

Resolution of ESG Issues

# Developing People

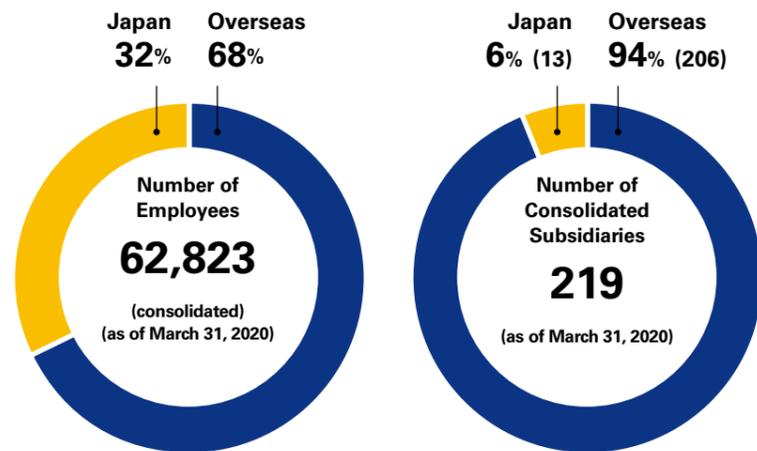
Founder Meitaro Takeuchi established Komatsu Ltd. in Komatsu City, Ishikawa Prefecture roughly a century ago. Having witnessed Europe's cutting-edge technologies at that time, Takeuchi put forth the four management principles of global expansion, quality first, technological innovation, and human resource development. The commitment to the development of human resources, an invaluable asset to Komatsu, lives on in the Company today.



Komatsu Technical Institute lesson

## Employees Supporting Komatsu as a Global Company

Komatsu develops its operations around the world, and approximately 70% of its employees are not Japanese. Accordingly, developing human resources that are rooted in the communities they serve while promoting mutual acceptance of the values and cultures of various countries and regions is becoming increasingly important. Operations around the world must be instilled with Komatsu's manufacturing competitiveness, which includes the values that support Komatsu and the workplace improvement, driven by employees.



## The KOMATSU Way



The KOMATSU Way is the very DNA of Komatsu, an expression of the strengths of Komatsu, the beliefs supporting these strengths, the basic attitudes, and patterns of behaviors established based on the experiences of our predecessors as they proceeded to tackle the challenges facing them.

Komatsu seeks to develop its operations on a global scale and to become a stronger company and grow. To accomplish these objectives, it will be crucial for us to transmit the KOMATSU Way to employees with different cultures and customs around the world and to implement these principles in a manner that aligns employees along the same vector. To spread understanding of the KOMATSU Way among all employees worldwide, we published the third edition of the K-Way booklet in 2019. This booklet is being utilized in human resource development through training programs, improvement activities, and daily communication.

### 1 Leadership/Top Management

Leaders must be directly involved in the workplaces and manage businesses with an emphasis on contributing to the entire Group, including distributors and suppliers. We have also defined guidelines for leaders related to actively engaging in regular board meetings, communicating with stakeholders, complying with rules of the business community, managing risks, and grooming successors for management positions.

### 2 "Monozukuri" for All Employees

Komatsu aims to pass on the manufacturing competitiveness, perspectives, and values that, based on total quality management, have continued to drive Komatsu's competitiveness and support its growth. We look to transmit these principles through a joint effort encompassing all internal divisions as well as our suppliers, distributors, and other partners and to continue promoting involvement by all of these parties.

### 3 Brand Management (Customer Value Creation Activities)

Komatsu defines "Brand Management" as all the activities that "make Komatsu indispensable to our customers." This objective is accomplished by visiting customer workplaces to understand the ideal state of these customers and to build relationships that enable us to work together with them to help achieve their goals through concerted efforts by the Group and its distributors.

## Diversity & Inclusion Development Seminar for Cultivating Female Leaders on a Global Basis

In March 2019, a Diversity & Inclusion Development Seminar was held for female managers at Komatsu and at local overseas subsidiaries, and 15 individuals from 12 countries took part. Through this seminar, we hope that participants will deepen their understanding of the history of Komatsu, the KOMATSU Way, and management strategies, and become leaders promoting diversity initiatives at their companies.



Discussion between participants and senior management

## Komatsu Technical Institute for Fostering Production Engineers

The Komatsu Technical Institute is an internal boarding school system that offers a program for fostering the distinctive production engineers that underpin our manufacturing competitiveness. At the Komatsu Technical Institute, junior engineers selected from the production sites of Group companies and affiliates take part in a structured, two-year education program while stimulating mutual growth through communal living. A new training facility was completed in February 2020, and it was also at this time that we began accepting employees from overseas subsidiaries into this program. As a result, the Komatsu Technical Institute now offers an even more diverse environment for cultivating future global production leaders.



New Komatsu Technical Institute training facility at the Awazu Plant

## AI Education for Developing Key Personnel for AI Field Coordination

Looking ahead, it can be anticipated that there will be growth in opportunities for business coordination with external partners in the field of artificial intelligence (AI). Based on this recognition, Komatsu launched dedicated programs for cultivating key personnel in the AI field in 2019. Through the basic and advance programs, we are working to heighten the AI technological capabilities of our staff, foster key personnel in the field, identify pertinent themes from customer-oriented and business perspectives, and develop human resources capable of playing a central leadership role in internal and external coordination.

### Requirements of Key AI Coordination Personnel



## VOICE Message from the General Manager of the Human Resources Department

The ongoing growth of a company is driven by its people, or its employees, and these people are thus its most important resource.

A basic policy of human resource development at Komatsu is that senior managers and other leaders are expected to foster their successors and other human resources capable of competing on the global stage through their own actions.

At the same time, we are constantly working to improve group-wide GEMBA capability (employee-driven, continuous improvement capability) and support the career development efforts of individual employees. These efforts are carried out through a diverse range of human resource development and personnel rotation programs advanced on a global scale.

In recent years, employees of non-Japanese nationality have come to represent around 70% of our total employee base. In reflection of this fact, creating an environment where globally diversified employees can work together as one solid team and make contributions to business growth has been positioned as a central tenet of our human resource strategies under the current mid-term management plan, and various initiatives are being implemented accordingly.

Specifically, we are focused on the following four areas:

1. Enhancing global measures for recruiting and cultivating talented personnel and managing staff (visualization of human resources)
  2. Increasing diversity and empowering female employees (increasing ratio of female employees and ratio of female managers)
  3. Improving employee health, engagement, and productivity through work-style reforms
  4. Addressing birthrate decline and population aging in Japan
- In these areas, we are looking to heighten our capabilities across the

Group, including at overseas Group companies.

The global COVID-19 pandemic is spreading uncertainty of an unprecedented degree. We are therefore pressed to make decisions and act swiftly and flexibly in response to an ever-changing environment.

Currently, a large number of our employees are being forced to telecommute. Regardless, we are maintaining close coordination with our colleagues around the world to remain up-to-date on the latest information. The health and safety of all of our employees and their families remains our top priority throughout this process.

Meanwhile, on the front lines of business, our strength in enacting policies is being utilized to its fullest as middle managers play a central role in amassing the capabilities of the relative divisions to resolve the issues and problems faced at customer workplaces.

Over the roughly one century since its founding, Komatsu has continued to surmount countless trials, growing rapidly in the process. The global COVID-19 pandemic presents a need for constant vigilance going forward. Still, I am confident that, with the KOMATSU Way sculpted by our forebears and the principles of SLQDC (Safety, Law, Quality, Delivery, and Cost) as our guide, we can come together to overcome this challenge as well.



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