

The Basic Stance of Management

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This principle of Quality and Reliability not only applies to the Komatsu Group's products and services that bring satisfaction to customers, but also extends to all other aspects of the Group, including organizations, businesses, employees, and management.

Enhancing Quality and Reliability

In particular, the Komatsu Group has been working to strengthen corporate governance and *Monozukuri* to enhance Reliability, a source of Komatsu's strength.

Strengthening Corporate Governance

To increase its corporate value to the greatest possible extent, it is important for the Komatsu Group to design a framework in which the Group can enhance its corporate value in a steadfast manner. This task calls for maximizing the total market value of Komatsu shares and working to expand sales and profits as the company strives to fully satisfy a broad range of stakeholders, especially customers.

Top managers of Komatsu Group companies are expected to provide, through full awareness of corporate social responsibility (CSR), solid management that avoids risk while continuously ensuring Quality and Reliability in management. Moreover, managers are stepping up the revitalization of the Board of Directors—the core body for corporate governance—and the establishment of an internal controls system while enhancing the transparency and soundness of management.

All employees of Komatsu Group companies are expected not to postpone but to promptly work on solutions and corrections when they discover issues and/or problems related to the rules in all business areas and domains.

Strengthening *Monozukuri*

It is critical for Komatsu as a manufacturer to promote reform based on the *Monozukuri* concept in order to enhance its competitiveness.

Monozukuri means that the Komatsu Group has to rise to every challenge in creating safe and innovative products in the spirit of unified teamwork. This teamwork incorporates every division and partner related to the value chain—the chain of entities through which added value emerges—spanning from research, development, procurement, manufacturing, sales, and after-sales service divisions to the management division as well as to business associates and sales agents. The Group also emphasizes environmental friendliness in all activities throughout the product lifecycle.

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 and worksites. By holding these values in common, the Group can build global teamwork that transcends nationalities and generations to amass and fortify the Komatsu Group's "workplace (*genba*) capabilities"—the dynamism of all workers and the entire organization plus the ability to improve their own workplaces and worksites. This in turn further enhances Quality and Reliability, heightening the trust given to the Group by society and all stakeholders.

Disseminating The KOMATSU Way and Developing Human Resources

The Komatsu Group has been disseminating The KOMATSU Way and incorporating it into human resources development in each Group company around the world, with The KOMATSU Way Division spearheading these activities.

To facilitate understanding of The KOMATSU Way, the Group convenes explanatory sessions at Group companies around the globe, with the President and CEO and other executive officers in charge visiting locations and providing explanations in person. The Group has made a video collecting employees' personal experiences related to The KOMATSU Way for Group personnel all around the world to view online. Each business unit promotes "The KOMATSU Way dissemination month" to enliven communication among workers, ensuring they take this spirit to heart.

The KOMATSU Way is based on corporate strengths that Komatsu Ltd., a Japanese company, has embraced for years. To foster it at Group companies outside Japan, Komatsu makes The KOMATSU Way easy to understand and relevant to local conditions mindful of differences among customs and cultures.

As concrete ways to strengthen worldwide employees' ability to improve their performance, the Komatsu Group uses the Total Quality Management (TQM) nourished in the Group over the years along with education and training to raise the level of such professional capabilities as specific technological or specialist skills and managerial ability. Practical training is also developed through debriefing sessions held at each employee rank, with participants reporting on the skills they have improved. Such sessions help employees to more fully acquire the content of their education and training and utilize these newly acquired skills during operations. In this way, the Group continues to nurture human resources capable of responding rapidly to changes in their operational environments.



Global Management Seminar held in November 2008. Company executives from Komatsu Group subsidiaries outside Japan gathered to discuss and reassess how to spread The KOMATSU Way and incorporate it into human resources development. Participants each finalized a plan to foster practical training once they returned to their home countries.