

People and Technology – Building a Bridge to the Future

Pursuing sustainable growth through the CSR activities of our core business.

First, I would like to express my heartfelt sympathy to all who have suffered in the Tohoku earthquake and tsunami that struck in March 2011. Immediately following the quake, Komatsu made construction equipment available under free of charge lending, to assist with restoration and reconstruction. And our commitment to supporting the reconstruction of the devastated areas through our business activities is ongoing.

■ Komatsu's Management and CSR (Corporate Social Responsibility)

Komatsu's current business environment can be represented by the status of our strategic markets – China in the forefront, followed by the rest of Asia and the CIS, Latin America, the Middle East, and Africa. These markets are growing at a satisfactory rate, and we anticipate that the growth of these countries and regions will continue to be a driving force in the future.

In step with our mid-range management plan and its March 2013 targets, our initiatives are focused on incorporating Information and Communication Technology (ICT) into products and components, making further progress in ensuring safe and environmentally friendly performance, and expanding and improving our sales and after-sales service organization in our strategic markets. Through these activities, we will develop not only business for Komatsu, but also the products and services that we supply to our customers will contribute to economic development and a better standard of living, and to reduced environmental impact and improved safety.

The world faces a host of challenges and expectation from society towards responsible corporate behavior is growing. Komatsu is conscious of this responsibility and believes that our core business which embody our strength are in fact CSR activities that respond to society's demands.

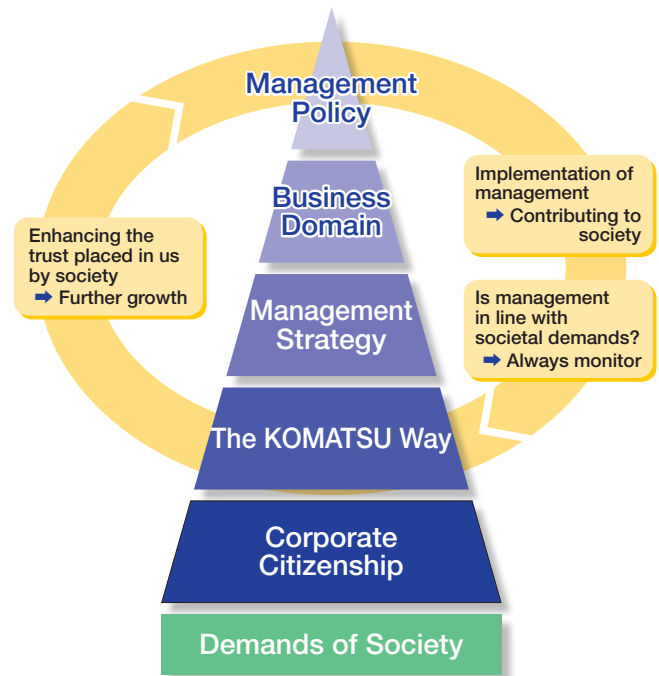
In the years to come, we will be constantly vigilant in ensuring that the actions of our management are in line with the expectations and demands of society. As we carry out our CSR activities, we will engage with our stakeholders through two way dialogue in order to better understand what our top priority issues should be. By doing so, we hope to enhance the trust placed in us by society and to contribute to sustainable growth.

■ Environmental Activities

Komatsu considers environmental activities a top management priority. To meet the mid-range management targets set last year, we are actively pursuing initiatives using measures that are both "proactive" and "protective."

On the "proactive" side, we are emphasizing reduction of CO₂ emissions throughout product use, to help mitigate

◆ CSR and Management Cycle



climate change through a variety of measures. For example, we are reducing the environmental impact of products throughout their life cycle and expanding the market for low-fuel consumption hybrid hydraulic excavators. In addition, our biodiesel fuel project is working on the local production of carbon-neutral biodiesel fuel. Last year we also enacted a "Declaration of Biodiversity." One of our first initiatives was to dedicate a space in the place Komatsu was founded as a rural natural recreation area for children to enjoy nature and get hands-on experience with growing plants. We also stepped up activities to increase the green coverage ratio in all our plants.

On the "protective" side, we have started sales of construction equipment that meets the Tier4-interim emission standards taking effect in 2011, and are actively reducing the use of chemical substances that are of environmental concern.

We will continue to maintain strong cooperation with our overseas affiliates, distributors, and business partners around the world to bolster our environmental activities, with even higher objectives in sight.

■ Sharing our Values within the Group

Serving as cornerstones of our actions are The KOMATSU Way and Komatsu's Worldwide Code of Business Conduct. The KOMATSU Way comprises a set of values, basic attitudes and patterns of behavior to be passed on to the future

generation which ensure that our strong corporate structure prevails, even if the management environment changes. The KOMATSU Way was revised in FY2011 to incorporate, among other features, our attitude in pursuing relationships with customers which we call "Brand Management". We also revised Komatsu's Worldwide Code of Business Conduct, which was formulated in 1998, for the first time in four years in view of the ever increasing importance of CSR.

Group employees around the world share these values and rules, and through this we strive to reinforce a system by which we seek to increase the trust given to us from society.

■ **People and Technology –
Building a Bridge to the Future**

Komatsu celebrated its 90th anniversary in May. The people and technology that have preserved the company's corporate tradition since its founding are Komatsu's most important management resources.

To extend these resources for another ten years to our 100th anniversary and further into the future, we have chosen the slogan "People and Technology – Building a Bridge to the Future" in an effort to accelerate global human resource development and enhance the technological skills of our company. This is an effort which we wish to align with our CSR activities.

At Komatsu, all of our employees share the belief that "our corporate value is the total sum of trust given to us by society and all stake holders." We are determined to continue to build on our CSR activities through dialogue with our stakeholders and society – listening to their expectations and requirements and discovering the most effective measures which tie to our core business.



Kunio Noji
President and CEO



The Ten Principles of the Global Compact



[Human Rights]

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

[Labour Standards]

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

[Environment]

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

[Anti-Corruption]

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

* The United Nations Global Compact is a voluntary code of conduct in the four areas of human rights, labor, environment, and anti-corruption promoted by the United Nations for adoption by companies.