



Komatsu Report 2021



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Cautionary Notice regarding Forward-Looking Statements

This report contains predictions, plans, forecasts, and other forward-looking statements that have been judged by management to be rational based on the information available at the time of publication. Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, changes in economic conditions or product demand in major markets, foreign exchange rate fluctuations, domestic or overseas regulatory revisions, or changes to accounting standards or practices.

Reporting Period: April 1, 2020–March 31, 2021

- This report also includes information on activities after the reporting period in order to provide readers with the latest information.
- "FY2020" refers to the period from April 1, 2020 to March 31, 2021, unless otherwise noted.

Editorial Policy

Komatsu Report 2021 was published for the purpose of providing clear explanations for all stakeholders on Komatsu's medium- to long-term business strategies and the virtuous cycle generated as the Company resolves environmental, social, and governance (ESG) issues through its business. In preparation of this report, we referenced the International Integrated Reporting Framework released by the International Integrated Reporting Council and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment released by the Ministry of Economy, Trade and Industry.



Our Brand Promise

Creating value together

"Creating value together" is the promise Komatsu makes to its customers and all other stakeholders. Together with you, we can new value and work toward a sustainable future. The emphasis on "together" indicates the importance we place on partnership.

Our Story

Our roots stretch back more than 100 years to a lush forest near Komatsu City in Ishikawa Prefecture, Japan that was once home to a copper mine vital to the surrounding community. The mine's closure in 1920 could have meant the end for community residents dependent on the jobs, but instead it was a new beginning.

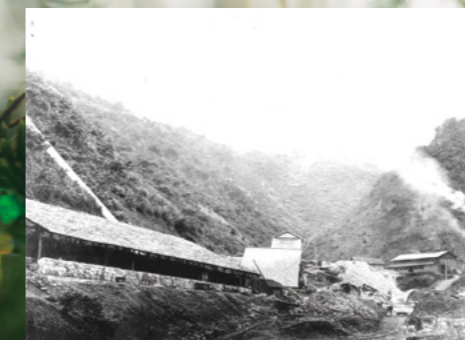
The owner of the mine and our founder, Meitaro Takeuchi, was an entrepreneur with an extraordinary humanitarian vision, committed to enhancing the community's quality of life, developing future generations and growing with society. Determined to bring industrial technology to his country, Takeuchi created a new company by nurturing the skills of the people in the local community.



Meitaro Takeuchi, Founder

Takeuchi's vision and strong guiding principles stood the test of time. Through the years, Komatsu's continued investment in core capabilities and strategic acquisitions have connected smart, diverse people and cutting-edge technologies with a shared belief that partnerships are the best way to solve challenges and meet society's needs.

As the world grows and evolves, the people who power modern society and develop the world's infrastructure count on partners they can trust to empower them and create value.



Yusenji Coal Mine, Komatsu's predecessor



 Komatsu 100 years of "creating value together"
<https://www.youtube.com/watch?v=q6nbmp5tFwM&t=0s>



01 Our Identity

Komatsu has defined its corporate identity by reflecting on its corporate growth built by its forerunners and its relations with society. Specifically, Komatsu has articulated its mission and vision as its purpose, together with its values. The corporate identity also incorporates pieces that have been created over the Company's history: founding principles, The Komatsu Way, Komatsu's Worldwide Code of Business Conduct, and strategies including the mid-term management plan. As our business and stakeholders diversify further, we will strive to deliver this promise through our global operations.

Our Identity



Our Purpose

Creating value through manufacturing and technology innovation to empower a sustainable future where people, businesses and our planet thrive together.

Our history has been a century of facing and overcoming challenges, and "manufacturing and technology innovation" has been at the heart of all the things we do at Komatsu. As we enter our new centennial, we will continue to uphold this spirit as we continue to create value together with our partners.

With this spirit we aspire to help create a future where people lead safe, healthy and peaceful lives in harmony, enabling us all to thrive together.

Concept of Values

<p>Ambition</p> <p>With a "challenging spirit" and without fear of failure, we innovate and always aspire to do more</p>	<p>Perseverance</p> <p>Even when the work is difficult, we remain committed to our promises and reliably carry them through to completion</p>	<p>Collaboration</p> <p>Creating value comes from teamwork, inclusion, respect, diversity and a win-win approach to all relationships</p>	<p>Authenticity</p> <p>To earn and maintain trust, we always act with sincerity, integrity and honesty, and communicate with transparency</p>
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Our Strategy and Action



Management Principle

We will maximize the trust given to us by our stakeholders and society through a commitment to quality and reliability.

Management Principle shows our basic stance regarding business administration.



Management Strategy

Our current mid-term management plan is DANTOTSU Value – Forward Together for Sustainable Growth (FY19-21), envisioning safe, highly productive, smart and clean workplaces of the future.



Corporate Social Responsibility

We believe that our very business is Corporate Social Responsibility. The work that we do directly supports the growth and improvement of our communities and society in general.



Founding Principles

"Global Expansion," "Quality First," "Technological Innovation," and "Employee Development." These are the founding principles laid out by our founder, Meitaro Takeuchi (1860-1928), and they continue to be upheld by our organization to this day.



The Komatsu Way

The Komatsu Way was developed to convey our shared values and practices across different cultures, customs and generations.



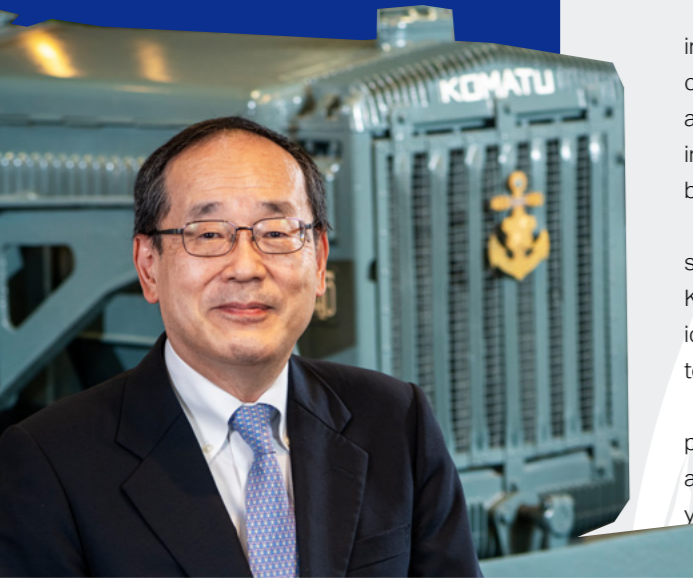
Komatsu's Worldwide Code of Business Conduct

Compliance with the rules of business community is considered a top priority at Komatsu. The rules are not limited to laws and regulations but also include rules that are generally recognized and respected in society.

Brand Promise as Explained by Global Officers—Creating Value Together

Kiyoshi Mizuhara

Director and Senior Executive Officer
Chief Marketing Officer (CMO)
President, Construction Equipment
Solution Division



Pursuit of a Sustainable Society Together

The founding of Komatsu 100 years ago was unique in that the purpose was to sustain the local community and to make it a hub of economic growth. Meitaro Takeuchi, our founder, already knew that talent and technology were the keys to producing quality, which he was determined to bring to the global market.

Since those days, our operations have grown extensively but the founding principles serve us to this day. At the same time, as our relationship with customers, distributors, suppliers and other stakeholders grew, a deep appreciation of working in partnership was born. We know that we owe our insights and expertise to the people who work together with us to enable a better and sustainable future.

In this anniversary year, we established our identity, articulating our mission, vision, and values, and integrating the Management Principle, The Komatsu Way, and other existing strategy and action items. Guided by our identity, we will work globally to deliver our brand promise of "Creating value together."

Thank you for choosing us to be your partner in creating a future where people, businesses and the planet thrive together. With the belief that we are stronger, wiser, and better together, we look forward to continuing with you on this journey of creating value together.

Path for Success in the Next 100 Years

A brand is much more than just a logo on our buildings or our shirts. It's really a promise we make to every stakeholder about the experience they can expect when working with us. It's the experience on our websites, in every customer meeting and in how we use our data. Our brand is present every time someone sees our logo, wears our merchandise, visits our parts counters, operates our machines or talks to us on the phone.

If you think about it, a brand is created by employees, who live and emulate the brand through all their interactions and through the products, services and solutions they create and support.

For me, Komatsu's brand is about collaboration and partnering with our customers for a high-value, seamless experience with us that creates a feeling of connection and belonging they can rely on. By clearly establishing our brand promise, strategy and standards in our centennial year, I believe we've set an even more compelling path for success in the next 100 years.

Global Officer

Rodney Schrader

Senior Executive Officer
Chairman & CEO,
Komatsu America Corp.



02 Brand Promise as Explained by Global Officers Creating value together

Globally Unified Komatsu

The launch of our new Brand Strategy is an exciting and hugely motivating initiative that unites all Komatsu employees toward a sustainable future. Our brand promise, "Creating value together," is a single unifying statement that embodies who we are as a company and what we strive to achieve, in business and the world we live in. With a foundation forged over 100 years behind us, we now look toward the future and create a truly sustainable tomorrow—together!

As a global unified Komatsu, our core values, Ambition, Perseverance, Collaboration and Authenticity, will define and guide us over the next 100 years as we deliver on our promise to bring value to all our stakeholders in the most sustainable and authentic way.

We are committed to living these values in all that we do—having a challenging spirit, persevering through tough times, collaborating with all our stakeholders, and always being authentic and true to ourselves. We are excited and committed to Creating value together and are extremely proud to be part of the One Komatsu family!

Global Officer

Michael Blom

Executive Officer
President & MD,
Komatsu South Africa (Pty) Ltd.



Globally Consistent Brand Strategy

As our operation became more and more global and diversified, it was necessary to define and create a consistent brand strategy globally. On the occasion of the 100th anniversary, we took the opportunity to clarify our identity in a way that is easy to grasp. Through our new branding strategy, we will be able to better express our values to our customers as well as to stakeholders.

We will refocus our commitment to our founding principles, "Global Expansion," "Quality first," "Technological Innovation," and "Human resource development," with a renewed consistency in our communication. The Komatsu Way shows us how to understand our customers and become a reliable partner that moves forward together with them. As a management strategy, we will continuously seek to create safe, highly productive, smart and clean workplaces of the future.

With a challenging spirit, a teamwork approach, sincerity and commitment, we promise our stakeholders to "create value together" to empower a sustainable future for people, businesses and our planet.

Global Officer

Göksel Güner

Chief Operating Officer, Komatsu
Europe International N.V.



100 Years of Komatsu—History of Resolving Issues in Response to Social Needs

100 Years of Komatsu

History of Resolving Issues in Response to Social Needs

1921
Founding aspiration:
 Engage in meaningful work to benefit the nation

Komatsu Ltd. was established from Komatsu Iron Works Ltd. (est. 1917), which manufactured mining machines, developed by Meitaro Takeuchi, founder of Komatsu Ltd., for use in the Yusenji copper mine. Based on a firm belief that developing the machinery industry in rural areas and promoting its growth, as well as looking to transcend national boundaries with high-quality products, Meitaro Takeuchi began manufacturing at Komatsu Ltd. with an eye to international markets, even when he founded Komatsu. The next year, Komatsu absorbed Komatsu Electric Steel Mills, building the foundation for integrated production from steel castings to machining and assembly, which has resulted in one of Komatsu's strengths today.

[Meitaro's Guiding Principles]

- Global Expansion
- Quality First
- Technological Innovation
- Employee Development



Meitaro Takeuchi, Founder

Challenge Development of agricultural tractor for the first time in Japan

1931
Produced Japan's first tractor

In response to a request from the Ministry of Agriculture and Forestry, Komatsu took on the challenge of developing a farm tractor in Japan. While competitors gave up this challenge at the prototype stage, Komatsu continued its efforts with a strong commitment to developing a unique product that others could not imitate, and finally completed Japan's first tractor. Subsequently in 1932, Komatsu released the "G25 tractor" equipped with its own newly developed engine as an improved version of the product.




Value

- Increased the level of our technologies
- Built the foundation for developing and producing construction equipment in Japan

Challenge Challenge for global quality

1961
Project "A" to meet the industry giant's market entry

In the 1960s during the internationalization of Japan's economy, the world's largest construction equipment manufacturer decided to enter the Japanese market. In order to compete against this strong rival, Komatsu undertook the Project "A" quality improvement project with a Company-wide commitment to improving everything, including a single screw, and developed a high-quality vehicle for mass production within about only two years. In the process, Komatsu introduced a quality control (QC) method ahead of competitors. The idea of incorporating QC in the manufacturing process has been passed down through the generations to the company of today.



Value

- Achieved global quality on par with a U.S. manufacturer, contributing to customers' improvement of their workplace productivity

Challenge Improvement of overseas sales and service operations. Establishment of overseas production operation

1967 N.V. Komatsu Europe S.A.: Komatsu's first overseas subsidiary
1975 First offshore production in Brazil

Pursuing higher levels of quality and reliability in its products, Komatsu steadily grew exports centered on large-scale bulldozers. N.V. Komatsu Europe S.A., Komatsu's first overseas subsidiary in Belgium, was established in 1967 for the purpose of enhancing overseas after-sales services. The years that followed saw the reinforcement of our export foundation through the establishment of numerous overseas subsidiaries, including Komatsu America Corp., Komatsu Singapore Pte. Ltd., and Komatsu do Brasil Ltda. We began producing our first made-overseas bulldozers in Brazil in 1975. We proceeded to augment our overseas production network, setting up production bases in Indonesia in 1982, in the United States and the United Kingdom in 1985, and in Thailand, China, and India in the 1990s. These bases furnished a global production platform for hydraulic excavators, dump trucks, wheel loaders, and other major products.

Value

- Built overseas distributor networks and achieved the provision of global quality
- Expanded local contributions through human resource development and employment around the world

Challenge Improvement of productivity and safety of mining

2008
Succeeded in the world's first commercial deployment of the Autonomous Haulage System (AHS)

Komatsu led the world by deploying the AHS at a copper mine in Chile. By equipping dump trucks with a high-precision GPS, an obstacle detection sensor, and a variety of controllers for the central management of their operation in the main control room, Komatsu achieved 24-hour unmanned operation of the dump trucks. The AHS contributes to substantially increasing on-site productivity and safety and solving the issue of labor shortages.



Value

- Improved safety, reduced costs, and alleviated operators' burden at customers' mining sites

Challenge Solutions for worksite problems, such as labor shortages and safety

2015
"Smart Construction": Creating a workplace of the future

"Smart Construction" is a solution service that create safe, highly productive, smart and clean construction sites of the future by connecting all kinds of data available at construction sites through the use of ICT. By fusing the 3D terrain data obtained by using drones with ICT construction equipment, Komatsu has increased the efficiency of the process, from surveying to inspection, and has also "visualized" the process, thereby contributing to the solution of problems at construction sites.

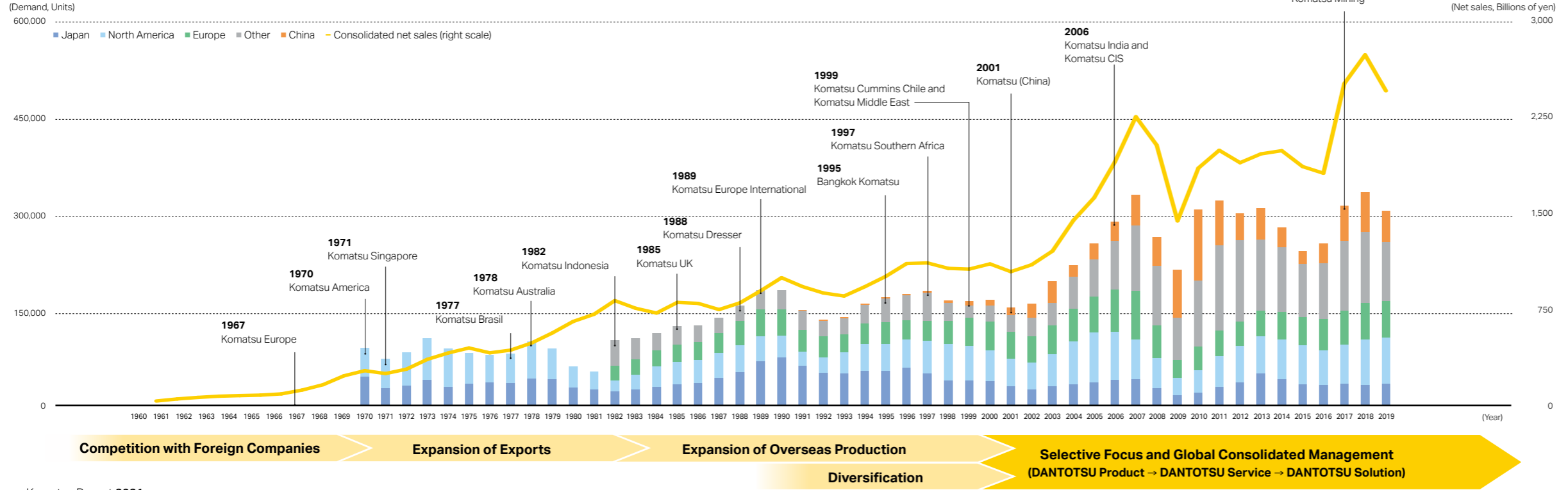


Value


- Achieved optimization of construction while striving for "safe, highly productive, clean and smart workplaces of the future"

History of Consolidated Global Management

Net Sales and Demand for 7 Major Products



Web eBook offering more information on the 100 years of Komatsu
<https://www.komatsu.jp/en/company/history/ebook/HTML5/pc.html#/page/1>



Web Re-opening of Komatsu no Mori museum for nurturing children together with the community
<https://www.youtube.com/watch?v=vWnddb9Ux3E>

