

Basic Stance

We, at Komatsu Ltd., believe our corporate value is the total sum of trust given to us by society and all stakeholders. To become a company which enjoys more trust from shareholders and all other stakeholders, Komatsu is working to strengthen corporate governance, improve management efficiency, advocate corporate ethics and ensure sound management on a group-wide basis.

To further improve the transparency of management for our shareholders and investors, we disclose information in a fair and timely manner and actively engage in investor relations' activities by holding meetings with shareholders and investors.

Establishment and Improvement of Corporate Governance

In 1999 Komatsu Ltd. introduced the Executive Officer System and has been working to separate management decision making and supervisory functions from executive functions within the confines of the law. At the same time, the Company has maintained the Board of Directors with a small number of members and appointed outside directors and auditors. To improve the effectiveness of discussions in Board meetings, we have promoted reforms in the operational aspect of Board meetings to ensure thorough discussions of important management agendas and quick decision-making.

Furthermore, in 1995, we established the International Advisory Board (IAB) as a means to supplement executive functions and receive objective advice and suggestions from outside experts for what Komatsu should work for as a global company. As a general rule, it meets twice a year to discuss and engage in information exchange.

Organizational Profile

Board of Directors

Komatsu Ltd. holds Board of Directors' meetings every month. The Board of Directors reviews and resolves important management matters, makes decisions on management policies of the Komatsu Group, and strictly controls and supervises the execution of management duties by all executive management personnel including the representative directors. [The Board met 15 times in the fiscal year ended March 31, 2009.]

Of the 10 directors on the Board, there are three outside directors. When performing his duties, each outside director offers opinions and suggestions from an independent position, based on his insight and profound experience. Their attendance rate at Board meetings is high, making contributions to ensure transparent and sound management by actively voicing their opinions in discussions.

Outside Directors

As of June 24, 2009

Name	Main Areas of Contributions
Morio Ikeda, Advisor, Shiseido Company, Limited	Having served as Representative Director of Shiseido Company, Limited, Mr. Ikeda has profound experience in the business world and offers opinions centering on CSR in Board of Directors' meetings.
Kensuke Hotta, Chairman and Representative Director, Greenhill & Co. Japan Ltd.	Having served as Representative Director of The Sumitomo Bank (currently, Sumitomo Mitsui Banking Corporation) and as Representative Director of Morgan Stanley Japan Securities Co., Ltd., Mr. Hotta has profound experience in the business world and offers opinions centering on finance and managerial accounting in Board of Directors' meetings.
Noriaki Kano, Professor Emeritus at Tokyo University of Science	Having served as President of the Japanese Society of Quality Control, Dr. Kano offers opinions centering on quality control and production from a viewpoint of a quality control specialist in Board of Directors' meetings.

Structural Reform of Komatsu's Corporate Governance

Reform in which Corporate Governance is centered on the Board of Directors

1. Improve the effectiveness of Board of Directors' meetings.
2. Ensure transparency and objectivity of management, the foundation of making management "visible," through participation of outside directors.

Board of Directors

1998: 28 members (no outside directors) 1999: 8 members (1 outside director) 2003: 8 members (2 outside directors) 2004: 10 members (2 outside directors) 2005: 10 members (3 outside directors)

Corporate Auditors

1993: 3 members (1 outside auditor) Board of Corporate Auditors (1994) 1994: 4 members (2 outside auditors) 2006 to date: 5 members (3 outside auditors)

Other Organizational Bodies and System

- Executive Officers (1999 to date)
- International Advisory Board [1995 to date: 4 advisors (Japanese and foreign) as experts on business strategies]
- Compensation Council (1999 to date: 1 insider, 4 outsiders)
- Compliance Committee (2001 to date: consisting of top management and labor union representatives)
- Risk Management Committee (1996 to date)

International Advisory Board (IAB)

The fifth session of IAB began in January 2008. To date, IAB has held a total of 26 meetings since its establishment in 1995. In the meeting held in July 2009, the members discussed corporate value as generally understood in Japan and the United States.

Outside Advisors of the Fifth Session of IAB

Name	Title
Mr. Yukio Okamoto	Specialist of international affairs, and President, Okamoto Associates, Inc.
Dr. Lawrence J. Lau	Vice Chancellor and President, and Ralph and Claire Landau Professor of Economics, The Chinese University of Hong Kong
Dr. Juergen M. Geissinger	President and CEO, INA-Holding Schaeffler KG
Mr. Travis Engen	Former President and CEO, Alcan Inc.



Members of the fifth session IAB (front row)

