mid- and Long-Term Objectives and Progress › Environmental Report: Environmental Accounting

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	G4-EN20	Emissions of ozone-depleting substances	—
	G4-EN21	NOx, SOx 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: Site Data
	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	—

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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 FY2016 (Research and Development) › Environmental Report: Amount of CO₂ Emissions by Scope 3 › Environmental Report: Mitigating Climate Change through Products and Services
	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 FY2016 (Research and Development) › Environmental Report: Environmental Action Plan and Results for FY2016 (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 FY2016 (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	—

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Environmental Grievance Mechanisms	G4-EN34	Number of grievances filed through formal grievance mechanisms	—
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(3) Social

■ a. Labor Practices and Decent Work

Aspects	Indicators	Description	Reference
Employment	G4-LA1	New employee hires and employee turnover	CSR Report: Personnel Policy and Performance Appraisal System (Data on employment and turnover) > (Employment) > (Turnover)
	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	

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	G4-LA7	Number of workers with high risk of occupational diseases	—
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	<ul style="list-style-type: none"> › CSR Report: Occupational Safety and Health
Training and Education	G4-LA9	Average hours of training per year for employees	<ul style="list-style-type: none"> › 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)
	G4-LA11	Percentage of employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> › CSR Report: Personnel Policy and Performance Appraisal System
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees by categories	<ul style="list-style-type: none"> › CSR Report: Diversity Initiatives
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men	—

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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

Aspects	Indicators	Description	Reference
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

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Supplier Human Rights Assessment	G4-HR10	New suppliers screened using human rights criteria	—
	G4-HR11	Negative human rights impacts on supply chain and actions taken	—
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed through formal grievance mechanisms	—

■ c. Society

Aspects	Indicators	Description	Reference
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	—

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