

Quality and Reliability

In order to be a company that is trusted by its customers, Komatsu is undertaking activities that fulfill its corporate social responsibility regarding product quality and product safety.

In Pursuit of Quality and Reliability

Komatsu pursues Quality and Reliability and considers the maximization of corporate value as the fundamental principle of its business. This Quality and Reliability is considered something that increases as it gains the trust of all the company's stakeholders, most notably its customers, in accordance with the Five Guidelines that comprise Komatsu's Basic Managerial Policy (see P. 3). In order to achieve this, Quality and Reliability must be at the top of its Management Principles, and it is important for it to be pursued through the active involvement of all employees of the Komatsu Group.

Promotion of the Spirit of Manufacturers

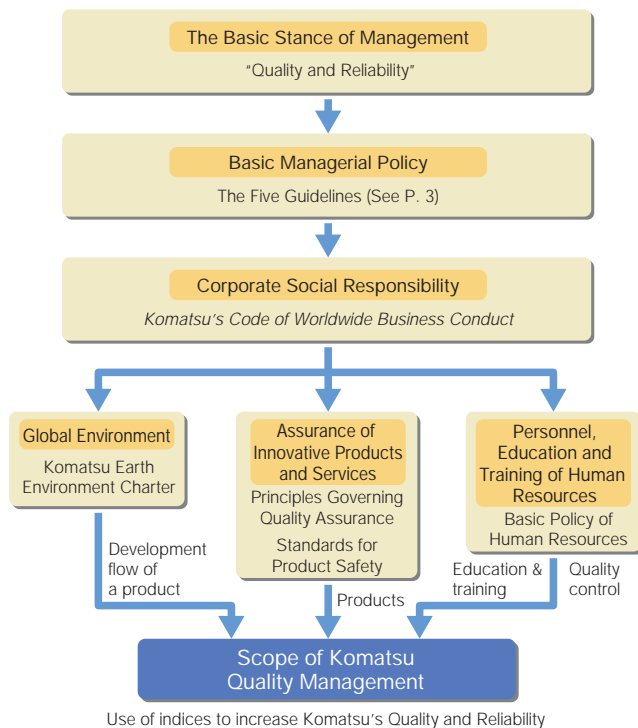
For Komatsu, a manufacturer, the Spirit of Manufacturers serves as the source of its competitive edge. This Spirit of Manufacturers that the Komatsu Group pursues is the provision of goods and services that bring satisfaction to its customers. This Spirit provides an ongoing challenge to all employees, from research and development personnel to sales and after-sales service providers, to manufacture safe and innovative products. At the same time, throughout all phases of a product's lifecycle, environmental friendliness is deemed important.

Regarding Quality Assurance

Fundamental Approach to the Pursuit of Quality Management

For Komatsu, putting the customer first constitutes one of its Basic Managerial Principles, and all divisions are responsible for putting this principle into practice, whether development, manufacturing, sales, after-sales service, or management. Komatsu considers a continuous process of reform and improvement to be fundamental. The scope of Komatsu's quality management is as indicated below. The company uses indices to promote such management.

■ Scope of Komatsu Quality Management



Principles Governing Quality Assurance

Komatsu has established the following principles regarding quality, which all subsidiaries and employees are responsible for putting into practice.

Principles that Increase Quality and Reliability

Provide environment-friendly, safe and innovative products/services and systems from the viewpoint of our customers.

Definition of Quality Assurance

The company has a responsibility to take actions that will ensure that it can provide products and services that the customer is able to purchase and use with peace of mind and satisfaction and be able to use for many years to come.

Principles Governing Quality Assurance

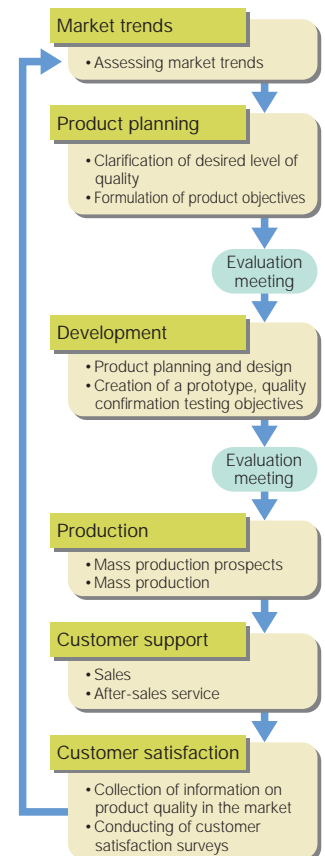
- (1) Being receptive to the views of the customer, considering issues from the perspective of the customer, and responding appropriately to the customer, thereby earning the customer's satisfaction, are fundamental to the job of every employee and constitute the responsibility of every employee. (Philosophy of putting customers first).
- (2) Complying with international standards and the legal frameworks particular to individual countries as a matter of course, and providing products and services that, looking at issues from the perspective of the customer, have incorporated proper regard for safety and peace of mind and that do not easily malfunction, are fundamental to the job of every employee and constitute the responsibility of every employee.
- (3) Providing products and services that incorporate proper regard for global environmental conservation is fundamental to the job of every employee and constitute the responsibility of every employee.
- (4) Providing products and services that are creative and provide benefits to the customer is fundamental to the job of every employee and constitute the responsibility of every employee.
- (5) Giving the customer a sense of safety, peace of mind, and satisfaction and the ability to use the product for many years to come is a source of happiness for every employee.

Mechanisms for Quality Assurance

At Komatsu, all employees in each division, from product planning to development, production, sales, and after-sales service, share a sense of working as a single unit to manufacture continuously products that are safe, innovative, and of high quality. In addition, through a strengthening of Komatsu's unique Spirit of Manufacturers system, the company is able to introduce to the market competitive DANTOTSU products and provide services and systems with substantial features.

Moreover, at each step of the development and production system, meetings are held to evaluate the product, and activities undertaken until the product is deemed to be suitable and specific objectives have been achieved. In this way, the company conducts quality assurance activities that firmly ensure Quality and Reliability.

Through such activities the company is able to provide products and services that take the global environment into account and comply with both international specifications and the regulatory frameworks of individual countries even as it works towards improved safety assurance and satisfaction for its customers.



Quality Assurance Activities at the Global Level

Komatsu's quality assurance activities at the global level enable it to provide products of uniform quality at all of its locations throughout the world. For that reason, the company aims for universally applied and uniform technical drawings, production systems, inspection methods, information collection, and quality management.

Concrete efforts include labeling certain of the global manufacturing locations with product development capabilities as "mother plants." These plants serve at the center of global development and manufacturing activities, with the leading-edge technologies and techniques developed there transferred to other manufacturing locations around the world. This results in an improvement of technology and enhancement of product quality across the entire company.

Promotion of Product Safety to Ensure Customer Safety and Peace of Mind

In order for Komatsu's customers to be able to use its products safely and with peace of mind, the company puts safety and peace of mind at the forefront in its quality assurance activities. By formulating Standards for Product Safety and associated Principles and having all employees comply with them, Komatsu aims to provide products that are safe, provide peace of mind, and are used for many years.

Information System for Product Safety and Services

In order to get information at as early a time as possible regarding problems with product safety in the marketplace, Komatsu has established an accident information system for product safety and conducts rapid responses to issues. Furthermore, it continuously makes improvements so that the company, including top management, can respond quickly through coordinated efforts, including (1) assessments of the cause of the incident and procedures to be taken, (2) contacting the relevant governing authorities, (3) deciding to take remedial measures such as conducting a recall of products still on the market.

Principles Governing Quality Assurance (Regarding product safety)
 Complying with international standards and the legal frameworks particular to individual countries as a matter of course, and providing products and services which, looking at issues from the perspective of the customer, have incorporated proper regard for safety and peace of mind and that do not easily malfunction, are fundamental to the job of every employee and constitute the responsibility of every employee.

Standards for Product Safety

- (1) Compliance**
 The provision of products and services that comply with international standards and the legal frameworks particular to individual countries is fundamental to the job of every employee and constitutes the responsibility of every employee.
- (2) Safety via prevention**
 The provision of products and services that are safe and provide peace of mind and do no harm to the customer is fundamental to every employee and constitutes the responsibility of every employee.

- (3) Security regarding accidents**
 The provision of products and services that minimize any injury that might occur to a customer who has an accident is fundamental to every employee and constitutes the responsibility of every employee.
- (4) Transparency**
 The ongoing provision of advance safety warnings after receiving information from the customer and, in the case of a defect arising in a product or service, the efforts to undertake prompt response measures and information provision, are fundamental to every employee and constitute the responsibility of every employee.
- (5) Improvement of organizational climate**
 In order to create a corporate climate in which product safety is emphasized, the standardization of the safety management system and safety techniques as well as ongoing efforts to improve them are at all times fundamental to every employee and constitute the responsibility of every employee.

Information System Regarding Product Safety and Services
 The provision of product safety information to customers is carried out mainly by the methods listed below. However, the company seeks to address each particular situation, with, for example, engineers or top managers visiting customers as the situation might require.

- Methods for Provision of Product Safety Information to the Customer**
- (1) Direct indication on the product itself or in the user's manual
 - (2) Direct explanations to customers by Komatsu sales and service employees and sales and service employees of sales agencies
 - (3) Telephone consultations with the service division of each plant and the customer service representatives in quality assurance divisions

System for Dealing with Recalls
 In recent years, the market has become more strictly aware of filing notices regarding recalls and means of dealing with them. Komatsu is also working to strengthen its organization to improve its ability to achieve comprehensive and rapid responses.

- Procedure Governing Recalls**
- (1) Proposal for rectification of the situation based on information regarding the defect; decision regarding what measures the company will take towards the market
 - (2) File notice with relevant authorities as provided under the law
 - (3) Inform customers by appropriate means
 - (4) Take appropriate corrective measures, including, for example, repair, replacement, or refund
- Efforts to Prevent Recalls**
- (1) Strengthening of system for collecting information on product quality in the market
 - (2) Promotion of technical verification of the problem involved in the recall and timely decision-making
 - (3) Strengthening of check system that features persons responsible for vehicle inspection and safety
 - (4) Regular auditing of recall-related operations

The Komatsu System for Product Safety

