

Growing with Society



Komatsu's demining machine at work in Angola

Key Activities

- ◆ Engaging in dialogues with our stakeholders
- ◆ Providing social contributions through the use of our core technologies and resources (e.g., disaster relief or activities to remove antipersonnel land mines)
- ◆ Contributing to our local communities where we do business
- ◆ Strengthening our corporate governance and compliance
- ◆ Promoting compliance with environmental, labor, and social norms within our group and among business partners

Global Activities with a Focus on Communication

Fusao Seki

Senior Executive Officer
Supervising Corporate Communications,
CSR and General Affairs
Komatsu Ltd.



— First, please explain in concrete terms what is meant by growing with society.

Seki: In line with Komatsu's philosophy that our corporate value is the total sum of trust placed in us by society and our stakeholders, we strongly believe that our growth must go hand in hand with the growth of all of our stakeholders and of society.

This year, we narrowed down the core themes for Komatsu's CSR activities from the viewpoint of how we can satisfy the demands of society through our core business. Without trying to sound overly self-important, we are moving forward by concentrating on the societal needs that we can best serve by the business fields and activities that we are good at.

And as business becomes more and more global, I believe it is important to respect regional characteristics and culture in all our activities, and thoroughly follow through on basic issues, such as abiding by internal controls and regulations.

— It says here: Providing social contributions through the use of our core technologies and resources. How does this relate to the earthquake and tsunami that caused widespread destruction in Japan's Tohoku region this March?

Seki: As reconstruction work continues in the disaster-hit areas, my heart goes out to all those who have suffered losses. When a disaster of this magnitude strikes, the first and foremost need at the disaster site is equipment, such as construction machines and generators, and prefab housing. To illustrate Komatsu's commitment to leveraging our core business to contribute to society, I would like to point to the many times Komatsu has rushed to the site of a natural disaster and quickly provided assistance. In this latest disaster, as well, Komatsu started its relief work immediately after the earthquake hit.

Although this is not related to natural disasters, I would like to mention that demining machines, which Komatsu developed from what was originally construction equipment, are currently in action in Cambodia, Angola and other countries. The machine has received high acclaim from the NPO with which we are jointly engaged in mine disposal and from the local people who use the machine. The machine makes the

demining process quicker and safer, compared to the case when demining work was done by hand.

I think that the above cases, where Komatsu's fields of specialization closely match the needs of society, can be regarded as examples of activities that contribute to society.

— Is the company engaged in any other activities related to its worldwide operations?

Seki: All our global entities, such as subsidiaries and distributors, in the various countries and regions engage in their own activities. As is the case with Komatsu's business, to be able to know what is most urgently needed, you must be familiar with the circumstances, culture and customs of the region.

For example, Komatsu Southern Africa (Pty) Ltd., has been joining hands with a customer to provide young people who were not able to get a proper education due to racial discrimination with educational opportunities, to make them employable. As another example, several subsidiaries in China have jointly set up a fund made up of contributions from both the employees and the subsidiaries, that is used for worthwhile purposes, such as building elementary schools.

In many other places worldwide, Komatsu and its global subsidiaries engage in activities that are unique to the location, addressing needs that are particular to the region. Komatsu, on its part, will continue to work under local leadership to search for appropriate themes and implement these themes, to make Komatsu an indispensable presence in a region, not only from a business standpoint, but also as a corporate citizen.



Ground breaking ceremony of an elementary school in Yunnan (China)

— You mention dialogues with stakeholders. What does this involve?

Seki: Stakeholders are generally considered to be interested parties, but at Komatsu, we specifically include customers, shareholders and investors, distributors, business partners in the supply chain, the local community, and employees in

this group. We have always given great importance to communication, and this is where Komatsu feels its strongest commitment, as evidenced by Komatsu's President giving in-person briefings to employees, distributors, business partners, shareholders and investors worldwide on the current state of the company at regular meetings.

After making sure that information is properly shared within the Group, we want to take this one step further in the future, by explaining facts on how we do business to society. Any areas not meeting the needs of stakeholders, we will endeavor to tie this kind of communication into our activities to better align our activities with society. I think repeating this kind of two way communication will become increasingly important.



Kids' tour of working vehicles held at Komatsu techno center (in Izu, Shizuoka prefecture)

— I think you have placed more emphasis than before on corporate governance and compliance. Are you facing any new challenges?

Seki: We have set up a system that ensures higher managerial transparency through measures such as the strengthening of corporate governance and the establishment of an international advisory board that includes knowledgeable persons from outside the company. As for compliance, we have made changes to the system, to be open-minded and learn from past mistakes. This is because we believe that observing compliance will translate into aggressive business development.

What will become increasingly important from now on will be taking a global approach that also encompasses our business partners. Komatsu's Worldwide Code of Business Conduct, established in 1998, continues to undergo revision, with the 8th edition having been published in 2011. To make sure that employees familiarize themselves with the Code, we have our global subsidiaries translate the Code into their respective local languages. On another front, the regulations of the Komatsu "Midori-kai" group, an association of the company's business associates in Japan, were recently revised to ensure that Komatsu's business partners also observe applicable laws and regulations.

Whatever the activity, the more globalized it is in nature, the greater the need will be to know global rules and circumstances, and to take a realistic approach. Komatsu will continue to bolster its CSR activities, while taking the circumstances of each individual country into account.