

# Corporate Governance

## Basic Stance on Corporate Governance

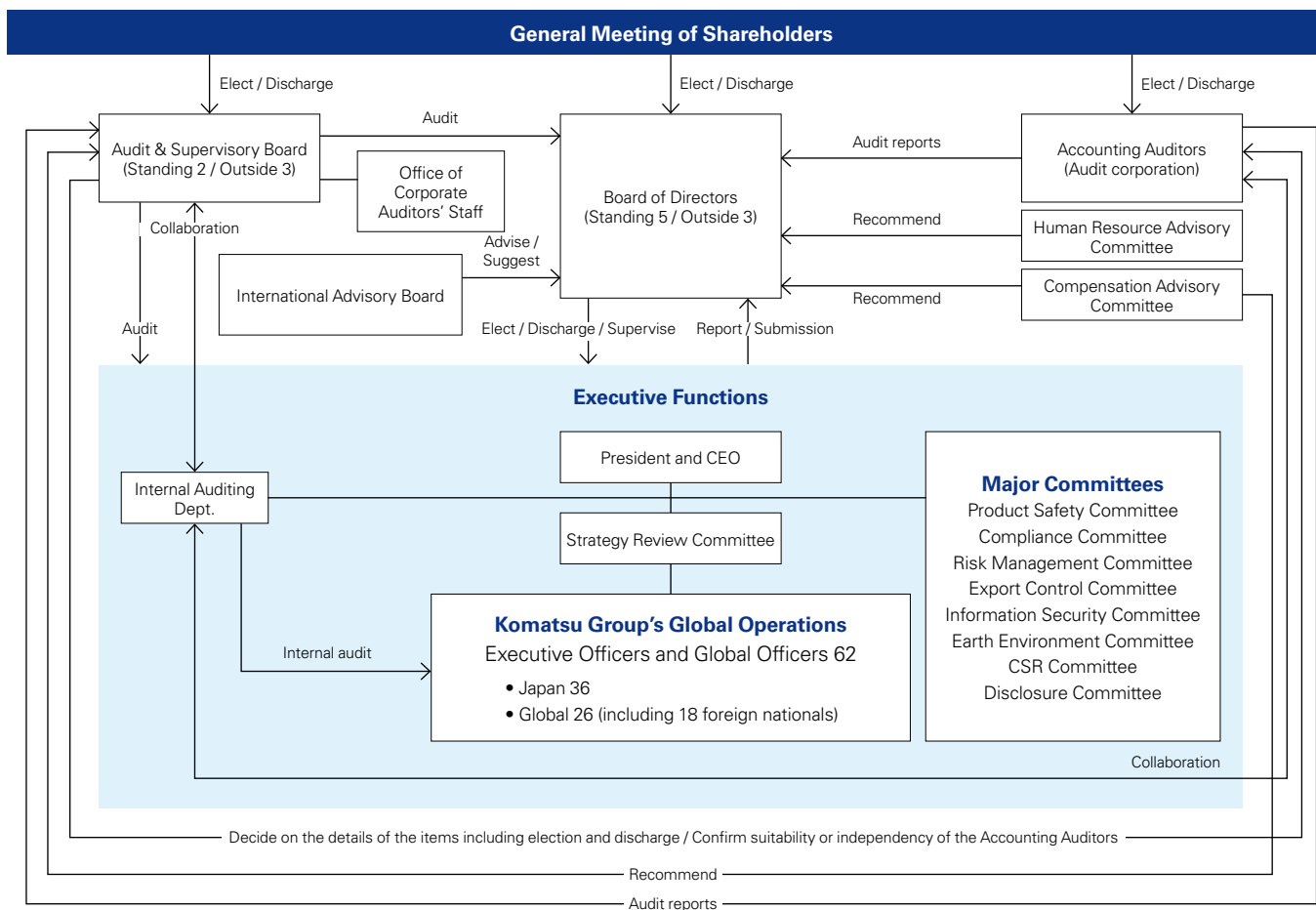
To become a company which enjoys more trust from shareholders and all other stakeholders, the Company is working to strengthen corporate governance, improve management efficiency, advocate corporate ethics and ensure sound management on a group-wide basis. To further improve the transparency of management for its shareholders and investors, the Company discloses information in a fair and timely manner and actively engages in investor relations' activities by holding meetings with shareholders and investors.

## Corporate Governance Framework

At the Company, the Board of Directors is positioned as the core of corporate governance, and to improve the effectiveness of discussions at meetings of the Board of Directors, the Company has worked to put in place a system to ensure thorough discussions of important management matters and prompt decision making, and reform their operational aspect. Having introduced the Executive Officer (Shikko Yakuin) System in 1999, the

Company has separated management decision making and supervisory functions from executive functions to the extent permitted by laws and regulations, and while appointing both Outside Directors and Outside Audit & Supervisory Board Members, limits the Board of Directors to a small number of members.

### Corporate Governance of the Company (As of June 30, 2019)



## Composition of the Board of Directors

The Company holds Board of Directors' meetings periodically at least once every month. The Board of Directors deliberates and makes resolutions on important matters, determines management policies of Komatsu, and rigorously controls and supervises the execution of duties by all members of the executive management team including Representative Directors. Of the eight (8) Directors on the Board, three (3) are Outside Directors to ensure transparent and objective management.

To promote efficient management of the Board of Directors, the Company has established a Strategy Review Committee consisting of Senior Executive Officers and senior managers. Based on the reviews of the Committee, Executive Officers and senior managers execute their duties within the authority delegated by the Board of Directors.

## Directors' Execution of Duties

In FY2018, the Board of Directors met 15 times. The Board made decisions on important management matters based on the Standards for Matters to be Referred to a Meeting of the Board of Directors, and reported on business execution. Business execution reports cover virtually 100% of businesses on a consolidated net sales basis. Even extremely small-scale businesses are reported at a meeting of the Board of Directors, mainly with respect to safety, compliance, and risk. Sufficient time is secured to ensure full discussions at a meeting of the Board of Directors

and the Company has adopted a process of raising important matters for discussion and decision-making on predetermined days over two meetings of the Board of Directors. The Board of Directors also receives a monthly report from the President regarding recent important matters and topics, such as safety, compliance, and risk. The CFO also reports each month on the status of sales, profits and losses, orders received, and borrowings.

## Human Resource Advisory Committee

The Human Resource Advisory Committee, consisting of three (3) Outside Directors (one of them as Committee Chairperson), Chairperson of the Board and President, discusses appointment and discharge of senior management officers including President (CEO), and reports the results to the Board of Directors. Based on the report, the Board of Directors discusses and decides appointments of the candidates for directors and Audit & Supervisory Board Members as well as appointments and discharges of executive and other officers.

**Members of the Human Resource Advisory Committee**  
 Chairperson: Masayuki Oku  
 Members: Mitoji Yabunaka, Makoto Kigawa, Tetsuji Ohashi, Hiroyuki Ogawa

## Compensation Advisory Committee

In an effort to maintain an objective and transparent remuneration system, the policy and levels of remuneration for Directors and Audit & Supervisory Board Members of the Company are deliberated by the Compensation Advisory Committee, which consists of four (4) external members (one (1) outside expert, two (2) Outside Audit & Supervisory Board Members and one (1) Outside Director) and one (1) internal member. Taking its reports and recommendations into consideration, the remuneration for Directors is determined by the Board of Directors, and the remuneration for Audit & Supervisory Board Members is determined by discussions by the Audit & Supervisory Board Members, respectively, within the range previously determined by resolution of the General Meeting of Shareholders.

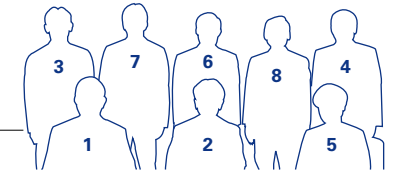
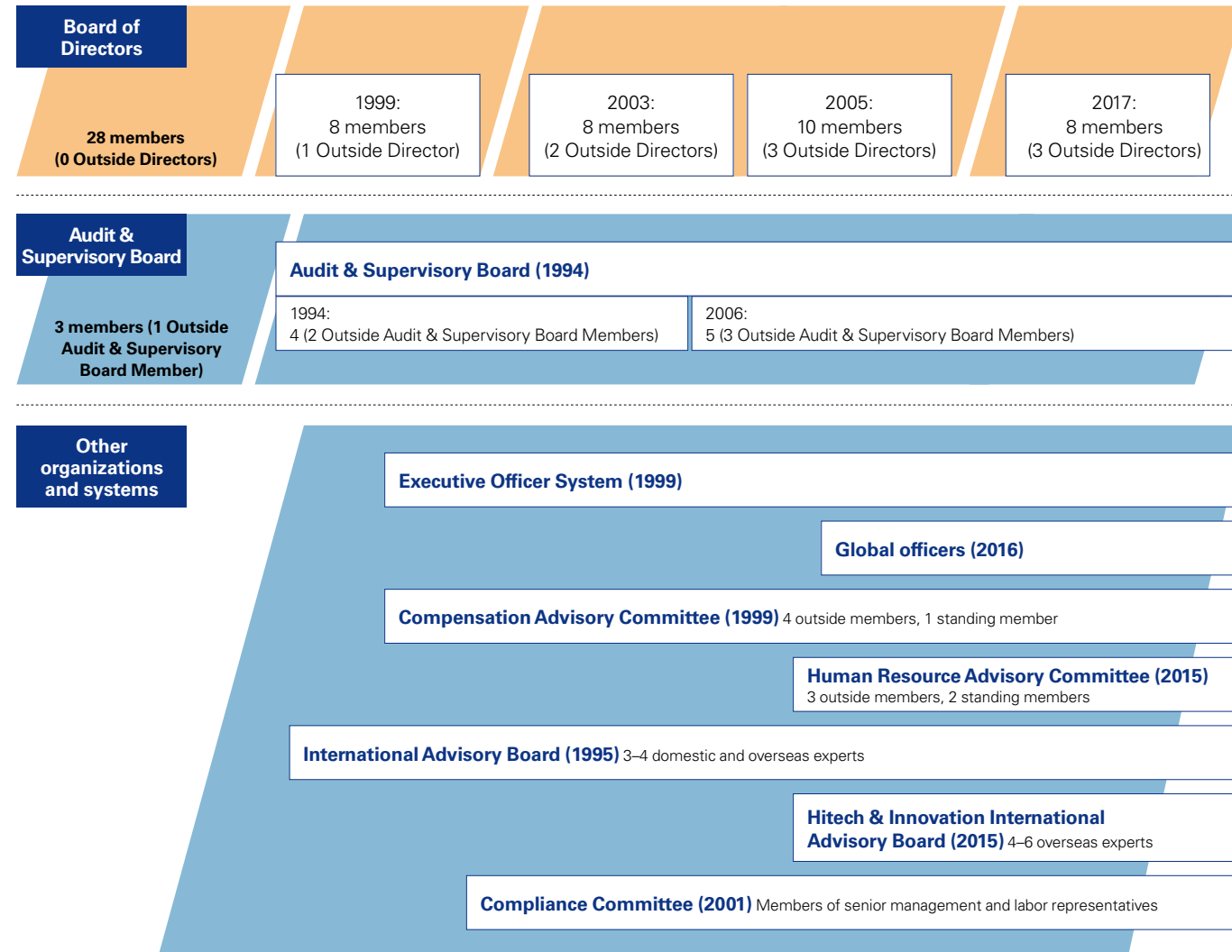
**Members of the Compensation Advisory Committee**  
 Chairperson: Tsuguoki Fujinuma  
 Members: Hirohide Yamaguchi, Eiko Shinotsuka, Masayuki Oku, Tetsuji Ohashi

# Corporate Governance

## Corporate Governance Reforms

The Company has proceeded to implement reforms to its corporate governance system in order to ensure effective and adequate performance of matters related to decision making, management and supervision, such as separation of corporate management from business execution, enhancement of corporate management decision making by the Board of Directors, strict management and supervision of business execution, measures undertaken by Outside Directors to improve transparency and objectivity of management, and measures undertaken by the Audit & Supervisory Board to appropriately audit Directors'

execution of duties. As a means to supplement executive functions, the Company established the International Advisory Board (IAB) in 1995. Through the IAB, the Company aims to secure objective advice and suggestions from experts from Japan and abroad about how to function as a global company by exchanging opinions and holding discussions. Going forward, the Company will pursue increases to the effectiveness of the Board of Directors while appointing Outside Directors to ensure transparency and soundness and promoting openness and accountability in management.



## Directors



- Chairman of the Board and Representative Director**
  - President and Representative Director, and CEO**
  - Director and Senior Executive Officer**
  - Director and Senior Executive Officer**
- 1 Tetsuji Ohashi**

Apr. 1977 Joined the Company  
Product Control Section, Planning & Coordination Department of Awazu Plant  
Oct. 1998 General Manager of Planning & Cooperation Department of Awazu Plant, Production Division  
Oct. 2001 Plant Manager of Moka Plant, Production Division  
Jan. 2004 President and Chief Operating Officer (COO), Komatsu America Corp. (until Mar. 2007)  
Apr. 2007 Took office as Executive Officer of the Company  
President of Production Division  
Apr. 2008 Took office as Senior Executive Officer  
Jun. 2009 Took office as Director and Senior Executive Officer  
Apr. 2012 Took office as Director and Senior Executive Officer  
Apr. 2013 Took office as President and Representative Director, and CEO  
Apr. 2019 Took office as Chairman of the Board and Representative Director (current)
  - 2 Hiroyuki Ogawa**

Apr. 1985 Joined the Company  
Production Engineering Section, Production Engineering Department of Kawasaki Plant  
Apr. 2004 Plant Manager of Chattanooga Manufacturing Operation, Komatsu America Corp. (until Mar. 2007)  
Apr. 2007 General Manager of Planning & Coordination Department of Osaka Plant, Production Division  
Apr. 2010 Took office as Executive Officer  
Plant Manager of Ibaraki Plant, Production Division  
Apr. 2013 President of Procurement Division, Production Division  
Apr. 2014 Representative of All Indonesia Operations  
Chairperson of PT Komatsu Marketing & Support Indonesia (until March 2016)  
Apr. 2015 Took office as Senior Executive Officer  
Apr. 2016 Took office as President of Production Division  
Apr. 2018 Took office as Senior Executive Officer  
Jun. 2018 Took office as Executive Officer  
Apr. 2019 Took office as Representative Director and CEO (current)
  - 3 Masayuki Moriyama**

Area of responsibility: President of Mining Business Division

Apr. 1982 Joined the Company  
Technology Management Department, Vehicle Development Center of Kawasaki Plant  
Mar. 2000 Komatsu America Corp. (until March 2003)  
Apr. 2010 Took office as Executive Officer of the Company  
General Manager of Construction Equipment Technical Center 1, Development Division  
Apr. 2014 President and Chief Operating Officer (COO) of Komatsu America Corp.  
Apr. 2015 Took office as Senior Executive Officer  
Apr. 2017 President of Mining Business Division (current)  
Apr. 2018 Took office as Senior Executive Officer  
Jun. 2019 Took office as Director and Senior Executive Officer (current)
  - 4 Kiyoshi Mizuhara**

Area of responsibility: President of Construction Equipment Marketing Division

Apr. 1983 Joined the Company  
General Sales Department, Export Sales Division  
Sep. 1988 Komatsu Dresser Company (currently Komatsu America Corp.) (until Mar. 1993)  
Mar. 1997 Joined Komatsu Hanomag GmbH (currently Komatsu Germany GmbH) (until Mar. 2003)  
Apr. 2008 General Manager of Business Control Department, Construction & Mining Equipment Marketing Division  
Apr. 2011 General Manager of Construction Equipment Corporate Planning Department, Construction & Mining Equipment Marketing Division  
Apr. 2013 Took office as Executive Officer  
Representative of All India Operations  
President of Komatsu India Pvt. Ltd.  
Apr. 2017 Took office as Senior Executive Officer  
President of Construction Equipment Marketing Division (current)  
Apr. 2019 Took office as Director and Senior Executive Officer (current)
  - 5 Kuniko Urano**

Area of responsibility: Supervising Human Resources & Education, Safety & Health Care, Corporate Communications, and CSR

Apr. 1979 Joined the Company  
Education Section, Human Resources Department  
Apr. 2005 General Manager of Logistics Planning Department, Production Division  
Apr. 2010 General Manager of Corporate Communications Department  
Apr. 2011 Took office as Executive Officer  
Apr. 2014 General Manager of Human Resources Department  
Apr. 2016 Took office as Senior Executive Officer  
Jun. 2018 Took office as Director and Senior Executive Officer (current)
  - 6 Masayuki Oku**

Outside Director

Apr. 1968 Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation, hereinafter the "Bank")  
Jun. 1994 Took office as Director of the Bank  
Nov. 1998 Took office as Managing Director of the Bank  
Jan. 2001 Took office as Representative Director and Senior Managing Director of the Bank  
Apr. 2001 Took office as Representative Director and Senior Managing Director of Sumitomo Mitsui Banking Corporation (hereinafter "SMBC")  
Dec. 2002 Took office as Representative Director and Senior Managing Director of Sumitomo Mitsui Financial Group, Inc. (hereinafter "SMFG")  
Jun. 2003 Took office as Representative Director and Deputy President of SMBC  
Jun. 2005 Took office as Chairman of the Board and Representative Director of SMFG  
Took office as Representative Director and President of SMBC  
Apr. 2011 Retired from SMBC  
Took office as Chairman of the Board and Director of SMFG  
Jun. 2014 Took office as Director of the Company (current)  
Apr. 2017 Took office as Director of SMFG  
Jun. 2017 Took office as Honorary Advisor of SMFG (current)
  - 7 Mitoji Yabunaka**

Outside Director

Apr. 1969 Joined the Ministry of Foreign Affairs hereinafter "MOFA"  
Jan. 2008 Took office as Vice-Minister for Foreign Affairs  
Aug. 2010 Took office as Adviser to Ministry of Foreign Affairs  
Jun. 2014 Took office as Director of the Company (current)
  - 8 Makoto Kigawa**

Outside Director

Apr. 1973 Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)  
Apr. 2004 Took office as Managing Director, Chief Risk Officer / Head of Risk Management Group, and Chief Human Resources Officer / Head of Human Resources Group of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)  
Mar. 2005 Retired from Mizuho Corporate Bank, Ltd.  
Apr. 2005 Joined Yamato Transport Co., Ltd. (currently Yamato Holdings Co., Ltd.)  
Jun. 2005 Took office as Managing Director of Yamato Transport Co., Ltd. (currently Yamato Holdings Co., Ltd.)  
Nov. 2005 Took office as Representative Managing Director of Yamato Holdings Co., Ltd.  
Apr. 2006 Took office as Representative Director and Managing Executive Officer of Yamato Holdings Co., Ltd.  
Jun. 2006 Took office as Representative Director and Senior Managing Executive Officer of Yamato Holdings Co., Ltd.  
Mar. 2007 Took office as Representative Director and Executive Officer of Yamato Holdings Co., Ltd.  
Took office as Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.  
Apr. 2011 Took office as Representative Director, President and Executive Officer of Yamato Holdings Co., Ltd.  
Apr. 2015 Took office as Chairman of the Board and Representative Director of Yamato Holdings Co., Ltd.  
Jun. 2016 Took office as Director of the Company (current)  
Apr. 2018 Took office as Director and Chairman of Yamato Holdings Co., Ltd.  
Jun. 2019 Special Advisor of Yamato Holdings Co., Ltd. (current)



## Corporate Governance

### Audit & Supervisory Board



Standing Audit & Supervisory Board Member  
**Kosuke Yamane**

Apr. 1981 Joined the Company  
Accounting Section, Administration Department of Awazu Plant  
Aug. 1991 Touche Ross & Co, UK (until July 1992)  
Mar. 1999 Financial Officer, Komatsu Asia & Pacific Pte Ltd. (until March 2003)  
Apr. 2003 General Manager of Corporate Communications & Investor Relations Department of the Company  
Apr. 2004 General Manager of Corporate Communications Department  
Jan. 2006 General Manager of Finance & Treasury Department  
Apr. 2008 General Manager of e-KOMATSU Technical Center  
Apr. 2011 Took office as Executive Officer  
President of Information Strategy Division  
Jun. 2016 Took office as Standing Audit & Supervisory Board Member (current)



Standing Audit & Supervisory Board Member  
**Hironobu Matsuo**

Apr. 1982 Joined the Company  
Accounting Section, Administration Department of Osaka Plant  
Dec. 1992 Hanomag AG (currently Komatsu Germany GmbH) (until Oct. 1995)  
Oct. 1995 Komatsu Baumaschinen Deutschland GmbH (until Jul. 1997)  
Jan. 2006 Vice President of Komatsu (China) Ltd. (until Apr. 2008)  
Apr. 2008 General Manager of Corporate Controlling Department of the Company  
Jun. 2012 General Manager of Internal Auditing Department  
Apr. 2013 Took office as Executive Officer  
Jun. 2017 Took office as Standing Audit & Supervisory Board Member (current)



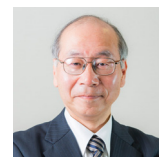
Outside Audit & Supervisory Board Member  
**Hirohide Yamaguchi**

Apr. 1974 Joined the Bank of Japan  
Oct. 2008 Took office as Deputy Governor of Bank of Japan  
Mar. 2013 Retired from Bank of Japan  
Jul. 2013 Took office as Chairman of the Advisory Board of Nikko Financial Intelligence, Inc. (currently Nikko Research Center, Inc.) (current)  
Jun. 2014 Took office as Audit & Supervisory Board Member of the Company (current)



Outside Audit & Supervisory Board Member  
**Eiko Shinotsuka**

Apr. 1993 Took office as Professor at Ochanomizu University  
Apr. 2008 Took office as Professor emeritus at Ochanomizu University (current)  
Jun. 2015 Took office as Audit & Supervisory Board Member of the Company (current)



Outside Audit & Supervisory Board Member  
**Kotaro Ohno**

Apr. 1976 Appointed as Prosecutor  
Jul. 2009 Took office as Vice-Minister of Justice  
Jul. 2012 Took office as Superintending Prosecutor of Tokyo High Public Prosecutors Office  
Jul. 2014 Took office as Prosecutor-General of Supreme Public Prosecutors Office  
Sep. 2016 Retired from the position of Prosecutor-General of Supreme Public Prosecutors Office  
Nov. 2016 Attorney at law, Special Counsel of Mori Hamada & Matsumoto (current)  
Jun. 2017 Took office as Audit & Supervisory Board Member of the Company (current)

(As of June 30, 2019)

### Audit & Supervisory Board Members

Audit & Supervisory Board Members attend important meetings such as meetings of the Board of Directors, Strategy Review Committee, Compliance Committee, and Risk Management Committee, visit and inspect offices and plants of the Company and its subsidiaries in Japan and overseas, exchange opinions with the representative directors, other Directors and Audit & Supervisory Board Members, and management of the Company and its main subsidiaries, and hold liaison meetings and individual interviews with the standing Audit & Supervisory Board Members of subsidiaries in Japan. Through these activities, they monitor the upgrading and implementation status of the internal control system.

They also periodically exchange opinions with the Internal Auditing Department and the Accounting Auditors and maintain close contact to enhance the effectiveness of audits.

The Company has allocated the required employees to the Office of Corporate Auditors' Staff to assist the Audit & Supervisory Board Members in their duties, and allocates, and appropriately manages and executes, a budget to cover the anticipated expenses necessary for execution of the Audit & Supervisory Board Members' duties based on the audit plan.

### Komatsu's Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

The Company emphasizes independence when selecting Outside Directors and Outside Audit & Supervisory Board Members, and has therefore established its own "Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members." In addition, through its departments engaged in business transactions with the companies where candidates for Outside Board Members are concurrently employed (or execute business thereof), the Company reviews the business relationship of these companies by making direct inquiries to the concerned companies and implementing other means, thereby evaluating their independence from the Company.

#### Basic Stance

Independent Outside Board Members are defined as Outside Board Members who have no potential conflict of interest with ordinary shareholders of the Company. In the event that they are critically controlled by the top management of the Company or they can critically control the top management of the Company, they are deemed to have a conflict of interest with ordinary shareholders of the Company. Therefore, the Board of Directors determines that they have no independence from the Company.

### Major Activities of Outside Directors and Outside Audit & Supervisory Board Members in FY2018

#### Outside Directors

Name	Attendance to the Meetings	Details of Major Activities
<b>Masayuki Oku</b>	<b>Meeting of the Board of Directors 100%</b> (15 meetings out of the 15 meetings held)	Mr. Masayuki Oku previously served as Representative Director of Sumitomo Mitsui Banking Corporation. During FY2018, based on his rich experience in the business world, he provided comments at meetings of the Board of Directors concerning such issues as valuation indicators for the mid-term management plan, growth strategies following M&A activities, and financing. In addition, he was a member of the Company's Human Resource Advisory Committee and Compensation Advisory Committee.
<b>Mitoji Yabunaka</b>	<b>Meeting of the Board of Directors 100%</b> (15 meetings out of the 15 meetings held)	Mr. Mitoji Yabunaka previously served as Vice-Minister for Foreign Affairs. During FY2018, based on his standpoint as a specialist in international affairs, he provided comments at the meetings of the Board of Directors concerning such issues as projection of demands in the mid-term management plan, trade policies in various countries, and country risk. In addition, he was a member of the Company's Human Resource Advisory Committee.
<b>Makoto Kigawa</b>	<b>Meeting of the Board of Directors 100%</b> (15 meetings out of the 15 meetings held)	Mr. Makoto Kigawa previously served as Representative Director at both Yamato Holdings Co., Ltd., and Yamato Transport Co., Ltd. During FY2018, based on his rich experience in the business world, he provided comments at the meetings of the Board of Directors concerning such issues as target and execution of the mid-term management plan, the ICT strategy for SMARTCONSTRUCTION, and inventory control on a global basis. In addition, he was a member of the Company's Human Resource Advisory Committee.

#### Outside Audit & Supervisory Board Members

Name	Attendance to the Meetings	Details of Major Activities
<b>Hirohide Yamaguchi</b>	<b>Meeting of the Board of Directors 100%</b> (15 meetings out of the 15 meetings held) <b>Meeting of the Audit &amp; Supervisory Board 100%</b> (15 meetings out of the 15 meetings held)	Mr. Hirohide Yamaguchi previously served as Deputy Governor of the Bank of Japan. During FY2018, based on his professional standpoint, he provided comments at the meetings of the Audit & Supervisory Board and the meetings of the Board of Directors concerning such issues as overseas economic trends, governance of Komatsu Group and audit frameworks. In addition, he was a member of the Company's Compensation Advisory Committee.
<b>Eiko Shinotsuka</b>	<b>Meeting of the Board of Directors 100%</b> (15 meetings out of the 15 meetings held) <b>Meeting of the Audit &amp; Supervisory Board 100%</b> (15 meetings out of the 15 meetings held)	Ms. Eiko Shinotsuka possesses wide-ranging knowledge and experience in fields such as economics, labor relations and law. During FY2018, based on her professional standpoint, she provided comments at the meetings of the Audit & Supervisory Board and the meetings of the Board of Directors concerning such issues as human resource development with global perspective, diversity and risk management. In addition, she was a member of the Company's Compensation Advisory Committee.
<b>Kotaro Ohno</b>	<b>Meeting of the Board of Directors 100%</b> (15 meetings out of the 15 meetings held) <b>Meeting of the Audit &amp; Supervisory Board 93%</b> (14 meetings out of the 15 meetings held)	Mr. Kotaro Ohno possesses rich experience in the legal profession. During FY2018, based on his professional standpoint, he provided comments at the meetings of the Audit & Supervisory Board and the meetings of the Board of Directors concerning such issues as legal risk, internal reporting system and strategy for intellectual properties. In addition, he was an observer of the Company's Compliance Committee.

#### Independence Standards (Excerpt)

Based on the basic stance above, the Board of Directors determines an Outside Board Member who is listed below has no independence from the Company.

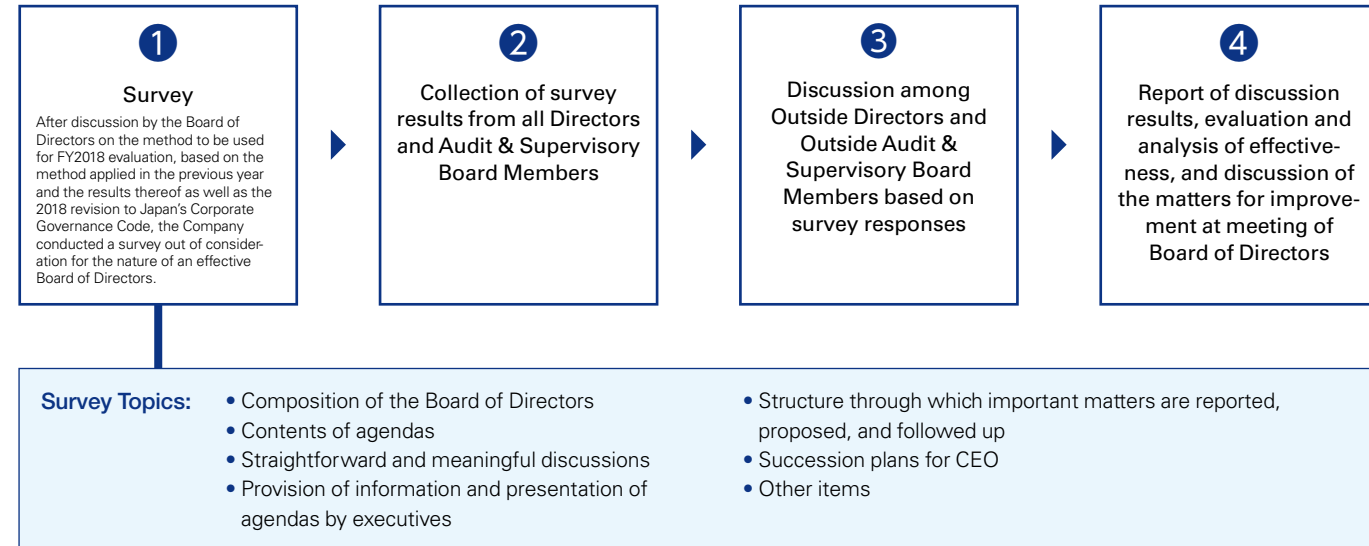
- Person engaged in transactions or execution of business with the Company or its subsidiary as his/her major business partner (This is applicable to a business partner or a person engaged in business execution with the Company or its subsidiary, and the Company or its subsidiary can give significant influence on decision making of the concerned partner or person.)
- Main business partner of the Company or person engaged in business execution thereof (This is applicable to a business partner or a person engaged in business execution with the Company, and the concerned business partner or person engaged in business execution thereof can give significant influence on the Company's decision making.)
- Consultant(s), certified public accountant(s), lawyer(s) or other professional(s) obtaining large amounts of money or other financial benefits, other than remunerations of Outside Board Members of the Company (when such financial benefits are obtained by an incorporated entity, this matter applies to a person belonging to such organization.)
- Person who is applicable to any of 1) through 3) above for last one year
- Spouse or a relative in second degree of an important person among the following persons (person engaged in business execution of subsidiaries of the Company, etc.)

# Corporate Governance

## Evaluation of the Effectiveness of the Board of Directors

Komatsu is working to improve the effectiveness of the Board of Directors and performs annual evaluations and analyses of the effectiveness of the Board of Directors for this reason.

### Evaluation Process



## Overview of Results of FY2018 Evaluation

The assessment shows a generally high level of achievement for each item and confirms that there were no serious problems concerning the effectiveness. As in the case of the previous survey, the Company received excellent evaluations for monthly reports by the President himself in Board meetings. The Company also enjoyed high marks for new efforts, such as improved diversity of the Board with a female inside director, the holding of the Board meeting at Komatsu Mining Corp. (acquired in 2017) as part of Board of Directors' visit and discussions and reviews held four times by the Board when the Company was developing the new mid-term management plan.

With respect to the conducting of Board meetings, there were a few suggestions for improvement. The Company will make those improvements and work to make the Board of Directors further effective in the future.

### Succession Plans

One of the items that has been contained in the Code of Conduct for Leadership/Top Management described in the KOMATSU Way since its establishment in 2006 is "continue to think about your succession plan." The KOMATSU Way positions the cultivation of management successors as an important task that can only be entrusted to top management. Members of top management are thus expected to always have clearly defined successors and to take steps to foster within these successors the capacity to identify the underlying causes of issues by providing them with opportunities to experience and gain understanding of various work sites.

The Human Resource Advisory Committee, which comprises the chairman of the Board, the president, and outside directors, consistently engages in discussions regarding the selection and cultivation of candidates for positions as next the president (CEO) and the next president (CEO) to follow.

## Remuneration Systems

In an effort to maintain an objective and transparent remuneration system, the policy and levels of remuneration for Directors and Audit & Supervisory Board Members of the Company are deliberated by the Compensation Advisory Committee. Taking its reports and recommendations into consideration, the remuneration for Directors is determined by the Board of Directors, and the remuneration for Audit & Supervisory Board Members is determined by discussions by the Audit & Supervisory Board Members, respectively, within the range previously determined by resolution of the General Meeting of Shareholders. With regards to remuneration levels, their comparison by position at other key, globally active manufacturers in Japan is made by the Compensation Advisory Committee and is reflected in its reports and recommendations. The remuneration for Directors excluding the Outside Directors (hereinafter "Internal Director") comprises basic remuneration (fixed remuneration) and performance-based remuneration linked to the Company's consolidated performance for a single fiscal year (bonus in cash and the Stock-Based

Remuneration A) as well as the performance-based remuneration (Stock-Based Remuneration B) that will reflect the degree of achievement of the targets raised in the mid-term management plan, so that it will further contribute to the enhancement of the medium- and long-term corporate value of the Company, by linking the remuneration. The remuneration for Outside Directors only consists of basic remuneration (fixed remuneration) designed to support their role to make recommendations with respect to the overall management of the Company as a member of the Board of Directors. Furthermore, the remuneration for Audit & Supervisory Board Members only consists of basic remuneration (fixed remuneration) designed to support their independent position with authority to audit the execution of duties by Directors without getting fettered by the movements of corporate performance of the Company. The retirement allowance system for Directors and Audit & Supervisory Board Members was terminated as of June 2007.

### Composition of Remuneration of Directors and Audit & Supervisory Board Members

	Basic Remuneration (Fixed Remuneration)	Performance-Based Remuneration for a Single Year (Monthly Remuneration x 0-24 months)		Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan (Monthly Remuneration x 0-3 months)
<b>Internal Directors</b>	Monthly remuneration x 12 months	Bonus in Cash (2/3, in principle)*	Stock-Based Remuneration A (1/3, in principle) Restricted Stocks	Stock-Based Remuneration B Restricted Stocks
<b>Outside Directors and Audits</b>	Monthly remuneration x 12 months	← Not influenced by Company performance		

\* The upper limit for Bonus in Cash is set at 12 months' worth of monthly remuneration; the remainder of bonuses is to be paid as Stock-Based Remuneration A.

### Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan

The Company will pay Internal Directors the equivalent of a three-month portion of monthly remuneration every fiscal year as remuneration linked to the period of the Company's Mid-Term Management Plan by granting restricted stock as stock-based remuneration, after the expiry of the period of the mid-term management plan, the number of shares on which to lift transfer restrictions (within range of 0-100%) will be decided based on the achievement of the management targets of the Mid-Term Management Plan and as a general rule, the restriction of transfer on the shares will be lifted after three years from delivery.

### Management Targets, Valuation Bases and Valuation Indicators in Previous Mid-Term Management Plan (FY2016-FY2018)

Management Targets	Valuation Bases and Valuation Indicators
Growth (Aim at a growth rate above the industry's average)	Comparison of growth rate of consolidated sales with those of major competitors*1
Profitability (Aim at the industry's top-level operating income ratio)	Comparison of consolidated operating income ratio with those of major competitors*1
Efficiency (Aim at 10%-level ROE)	Achievement of a consolidated ROE of 10% or More
Financial Position (Aim at the industry's top-level financial position)	Comparison of net debt-to-equity ratio*2 with those of major competitors*1
Management focused on ESG (Environment, Social and Corporate Governance)	Achievement rate of targets in respect of mid-term ESG activities

\*1 Relative comparison with domestic and foreign major competitors in the same industry

\*2 Net debt-to-equity ratio = (Interest-bearing debt - Cash and cash equivalents - Time deposits) / Shareholders' equity of the Company

## Corporate Governance

### Risk Management

While continuing to make efforts to raise its corporate value, the Company recognizes the problems related to legal compliance, environment, product quality, disasters and information security in particular, and other matters, as major risks for continuous growth and has been thus implementing the following countermeasures.

- 1) The Company shall establish "Risk Management Rules" to correctly recognize and manage risk. In accordance with the rules, the Company has appointed personnel in charge of individual risks, further promoting the build-up of a solid foundation for risk management.
- 2) The Company shall establish Risk Management Committee to devise risk management policies of Komatsu, evaluate risk

- measures in place, and take control of risks when they emerge. The Risk Management Committee regularly reports its reviews and activities to the Board of Directors.
- 3) The Company shall establish an emergency headquarters when serious risks emerge, and work to minimize damage(s) and implement appropriate measures.

In FY2018, the Risk Management Committee met twice a year. The Committee evaluated status of implementation of risk measures and worked to prevent risks from surfacing. It also reported on its reviews and activities to the Board of Directors. The Committee also worked to improve the risk management systems on a group worldwide basis including at subsidiaries.

### Compliance

The Company shall establish the "Compliance Committee" as Komatsu to oversee compliance, and the Committee regularly reports its reviews and activities to the Board of Directors. The Company shall also establish a system to ensure all Directors and employees thorough compliance to business rules as well as laws and regulations through a variety of measures, including the provision of "Komatsu Code of Worldwide Business Conduct," appointment of the Executive Officer in charge of compliance, and establishment of the Compliance Department. Through all of these, we work to supervise, educate and train Directors, Audit & Supervisory Board Members and employees.

In addition, the Company shall establish the internal reporting system where those who are discretely reporting questionable actions in light of laws and regulations and business rules will not be given any disadvantageous treatment.

The Compliance Committee conducts various activities, such as revising the Komatsu Code of Worldwide Business Conduct, providing various education and disseminating information, and upgrading and operating internal reporting system. It also reports on its reviews and activities to the Board of Directors. The Compliance Committee met twice in FY2018. The Committee also conducted a "visualization survey" of latent risks. Monthly publication of the Company bulletin "Compliance for Everyone" continued into its 14th year. The Committee also conducts periodic audits with regard to major compliance risks and strives to prevent them from surfacing.

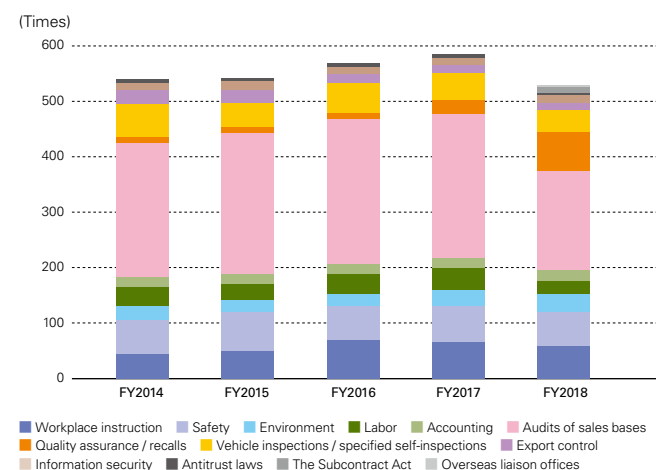
### Compliance and Risk Audits

As a part of its risk management activities, Komatsu has been conducting compliance and risk audits (CR audits) since FY2008. These audits cover areas not included in the J-SOX audits.\* CR audits also seek to identify latent compliance risks, with a particular focus on confirming and evaluating the status of legal compliance.

Through these audits, we strive to raise the control and compliance awareness levels at each company and in every department. Going forward, we aim to improve our case-by-case audit methods and raise the operational level of CR audits as a part of risk management functions.

\* Audits conducted in accordance with the Financial Instruments and Exchange Act of Japan to evaluate internal controls related to financial reporting

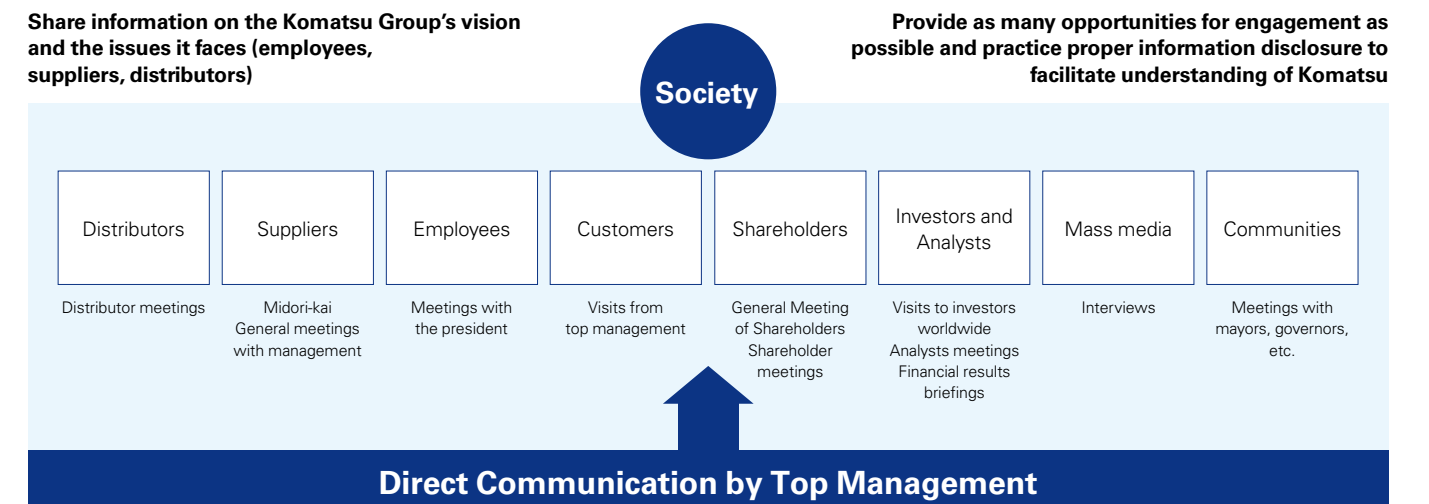
Implementation Status of Compliance and Risk Audits



### Stakeholder Engagement

In order to gain more trust from all stakeholders, the Company is strengthening corporate governance and top management is practicing direct engagement with stakeholders.

#### Corporate Value = Total Sum of Trust Given to Us by Society and All Stakeholders



### Major Investor Relations Activities in FY2018

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.

**For Shareholders and Individual Investors**

- Shareholder meetings (2 times)
- Factory tours for shareholders (10 times)
- Individual investor meetings (9 times)
- Gifts of appreciation for long-term shareholders

**Homepage**

- Financial information
- Financial results briefings
- Sales and profits gains reports
- Quarterly reports, etc.
- Web interviews with the president (4 times)
- KOMATSU REPORT, etc.

**For Institutional Investors**

- Financial results briefings (4 times)
- Small meetings (8 times)
- Business briefings (2 times)
- Business site tours (1 time)
- Overseas investor relations activities (5 times; approx. 80 companies)
- Individual meetings (over 250)
- Visits to overseas business sites (21 times)



# Executive Officers and Global Officers

(as of June 30, 2019)

## Executive Officers

### Senior Executive Officer (*Senmu*)

#### Yuichi Iwamoto

Chief Technology Officer (CTO)  
Supervising Research & Development  
and Environment

### Senior Executive Officers (*Jomu*)

#### Ichiro Nakano

Vice President, Development Division

#### Susumu Ueno

President, Japanese Domestic Marketing,  
Construction Equipment Marketing Division

#### Masaki Nobuhara

President, Production Division

#### Taiichiro Kitatani

Vice President, Construction Equipment  
Marketing Division  
General Manager, ICT Project Department

#### Naoki Fujita

Supervising Industrial Machinery Business

#### Seiichi Fuchita

President, Development Division

#### Yoshiharu Sato

President, Quality Assurance Division

#### Kazuya Kuriyama

President, Procurement, Production Division

#### Hiroyuki Terada

Vice President, Production Division (Responsible  
for Parts & Reman)

### Executive Officers

#### Keiko Fujiwara

General Manager, Department for Promotion  
of Distributor HR Development, Construction  
Equipment Marketing Division  
General Manager, Business Reform Department,  
Construction Equipment Marketing Division

#### Akihiko Nakazawa

General Manager, Komatsu Economic Strategy  
Research Center  
Assistant to President, Construction Equipment  
Marketing Division

#### Chikashi Shike

President, Smart Construction Promotion  
Division

#### Yasuo Suzuki

Ibaraki Plant Manager, Production Division

#### Yuushi Oshikawa

Vice President, Development Division  
General Manager, Future Mining Equipment  
Development Department

#### Taisuke Kusaba

General Manager, Vehicle Development Center 3,  
Development Division

#### Kazuaki Miura

Vice President, Japanese Domestic Marketing,  
Construction Equipment Marketing Division  
President, Komatsu Customer Support Japan Ltd.

#### Takeshi Horikoshi

Chief Financial Officer (CFO)

#### Nozomu Okamoto

Awazu Plant Manager, Production Division

#### Masami Naruse

General Manager, Vehicle Development Center  
1, Development Division

#### Koichi Honda

General Manager, Human Resources  
Department

#### Yasuji Nishiura

Vice President, Mining Business Division  
General Manager, Marketing Department, Mining  
Business Division

#### Takuya Imayoshi

General Manager, Business Coordination  
Department

#### Kosei Okamoto

General Manager, Vehicle Development Center  
2, Development Division

#### Kenichi Tanaka

President, Defense Systems Division

#### Shinji Maeda

President, Information Strategy Division

#### Norikatsu Nishiyama

Himi Plant Manager, Production Division

#### Hiroshi Makabe

Supervising Legal, General Affairs & Compliance

#### Mitsuko Yokomoto

General Manager, General Affairs Department  
Responsible for Risk Management

#### Hidefumi Obikane

Oyama Plant Manager, Production Division

#### Toru Sunada

President, Service Division, Construction  
Equipment Marketing Division

#### Hiroyuki Umeda

President, Product Marketing Division

#### Takayuki Furukoshi

Osaka Plant Manager, Production Division

## Executive Officers (Global) Note: Executive officers overseas concurrently serve as global officers.

### North America

#### Senior Executive Officers

#### Rodney Schrader

Chairman & CEO, Komatsu America Corp.

#### Jun Ohshima

Executive Vice President and President, North  
America R&D Division, Komatsu America Corp.

#### Jeffrey Dawes

President & CEO, Komatsu Mining Corp.  
Vice President, Mining Business Division

#### Korekiyo Yanagisawa

EVP & COO, Komatsu Mining Corp.

#### Executive Officers

#### Hideyuki Takatsuki

President & COO, Komatsu America Corp.

#### Gary Kasbeer

Executive Vice President and CFO,  
Komatsu America Corp.

### Latin America

#### Senior Executive Officer

#### Yasushi Sakano

Representative of All Latin America\* Operations  
President, Komatsu Cummins Chile Ltda.  
President & CEO, Komatsu Holding South  
America Ltda.

\* "Latin America" does not include Brazil.

### Europe

#### Senior Executive Officer

#### Mitsuru Ueno

President and CEO, Komatsu Forest AB

#### Executive Officer

#### Masatoshi Morishita

President and CEO, Komatsu Europe  
International N.V.

### Asia/Oceania

#### Executive Officer

#### Pratjojo Dewo S.

President, PT Komatsu Indonesia

### China

#### Senior Executive Officer

#### Yasuhiro Inagaki

Representative of All China Operations  
Chairman, Komatsu (China) Ltd.

#### Executive Officers

#### Quanwang Zhang

President & CEO, Komatsu (China) Ltd.

#### Takashi Yasukawa

President, Production & Procurement Division,  
Komatsu (China) Ltd.

## Global Officers

### North America

#### Peter Salditt

President, Underground and Hard Rock Mining,  
Komatsu Mining Corp.

#### John Koetz

President, Surface Mining, Komatsu Mining  
Corp.

#### Jorge Mascena

President & CEO, Modular Mining Systems, Inc.

#### John Fiedler

President, Hensley Industries, Inc.

### Europe

#### Paul Blanchard

Managing Director, Komatsu UK Ltd.

#### Ralf Petzold

President and MD, Komatsu Germany GmbH

#### Göksel Güner

Executive Vice President, Komatsu Germany  
GmbH

President, Construction Division, Komatsu  
Germany GmbH

#### Enrico Prandini

Managing Director, Komatsu Italia Manufacturing  
S.p.A.

### Asia/Oceania

#### Somsak Techacheewapong

President, Bangkok Komatsu Co., Ltd.

#### Sean Taylor

Managing Director, Komatsu Australia Pty. Ltd.

### China

#### Fangchang Liu

President, Komatsu (Shandong) Construction  
Machinery Corp.

#### Dechun Tian

President, Komatsu Shantui Construction  
Machinery Co., Ltd.

### Africa

#### Michael Blom

Managing Director, Komatsu South Africa  
(Pty) Ltd.