

KOBELCO

**TrueBlue KOBELCO
Evolution**
Creating value, building a future and
changing the world

KOBELCO CONSTRUCTION MACHINERY CO., LTD.

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<http://www.kobelco-kenki.co.jp>



KOBELCO CONSTRUCTION MACHINERY GROUP
Thinking of the Future of People and the Earth

**SOCIAL
ENVIRONMENTAL
REPORT 2014**

KOBELCO CONSTRUCTION MACHINERY CO., LTD.

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Report subjects

Subject organizations : KOBELCO CONSTRUCTION MACHINERY CO., LTD. and affiliated companies
Subject period : April 1, 2013 to March 31, 2014
 (Some contents include information from April 1, 2014 onwards)
Report issue : May 2014

Outline of KOBELCO CONSTRUCTION MACHINERY GROUP

Company Outline

Company Name : KOBELCO CONSTRUCTION MACHINERY CO., LTD.
Founded : October 1, 1999
Tokyo Headquarters : 17-1, Higashigotanda 2-chome, Shinagawa-ku, Tokyo 141-8626
 Phone: +81-3-5789-2111
Hiroshima Headquarters (Hiroshima Office) : 2-1, Itsukaichiku 2-chome, Saeki-ku, Hiroshima-shi, Hiroshima 731-5161 Phone: +81-82-943-5321
Ogaki Office : 1682-7 Motoima-cho, Ogaki-shi, Gifu 503-0932 Phone: +81-584-89-3104
URL : http://www.kobelco-kenki.co.jp
Capital : 16 billion yen
Representative : Jun Fujioka, President & CEO
Business Operations : Manufacture, sale and service of construction and transport machinery
Number of Employees : 1,096 (Group total: 6,544) [As of April 1, 2014]
Sales : 318.2 billion yen (Consolidated) [FY2013]

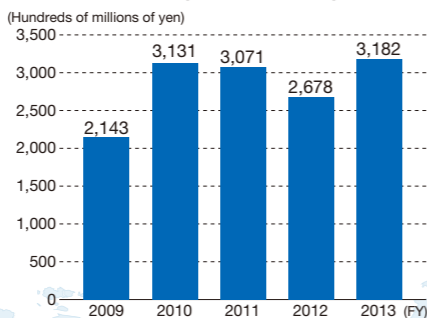
Leading Japanese Affiliates

KOBELCO CONSTRUCTION MACHINERY (EAST JAPAN) CO., LTD., KOBELCO CONSTRUCTION MACHINERY (WEST JAPAN) CO., LTD., KOBELCO CONSTRUCTION MACHINERY ENGINEERING CO., LTD., YUTANI SERVICE SUPPLY CO., LTD., KOBELCO CONSTRUCTION MACHINERY INTERNATIONAL TRADING CO., LTD., KOBELCO TRAINING SERVICES CO., LTD., KOBELCO TOYOTA TSUSHO CONSTRUCTION MACHINERY HOLDING ASIA CO., LTD., NAKAMURA LEASE CO., LTD, TOYOSUGIUE CO., LTD., SASAI CO., LTD., Y'S YOSHIMURA CO., LTD., JONAN CO., LTD.

Leading Overseas Affiliates

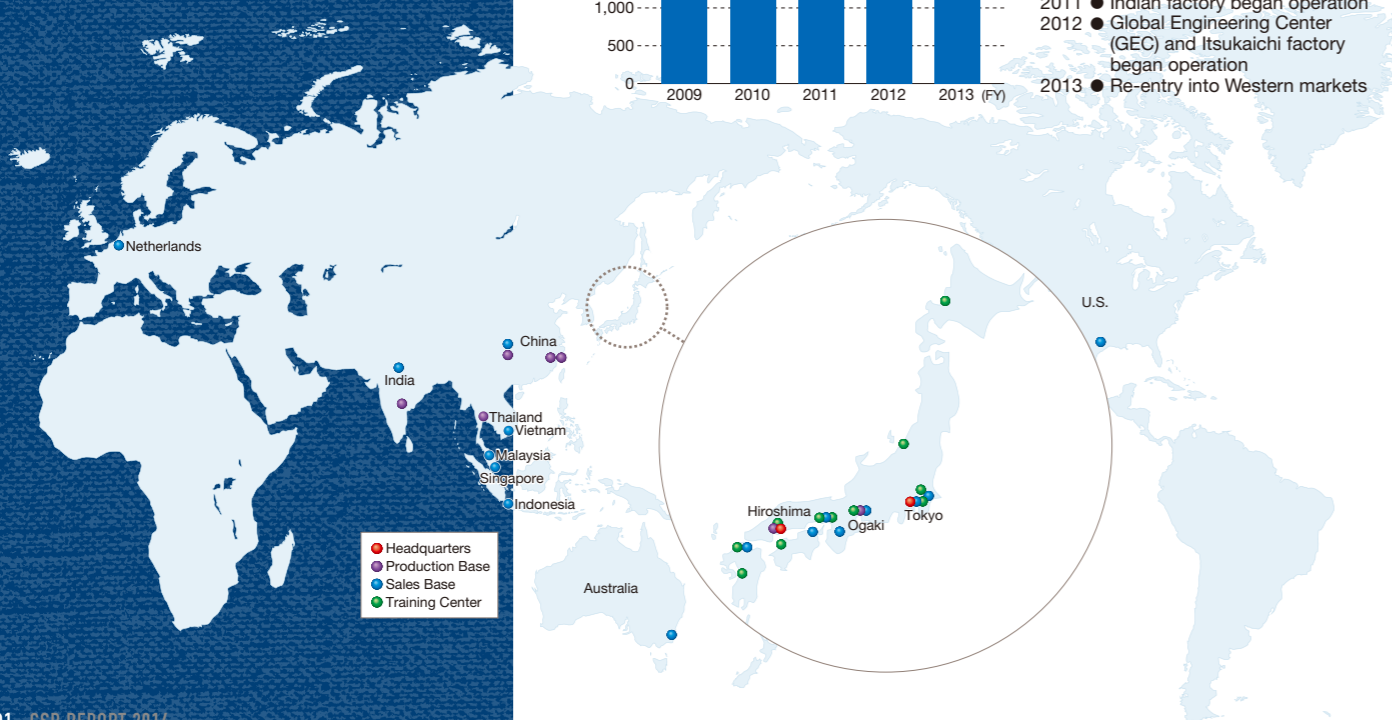
KOBELCO CONSTRUCTION MACHINERY U.S.A. INC. (U.S.)
 KOBELCO CONSTRUCTION MACHINERY EUROPE B.V. (Netherlands)
 CHENGDU KOBELCO CONSTRUCTION MACHINERY (GROUP) CO., LTD. (China),
 CHENGDU KOBELCO CONSTRUCTION MACHINERY CO., LTD. (China)
 CHENGDU KOBELCO CONSTRUCTION MACHINERY FINANCIAL LEASING LTD. (China),
 HANGZHOU KOBELCO CONSTRUCTION MACHINERY CO., LTD. (China)
 KOBELCO PRECISION MACHINERY HANGZHOU CO., LTD. (China)
 THAI KOBELCO CONSTRUCTION MACHINERY LTD. (Thailand)
 KOBELCO INTERNATIONAL (S) CO., PTE. LTD. (Singapore)
 RICON PRIVATE LIMITED (Singapore)
 PT. DAYA KOBELCO CONSTRUCTION MACHINERY INDONESIA (Indonesia)
 KOBELCO CONSTRUCTION MACHINERY MALAYSIA SDN. BHD. (Malaysia)
 KOBELCO CONSTRUCTION MACHINERY VIETNAM CO., LTD. (Vietnam)
 KOBELCO CONSTRUCTION MACHINERY AUSTRALIA PTY. LTD. (Australia)
 KOBELCO CONSTRUCTION EQUIPMENT INDIA PVT LTD. (India)

Sales Trends (Consolidated)



Major events for KOBELCO CONSTRUCTION MACHINERY GROUP

- 2009 ● Merging/reorganization of five Japanese sales companies into two companies, serving east and west Japan
- Relocation/expansion of Chengdu factory in China
- 2011 ● Indian factory began operation
- 2012 ● Global Engineering Center (GEC) and Itsukaichi factory began operation
- 2013 ● Re-entry into Western markets



Top Message

Continuing to Create Value Needed by Society through Closely Related Business and CSR Activities



Jun Fujioka
 President & CEO
 KOBELCO CONSTRUCTION MACHINERY CO., LTD.
J. Fujioka

Achieving Increased Earnings while Aiming for Sustainable Growth

With the exception of the Southeast Asian market, which rapidly declined in the face of uncertainties regarding the political and economic bases in the region, market trends in FY2013 tended to follow forecasts for the most part even though market fluctuations were observed to some degree. It is amidst this backdrop that the strenuous efforts of Japanese affiliates – spurred on by the full mobilization of earthquake recovery efforts, inspection and improvement projects for aging infrastructure as part of a shift towards tougher national infrastructure, emission standards and the increase in the consumption tax rate in the Japanese market – resulted in all companies managing to turn a profit. Consolidated accounting figures also greatly exceeded the initial FY2013 plan in terms of income and profit. However, as our corporate goal is a stable, sustainable business growth rather than any specific earnings figures, the following three points serve as the basic policy behind the medium-term management plan which commenced in FY2013.

- Achieve a transformation towards a tougher business structure that can adapt to any change in the business environment
 - Re-enter into Western markets and maximize the value of the KOBELCO brand worldwide
 - Implement profit-focused strategies to maximize earnings in areas where a certain market share has been acquired
- While these goals remain lofty, each member of KOBELCO CONSTRUCTION MACHINERY GROUP will join together as one in accelerating and driving forward a wide range of activities towards their achievement.

Responding to Environmental Changes while Increasing Brand Value

With regard to “transforming towards a tougher business structure”, slowly but surely the constitutional structure of the organization is being strengthened by having production, marketing and development departments work together towards the completion of various projects. However, additional efforts are required from the perspective of improving adaptability and resistance to environmental changes. Units close to specific markets needs to assess market changes and customer needs in an accurate and speedy manner and take the appropriate action in response to it, and KOBELCO CONSTRUCTION MACHINERY GROUP as a whole needs to reduce the lead time before commencing measures to counteract environmental changes.

Regarding to “maximize the value of the KOBELCO brand” in the second point, I personally came away with a fresh understanding of the strength of the KOBELCO brand while meeting KOBELCO dealers from all over the world at “CONEXPO-CON/AGG2014,” one of the three largest exhibitions for construction machinery in the world held in Las Vegas, U.S. in March of this year. With the long-awaited re-entry into Western markets in particular, we need to not only meet the expectations of our dealers and customers, but also to provide the value that goes far beyond these expectations in terms of product features and quality, after-sales services and CSR activities. The aim of the final point, the “maximize earnings,” is not simply to maximize profits, but to diversify income sources by expanding the scope of business targeting not only the flow business of new machines, but also the stock business of the market to form a business structure resistant to environmental changes. Because the fields in which we have acquired a certain amount of market share have many KOBELCO machines in operation.

Especially, advance of IT has been remarkable and it allows us to check the surroundings of a working site in which machines are used and their operation conditions from a remote place. We hope to utilize this technology to bring a new value to regular users of KOBELCO machinery.

Creating New Value through CSR Activities

A company’s existence value is to provide value to society. A company’s presence develops when this value is regarded as meaningful by the society. As mentioned earlier, I feel that “how to continue providing value to society” is both the basis for, and the essential element of, the sustainable growth of a business. We provide the machinery with the latest technologies for low fuel consumption and low noise features and gain a good reputation from customers the world over. In addition to this, we will actively pursue additional avenues for preventive maintenance, reduction of running costs, and providing the latest information on various industries. The connections with local communities and our stakeholders that come from undertaking these business activities form a jump-off point for CSR activities and create a new value. Creating such a virtuous cycle is the ultimate goal for me. I will continuously make this company to be a company needed by society by striving to realize co-existence and co-prosperity shared with local communities and our stakeholders. Please look forward to seeing a new KOBELCO original value to be provided in FY2014.

Management and CSR of KOBELCO CONSTRUCTION MACHINERY GROUP

KOBELCO CONSTRUCTION MACHINERY GROUP aims to grow together with society through a virtuous cycle born from delivering value to society through its daily business operations and having the value it provides accepted by society.

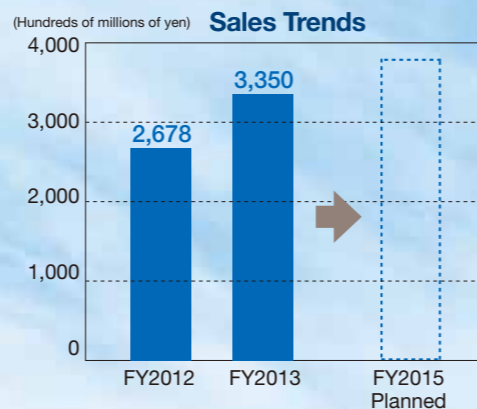
Medium-term Management Policy and Strategy

▶ Medium-term Management Policy

- Achieve a transformation towards a tougher business structure that can adapt to any change in the business environment
- Re-enter into Western markets and maximize the value of the KOBELCO brand worldwide
- Implement profit-focused strategies to maximize earnings in areas where a certain market share has been acquired

▶ Medium-term Management Plan Basic Strategy

- Maximization of earnings through a transformation towards a well-balanced tough business structure and strengthening of our human resources base
- Re-entry into Western markets and securing a strong global brand recognizable the world over
- Changing the focus of manufacturing efforts from production increase and production base expansion to deeper technology development that allows in-house production and differentiation
- Establishment of a business foundation that emphasizes the stable flow of income (flow to stock)



CSR Activities

KOBELCO CONSTRUCTION MACHINERY GROUP continues to pursue earth and human friendly activities from the perspective of construction machinery manufacturing and an enterprise. The group has implemented an organizational structure for CSR activities, and all group members perform these in accordance with the activity principles and policies established.

▶ CSR Activities Principle

- KOBELCO CONSTRUCTION MACHINERY GROUP will carry out conservation efforts targeting the global environment in a way only we can
- KOBELCO CONSTRUCTION MACHINERY GROUP will strive to contribute to local communities and co-exist in harmony with local residents
- Together with its employees, KOBELCO CONSTRUCTION MACHINERY GROUP will continue to make strides towards the achievement of a better future

▶ CSR Activities Policy

- Increase the presence of KOBELCO CONSTRUCTION MACHINERY GROUP through humanitarianism
- Pursue activities that are not beyond our ability
- Perform activities in regions where we have a business presence

▶ Basic Policy of Group Environmental Management

Basic policy
“Enhance corporate value through the implementation of group environmental management”

In striving to become a company at the forefront of environmental activities, a company that achieves sustainable growth and a company that works towards the well-being of the people, KOBELCO CONSTRUCTION MACHINERY GROUP will:

- (1) Implement eco-friendly development and production activities.
 - (2) Contribute to the environment through products and services.
 - (3) Co-exist and work in harmony with society.
- And in addition to fulfilling the company's social responsibilities, we will enhance our corporate value.

CSR Messages from KOBELCO CONSTRUCTION MACHINERY GROUP, Thinking of the Future of People and the Earth

- Message 1** KOBELCO CONSTRUCTION MACHINERY GROUP utilizes the know-how gained from the efforts to tackle on environmental issues and carry out global environmental conservation activities in a way only we can.
- Message 2** Based on the concept of “Thinking of the Future of People and the Earth,” KOBELCO CONSTRUCTION MACHINERY GROUP will strive to contribute to local communities and co-exist in harmony with local residents.
- Message 3** The employees of KOBELCO CONSTRUCTION MACHINERY GROUP are valued partners in shedding tears, laughing, and encouraging together as we strive towards achieving a better future.

Corporate Philosophy

▶ Management Philosophy

Focusing on the needs of users in the field, we dedicate ourselves to satisfying our customers by supplying them with products, services, and information that have true value, while contributing to the creation of a prosperous society.

▶ Business Vision

In order to create a recycling-based society that is friendly to people and the environment, we intend to provide our customers around the world with innovative solutions that incorporate our creative wisdom and know-how. Through activities that maximize customer value, we aim to achieve sustainable growth and become a leading global brand.

▶ Action Policies

With a management philosophy that is dedicated to satisfying customers and contributing to society, all of our actions must meet that philosophy.

- (1) **SIMPLICITY**
Fully acknowledging our responsibility and role in society, we aim to undertake simple actions that are unbiased in an open and fair manner.
- (2) **SPEED**
While working to refine our creativity and sensitivity on a day-to-day basis, we will strive to accurately meet, with all possible speed, the changing demands of our customers and the times.
- (3) **OPENNESS**
While committing ourselves to acting with a fairness that reflects mutual respect among people who have different personalities and attributes, we will work to create a free and magnanimous company atmosphere that is open and filled with vitality.



Activity Results and Future Initiatives

The corporate mission of KOBELCO CONSTRUCTION MACHINERY GROUP is to benefit society by responding to social needs. Through both our business activities and CSR activities, we work towards the resolution of issues society facing today.



Initiative Themes

Activity Results

Future Initiatives



Global Warming Measures

⇒ Environmental Conservation Activities (P11)

Continual introduction of new excavator models that focus on low fuel consumption

The main factor behind global warming is thought to be the increase in greenhouse gases such as CO₂. While the cause of this is varied, CO₂ emissions from construction machinery are said to account for around 2 % (27 million tons) of the total amount of industrial CO₂ emissions (1.242 billion tons) in Japan, and we feel that energy conservation and the reduction of CO₂ emissions are tasks for manufacturers of construction machinery. In addition to take measures to the emission standards, we continues to work towards energy conservation and reduction of CO₂ emissions, introducing eight excavator models in FY2013 with vastly superior performance of low fuel consumption compared to that of previous models.



Hybrid excavator (SK200H) in operation



Scene from exhibition

Creating further additional value and pursuing low fuel consumption

Many customers have experienced the KOBELCO low fuel consumption performance now, but we will strive further to develop products with good fuel consumption to continue to meet customer expectations and carry out promotion activities to make our products to be used by a greater number of people. Naturally, we will also continue research and development efforts to enhance usability and safety, which are the base elements of construction machinery, while developing products for greater environmental performance.



Conservation of Forest Resources

⇒ Environmental Conservation Activities (P11)

Helping development of the Japan's forestry industry and further reduction of the environmental burden

Forests function as a means of purifying water, protecting living creatures, and preventing landslide disasters. In spite of these, forest maintenance has fallen by the wayside in recent times due to aging of the workforce and a shortage of workers, placing the original functions of forests in danger. With this in mind, we have turned our attention to developing forest machinery and develop a special base machine, with which you can perform forestry work more efficiently and safer. In responding to the diversifying needs of those on-site, we have contributed to increasing the competitive power of the domestic lumber industry. And also, we hold seminars to keep our customers up to date with the latest information.



Exhibition demonstrating forest, forestry and environmental machines



Scene from KOBELCO forestry seminar

Responding to increased diversification and sophistication in the forestry industry

Lumber is now used in a wide variety of ways, with increased attention placed on not only the use of lumber as a product and pulp products for papermaking, but also as biomass and other energy sources. Forestry operations are predicted to become more sophisticated because Japanese lumber resources are expected to see an increased demand. KOBELCO CONSTRUCTION MACHINERY GROUP will continue to pursue the development of forestry machinery that can be used in a wide variety of applications in order to respond to each of these needs.



Global Exchanges

⇒ Social/Regional Activities (P13)
⇒ Connection with Stakeholders (P15)

Widening the scope for business and CSR activities to the world

The CSR activities of KOBELCO CONSTRUCTION MACHINERY GROUP began with a steady stream of initiatives rooted in local communities, such as cleanup activities in areas around each office and exchanges with stakeholders. Ensuring these activities to be carried out on a continual basis has gradually had an impact on changing employees' awareness towards CSR activities, resulting in a recent expansion of these activities to overseas regions such as China and Southeast Asia. The types of activities have also continued to expand and in FY 2013, we carried out disaster recovery support operations in the Philippines and China, environmental conservation events held together with local community bodies (China), and dealer meetings.



Donated excavator (Philippines)



Environmental conservation event held together with local community (Hangzhou, China)

Moving towards more global activities while expanding the scope of the business

The CSR activities of KOBELCO CONSTRUCTION MACHINERY GROUP are based around activities in regions where the group has a business presence. We will look to expand the scope of CSR activities to the world, initiating CSR activities in Europe and North America, while continuing activities in Japan and the rest of Asia that have been carried out. And also, we will continue to finely tune the content of CSR activities to the needs of the local community by sharing the experience and know-how accumulated on a region-by-region basis within the group.



Educational Support for Children

⇒ Social/Regional Activities (P13)

Providing a variety of opportunities for learning to help develop children's rich creative potential and curiosity

There has been a lot of recent concern for children losing interest in the sciences. KOBELCO CONSTRUCTION MACHINERY GROUP takes these concerns very seriously, and is actively working with schools and local communities to carry out activities that give children the opportunity to learn about science, technology and pleasure of manufacturing with the hope of enriching society. In FY2013 we held rescue robot contests and visited schools to give science classes in the hope of bringing out the rich creative potential and curiosity for learning in as many children as possible. We have also started to introduce events for nearby elementary schools and kindergartens.



Rescue robot contest for junior high school students



School visit to give science classes

Growing with children

Looking ahead, we will continue with the educational support we have provided in all areas of the world. We also hope to expand our educational support to encompass environmental conservation in addition to the sciences and manufacturing workshops to have as many children as possible experience the pleasure and joy of learning. Continuing to provide such support also provides employees with a good opportunity not only to consider the future of local communities but also to grow, resulting in better understanding of the company and increased level of motivation.



Directly Addressing Issue of Lowering Fuel Consumption for Construction Machinery

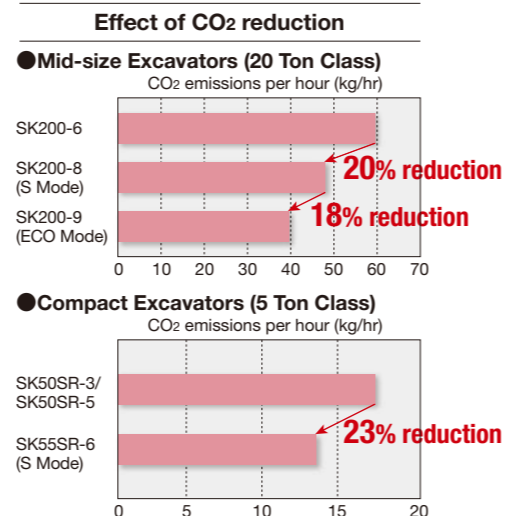
Since its founding, KOBELCO CONSTRUCTION MACHINERY GROUP has always focused on environmentally-friendly product development. Building upon our technologies that had been developed, the type "8" mid-size excavator series was released in 2006 with much greater low fuel consumption compared to that of previous models. This was highly regarded among customers, giving them the strong impression of "Low fuel consumption is KOBELCO".

After that, we have continued to pursue a higher level of environmental performance in our products and released the type "9" mid-size excavator series in 2013. Efforts for low fuel consumption based on both the power and hydraulic systems led to a greater improvement in fuel efficiency. To achieve the minimum fuel consumption when the machine is used at various working sites, a newly provided ECO mode pursues through low fuel consumption during low workload operations. Our main 20 ton class mid-size excavator of SK200-9 achieved the fuel consumption reduced around 18% (*1) compared to the previous model. Replacing all of KOBELCO 20 - 45 ton excavators sold in a year with the type "9" series models would reduce yearly CO₂ gas emissions by approximately 17,000 tons (*2). This is equivalent to that of 7,500 units of motor vehicles.

Also, we have introduced a new compact excavator under 6 tons, SK55SR-6, which is provided with a low fuel consumption mode (S Mode), achieving around 23% (*3) reduction compared to that of the previous model. While previous models benefited operators from a small swing radius, they were also difficult to handle because the driver's seat is located near the engine, resulting in the operator having to bear loud engine noises. To resolve this problem we incorporated our

proprietary "iNDR" low noise technology, previously only used in mid-size excavator models, into SK55SR-6. This not only reduces the impact of engine noise on operators, it also helps to reduce the machine noise to surroundings. All new products sold by KOBELCO CONSTRUCTION MACHINERY GROUP in 2013 comprise a product lineup that contributes greatly to environmental conservation, such as reducing CO₂ emissions.

(*1) When compared to the S mode on the previous model, SK200-8
(*2) Calculated using fuel consumption measuring standards unique to KOBELCO assuming an operating time of 1,000 hours per year
(*3) When compared to the maximum idling engine speed of the previous model, S



Sky's Limit for KOBELCO in Pursuit of Greater Low Fuel Consumption Evolution Reaches Out to All Corners of World

KOBELCO CONSTRUCTION MACHINERY GROUP is always striving to develop excavators with low fuel consumption. The pursuit of low fuel consumption and low noise is defined by a desire to produce excavators that benefit both the environment we live and work in. Our highly evolved excavators are now finding a role to play all over the world.

"Carbon Offset" Program Helping to Maintain Forests in Japan

In November 2013, KOBELCO CONSTRUCTION MACHINERY GROUP initiated a program utilizing the Japan Carbon Offsetting Scheme in order to contribute further to the prevention of global warming and maintaining forests in Japan.

Carbon offsetting refers to compensating for (offsetting) unavoidable CO₂ and other greenhouse gas emissions through the reduction of greenhouse gases in other areas. KOBELCO CONSTRUCTION MACHINERY GROUP offsets a part of CO₂ emitted from machinery operations by adding greenhouse gas offset credits issued by the Ministry of the Environment to forestry machines. The CO₂ offset amount for one machine

averages out to around 5 tons, which is equivalent to the emissions of 2.17 motor vehicles. The fund of this is used to help maintain forests in Japan. The amount of CO₂ that can be offset will increase if operations of KOBELCO's forestry machines are increased.

This image encapsulates our desire to contribute further to reducing the environmental burden with the latest technologies, and the eco mark (leaf), which is displayed during operation, is placed at the center. The earthy color and green represent circulation between the earth and forests.



Delivering Low Fuel Consumption Excavators to All Over World

KOBELCO CONSTRUCTION MACHINERY GROUP worked with CNH Global N.V. to conduct sales activities based on the worldwide area/role divisions formed by the comprehensive worldwide partnership between the two companies. It divided up the cover areas and allowed both companies to concentrate marketing efforts on each region using the know-how acquired by each until the partnership was dissolved at the end of 2012. After that, KOBELCO CONSTRUCTION MACHINERY GROUP was released from the sales rights restricted in the APAC area and

started rolling out its own product and service marketing activities in the North America, Europe, South America, the Middle East, Africa and the Russian Commonwealth of Independent States. Expectations toward the KOBELCO brand are high with the re-entry in the North American and European markets, and once new bases of operation were established, we sought to maintain a sales network based around a core group of former KOBELCO dealers. The jewel of KOBELCO CONSTRUCTION MACHINERY GROUP's product lineup, namely its ultra-low fuel consumption



excavators, was introduced to these new markets at once. Now dealers/distributors of 83 companies in 34 countries have joined to sell KOBELCO's construction machinery and our low fuel consumption excavators are expanding out to be in use all over the world.



Scene from CONEXPO-CON/AGG2014

Heightened Expectations from U.S. Market

Katsuhiko Morita
CEO
KOBELCO CONSTRUCTION MACHINERY U.S.A. INC.



Since our re-entry into the U.S. market in 2013 we have been steadily building up our distributor network across North, Central and South America. The products we exhibited at the construction machinery exhibition CONEXPO-CON/AGG2014 held in Las Vegas in March 2014 were met with high praise, with many attendees reporting that they had great expectations for KOBELCO CONSTRUCTION MACHINERY GROUP. Looking ahead, we will look to rolling out business activities with a close connection to local communities to make our low fuel consumption excavators be put into greater use.

Highlights of Corporate Activities/CSR Activities for 2013

KOBELCO CONSTRUCTION MACHINERY GROUP pursues initiatives that are deeply interrelated with our business activities and CSR activities based on our policy on CSR activities. In FY2013 we continued to carry out a wide range of activities that ran in line with our business operations.



Highlight
1



Awarded “Dejima Netherlands Award 2013”

Ambitious new corporate activities of our European sales base, KCME, held in high regard

KOBELCO CONSTRUCTION MACHINERY EUROPE B.V. (KCME), a subsidiary established in the Netherlands in June 2013 as a major base of operations for our re-entry into the European market, was awarded the “Dejima Netherlands Award 2013” held by the Netherlands Foreign Investment Agency (NFIA) and the Dutch & Japanese Trade Federation (Dujat) in December of the same year.

This award was originally the “Dejima Award” formed by the Netherlands Chamber of Commerce in Japan in 2000, the naming of which originated from the first trade negotiations between the Netherlands and Japan in Dejima, Nagasaki. Since 2007, the “Dejima Netherlands Award” has been given to Japanese companies entering the Netherlands, and the “Dejima Japan Award” has been given to Dutch companies entering Japan on an alternating basis every year.

KCME was granted the award in the “New Investment” category, which is to be applied to a new company, for proactively investing in expanding its business and growing employment opportunities, etc. The awards ceremony was held in Amsterdam with a great many people from the political spectrum in attendance, including Annemarie Jorritsma-Lebbink, the mayor of Almere, and Masaru Tsuji, Japanese ambassador to the Netherlands. Looking ahead, KOBELCO CONSTRUCTION MACHINERY GROUP



Scene from “Dejima Netherlands Award” ceremony

will strive to serve as a company capable of contributing to local regions like the Netherlands in wide areas such as from sales of excavators with high environmental performance to creation of new employment opportunities,

held in Amsterdam with a great many people from the political spectrum in attendance, including Annemarie Jorritsma-Lebbink, the mayor of Almere, and Masaru Tsuji, Japanese ambassador to the Netherlands. Looking ahead, KOBELCO CONSTRUCTION MACHINERY GROUP



Outside view of KCME

Highlight
2

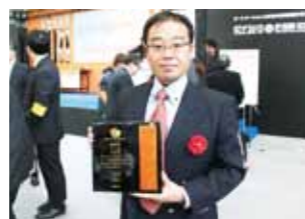


Awarded Award of Excellence of “Strong Factory Award” Held by Nikkei Monozukuri

Efforts for creativity in manufacturing were held in high regard

The “Strong Factory Award” ceremony was held by Nikkei Monozukuri in November 2013. This first event focused on factories making Japanese unique products and parts. KOBELCO CONSTRUCTION MACHINERY CO., LTD.’s own Itsukaichi factory was awarded the award of excellence as one of the top five factories in Japan.

Moved to Itsukaichikou in Saeki-ku of Hiroshima city, the Itsukaichi factory not only introduced the latest facilities, but also used “Smart & Clean” as a project motto in continually thinking outside the box on efforts to thoroughly resolve issues with dust buildup, and for a safer, more comfortable working environment. One such example is that implemented in part receiving areas. Factories that produce large products such as construction machinery do not allow for a fine degree of control of opening and closing the shutter doors to part receiving areas. Typically these are left open when production lines are in operation to take in parts. However, the Itsukaichi factory implemented a system whereby shutters would open and close whenever a forklift brought in a part. “Clean meters” were also installed on assembly lines to manage and maintain a high level of cleanliness. Such thoroughgoing efforts resulted in a drastic reduction in the number of failures due to dust buildup, further improving product quality. In addition to this, measures aimed at improving produc-



“Strong Factory Award” ceremony

tivity by directly linking steel fabrication, coating and assembly lines were incorporated, fusing physical objects (facilities) and people (ideas) to have each perform at a higher level, creating what can only be called a “cutting-edge” factory.



Clean meter installed on assembly line

Highlight
3



CSR Activities of Kagawa Branch of TOYOSUGIUE CO., LTD.

All company employees coming together to build trust with local residents

TOYOSUGIUE CO., LTD., a company engaged in the sale and rental of excavators in the Shikoku area, is proactively involved in community-based CSR activities. Initially this included providing traffic directions to children who travel by the Kagawa branch to go to and from school. This expanded from there to recently include opportunities for local kindergarten children to ride on our excavators and excavator sketching competitions. Somewhat a representative of “working machinery” we encounter in our everyday lives, our excavators were extremely popular with the children, making for the event filled with the smiles of those participating. TOYOSUGIUE CO., LTD. is also proactively engaged in picking up rubbish, and cleaning waterways in the areas around the company’s offices and these have provided great joy to local residents. These simple activities

have served as a catalyst to deepening exchanges with local residents and building a relationship based on an even greater level of trust. CSR activities have expanded beyond those performed by the Kagawa branch to be carried out company-wide.



Scene from “FY2013 CSR Award” ceremony

We Are Totally Motivated to Please Local Residents

Motohiro Hirose
Kagawa Branch, TOYOSUGIUE CO., LTD.



We have always carried out business activities that were deeply rooted in the local community. We started our CSR activities from providing traffic directions to school children out of a genuine desire to “do something to please local residents.” Since then, the scope of activities has expanded out to what they are now, with each base making creative efforts to carry out activities that specifically cater to each area. We will continue to follow through on these activities while building relationships based on trust with local residents.

Highlight
4



Practical Manufacturing Classes by KOBELCO CONSTRUCTION MACHINERY (EAST JAPAN) CO., LTD.

Communicating the joy in manufacturing by cooperating with local companies to present a highly varied exhibition

KOBELCO CONSTRUCTION MACHINERY (EAST JAPAN) CO., LTD. visited the Nishinosato Elementary School in Kita-Hiroshima city, Hokkaido in June 2013 to perform a study workshop for around 70 students in the second grade. This kind of event has been held together with local companies since 2011 with the objective of having children develop an interest in machines by getting up close to look at and touch vehicles and machines used for work while enjoying themselves in a fun-filled environment. We have made creative efforts to showcase as many vehicles and machines used for work as possible by collaborating with local companies and having employees participate in from the planning stage. In addition to this, we have provided children with a place of learning by setting up a wide range of experiences, such as a corner to build things with paper craft and traffic safety and disaster prevention education using real vehicles.



Scene from “FY2013 CSR Award” ceremony

Enjoyable Event I Can Safely Say “I Want More People to Participate”

Yoko Shindo
Sapporo Sales Office, Hokkaido Branch
KOBELCO CONSTRUCTION MACHINERY (EAST JAPAN) CO., LTD.



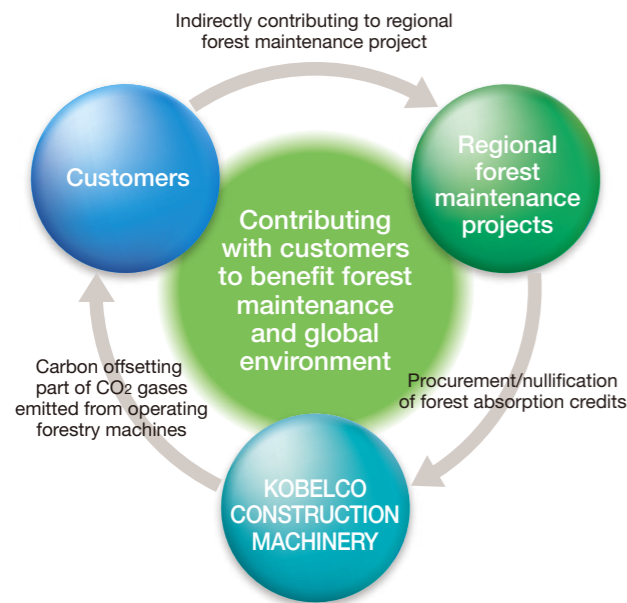
We carry out events based around vehicles used for work. I draw up a schedule, etc. after taking on board the school’s requests and conjuring up an image of action and characteristics of little children. It takes a lot of preparation, and requires help of my colleagues and superiors. The stress the preparation brings is whisked away in an instant when I see the smiles of children enjoying themselves as they run about the ground, and I get the sense that we are the ones being cheered up by them on the contrary.

Thinking on World of Tomorrow

We work towards reducing the environmental burden by considering the entire product life-cycle with a core focus on product development and manufacturing. We are also actively engaged in environmental protection and maintenance through our business activities.

▶ KOBELCO's "Carbon Offset" Program

CO₂ emissions from machinery used for forestry work is an area of great concern for KOBELCO CONSTRUCTION MACHINERY GROUP, and the group has prepared its own program using "carbon offset" credits in an attempt to contribute further to preventing global warming and promoting forest maintenance. Carbon offsetting is a system that compensates for (offsets) a part of the greenhouse gases (CO₂, etc.) emitted when customers use our machines through the reduction of greenhouse gases in other areas by adding forest absorption credits to forestry machines produced by KOBELCO CONSTRUCTION MACHINERY GROUP. A special characteristic of KOBELCO's "Carbon Offset" program is that it allows customers to choose the credit issuer and the issue project to contribute to forest maintenance in a region of their choice such as their residential area, with an expected intake of 60 programs per year (equivalent of 300 tons in emissions).



▶ Further Improvements to Painting Efficiency

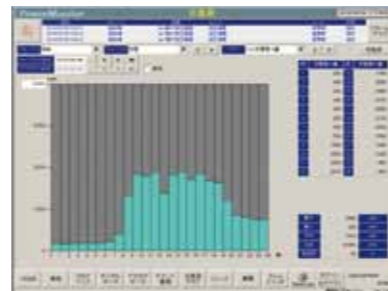
The volatile organic compounds (VOCs) in excavator painting and coating materials volatilize and scatter at painting, causing air pollution. We have continued efforts to increase painting efficiency from the perspective of improving the workplace environment and reducing paint waste. As a result of introducing electrostatic coating guns and optimizing painting conditions, we were able to improve painting efficiency on many painting lines by up to 80%*.



*Values calculated based on company standards

▶ Energy Saving Subcommittee at Hiroshima Factory

The Hiroshima factory inspects and manages the level of electric power consumption and implements counter-measures to prevent increases where necessary. For example, power consumption of compressors used in a factory generally account for around 20% of the total power consumption of the entire factory, and efforts are being made to continually inspect air leaks to seek out potential improvements to this area.



Power consumption amount confirmation screen

Working Together to Repeatedly Carry Out Steady Stream of Improvements

Kazumi Kishimoto
General Parts Group, SCM Department
KOBELCO CONSTRUCTION MACHINERY CO., LTD.



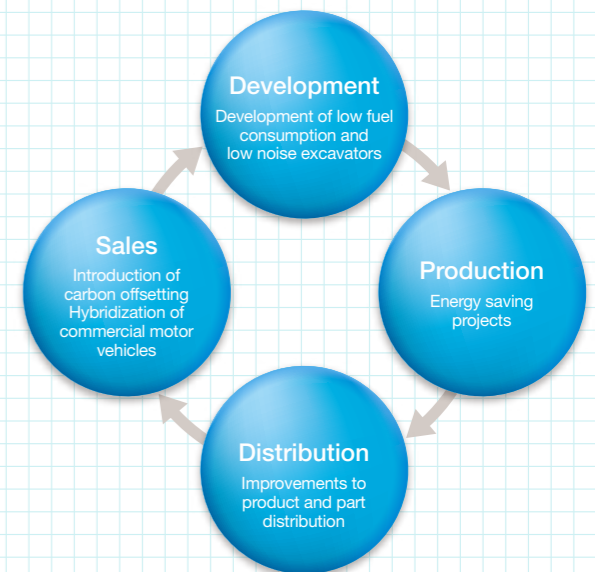
VOICE

With issues with nuclear power plants and greenhouse gases attracting a lot of public attention at the current time, energy conservation is a problem that needs to be addressed by all Japanese residents rather than any one company. While we have implemented energy-saving equipment and logistics improvements here at the Hiroshima office up to now, it will become all the more important to have each and every employee work together to carry out a steady stream of improvements on a repeated basis. Looking ahead, we will strive to continue building an environment that our children can live in with peace of mind.

DATA

Environmental Figures

KOBELCO CONSTRUCTION MACHINERY GROUP carries out a number of environmental conservation activities in ways that match its business cycle. We have worked to reduce the environmental burden by reviewing one area, such as distribution, from a multitude of angles. For example, making many improvements in factory parts distribution such as a change from a forklift to an unmanned carrier, making products distribution possible to export products from nearby ports, and promoting a modal shift in after-sale parts distribution. Also, for over ten years we have focused on the development of low fuel consumption excavators, with each series bringing with it notable environmental improvements. Here we will introduce the effect and the environmental figures of Japanese production bases for FY2013.

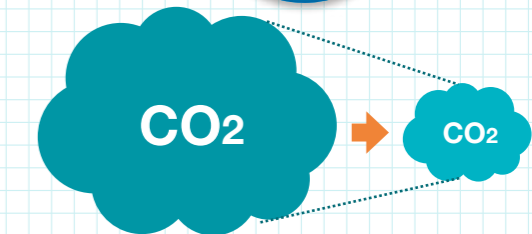


▶ Reduction Effects



Painting and coating efficiency on many painting lines

Up by 50%



CO₂ reduction through the development and sale of low fuel consumption excavators is

17,000 tons annually

*Calculated based on replacing all of our 20 - 45 ton excavators sold in a year with the type "9" series models

▶ Emission Amounts Associated with Business Activities

Hiroshima Office, KOBELCO CONSTRUCTION MACHINERY CO., LTD.
Main products: Construction machinery, transporting machinery, motor vehicles, motor vehicle-related equipment and parts

■ Atmosphere

Item	Equipment	Regulation Value	Measured Value
NOx	Drying furnace	230	10
Dust and soot	Drying furnace	0.2	0.004
Dioxins	Not applicable	Not applicable	—

■ Water Quality

Item	Regulation Value	Measured Value (Average Value)
COD	Not applicable	—
SS	Not applicable	—
Oil content	35	15.3
Dioxins	Not applicable	—

■ Chemical Substances

Substance	Amount of Emission				Amount of Transportation		Main Process/Purpose of Use, etc.
	Atmosphere	Public Waters	Soil	Reclamation inside Premises	Sewers	Outside Office	
Xylene	110,000	0	0	0	0	32,000	Painting
Toluene	7,100	0	0	0	0	9,900	Painting
Ethylbenzene	48,000	0	0	0	0	3,800	Painting

■ Atmospheric data
*Regulation Value: Air Pollution Control Law, prefectural regulations, and Act on Special Measures Concerning Dioxins
*Units: NOx was measured in ppm, dust and soot were measured in mg/Nm³, and dioxins were measured in ng-TEQ/Nm³
*Regulation values are determined for each facility subject to the survey
*A value for each of the following substances not listed above is equal to or less than the quantitative limit value (not detected) or the regulation value.
Sulfur oxide, cadmium, chlorine, hydrogen chloride, fluorine, hydrogen fluoride and silicon fluoride, lead, benzene, trichloroethylene, dioxin

■ Water quality data
*Regulation Value: Water Pollution Prevention Act, prefectural regulations, Act on Special Measures Concerning Dioxins or city sewer regulations, and agreed values

Ogaki Office, KOBELCO CONSTRUCTION MACHINERY CO., LTD.
Main products: Construction machinery and parts

■ Atmosphere

Item	Equipment	Regulation Value	Measured Value
NOx	Not applicable	Not applicable	—
Dust and soot	Not applicable	Not applicable	—
Dioxins	Not applicable	Not applicable	—

■ Water Quality

Item	Regulation Value	Measured Value (Average Value)
COD	2.79	0.97
SS	40	2.00
Oil content	5	1.00
Dioxins	Not applicable	—

■ Chemical Substances

Substance	Amount of Emission				Amount of Transportation		Main Process/Purpose of Use, etc.
	Atmosphere	Public Waters	Soil	Reclamation inside Premises	Sewers	Outside Office	
Xylene	30,100	0	0	0	0	8,447	Painting
Toluene	14,697	0	0	0	0	4,208	Painting
Ethylbenzene	24,626	0	0	0	0	6,940	Painting

■ Units: COD was measured in kg/l, SS/oil content were measured in mg/l, and dioxins were measured in pg-TEQ/l
*ND: Being equal to or less than the quantitative analysis limit (not detected)
*A value for each of the following substances not listed above is equal to or less than the quantitative limit value (not detected) or the regulation value.
pH, BOD, total nitrogen, total phosphorus, phenols, total chromium, soluble iron, soluble manganese, fluorine, copper, zinc, cadmium, total cyanogen, organic phosphorus, lead, hexavalent chromium, arsenic, total mercury, alkyl mercury, PCB, trichloroethylene, tetrachloroethylene, dichloromethane, carbon tetrachloride, 1,2-dichloroethane, 1,1-dichloroethylene, cis-1,2-dichloroethylene, 1,1,1-trichloroethylene, 1,1,2-trichloroethane, 1,3-dichloropropane, thiuram, simazine, thioencarb, benzene, and selenium

■ Chemical Substances
*Unit: kg

Working towards Mutual Prosperity with Local Communities

We continue to proactively carry out activities and support measures as a member of the local community in regions in which we conduct our business. We will continue as a company that is deeply rooted in the local community, answering the expectations of the community while assisting one another for the benefit of all.



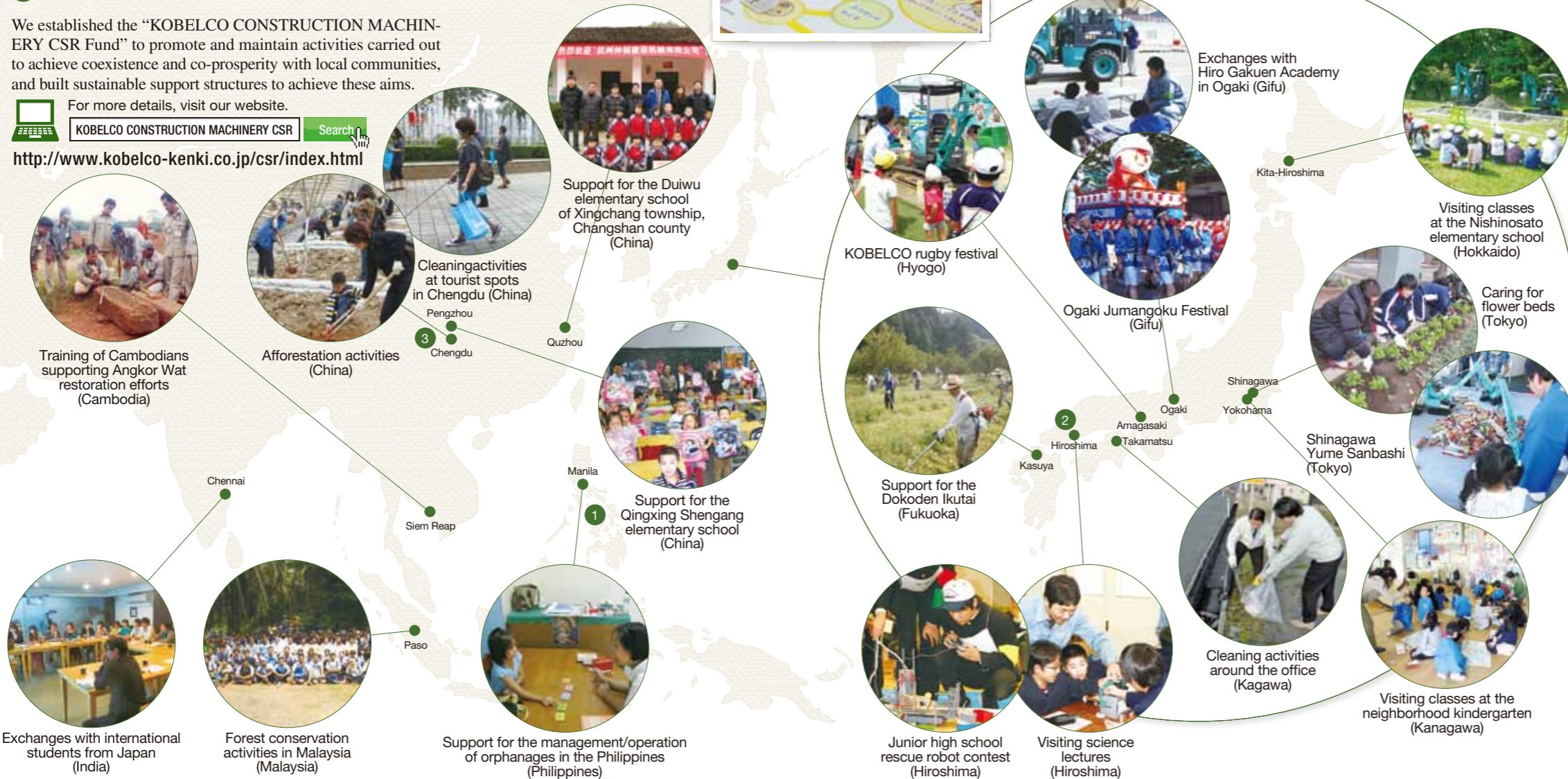
Activity Philosophy

In striving to be a global enterprise that exists harmoniously with the wider society at large, KOBELCO CONSTRUCTION MACHINERY GROUP carries out numerous social and regional activities in the various regions in which it has a business presence. Each activity is based on having employees become directly involved with the local community. With understanding to the local community and themselves, they carry out activities while directly come into contact with how KOBELCO CONSTRUCTION MACHINERY GROUP is seen by local communities and society. In FY2013 we continued to carry out a range of activities that led back to environmental conservation, such as eco-friendly cap collection and forest resources protection, in addition to educational support for children and disaster recovery support based on a desire to get along with and grow with the local communities in which we are present.

Continuous Activities

We established the "KOBELCO CONSTRUCTION MACHINERY CSR Fund" to promote and maintain activities carried out to achieve coexistence and co-prosperity with local communities, and built sustainable support structures to achieve these aims.

For more details, visit our website.
<http://www.kobelco-kenki.co.jp/csr/index.html>



1 Philippine Typhoon Reconstruction Support

KOBELCO CONSTRUCTION MACHINERY CO., LTD.,
 KOBELCO INTERNATIONAL (S) CO. PTE. LTD.

In November 2013 Typhoon Haiyan hit the central part of the Philippines and caused massive damage throughout the region. KOBELCO CONSTRUCTION MACHINERY CO., LTD. and KOBELCO INTERNATIONAL (S) CO. PTE. LTD. decided to jointly provide an excavator. An "SK210LC" model excavator was granted to the Guiuan local government. Also, our sales dealer in the Philippines, JVF COMMERCIAL AND PROJECT DEVELOPMENT SUPPORT SERVICES, dispatched excavator operators to the disaster-stricken areas, and worked with other manufacturers and dealers in providing reconstruction support.



2 Saeki-Ku Residents' Festival

Hiroshima Office, KOBELCO CONSTRUCTION MACHINERY CO., LTD.

Every year since 2009 the Hiroshima office has engaged in activities to deepen exchanges with local residents through regional events. It has participated in the residents' festival held in November in Saeki-ku, Hiroshima city every year since the relocation of its factory in 2012. A booth is set up whereby visitors fish for sweets with radio-controlled cranes and color in excavator drawings. Our annual participation in this event has given us increased opportunities of being talked to by local residents. Many children who enjoy coming by our booth are KOBELCO fans, and seeing these children and their families enjoy themselves brings moments of great happiness to all involved at the booth.



3 Earthquake Reconstruction Support in Ya'an, Sichuan Province, China

Four corporate entities including CHENGDU KOBELCO CONSTRUCTION MACHINERY (GROUP) CO., LTD. (China)

In April 2013, a major earthquake struck Lushan county, Ya'an city in Sichuan province, China, dealing a massive amount of damage over a wide area. Four Chinese affiliates of KOBELCO CONSTRUCTION MACHINERY GROUP worked with KOBELCO CRANES GROUP and SICHUAN CHENG-GONG GROUP to provide two excavators and three wheel loaders to Ya'an Economic and Informatization Committee. Also, soon after the quake, our local agent, SICHUAN GREAT HUAYE CONSTRUCTION MACHINERY CO., LTD., took on the major task to transport construction machinery and to repair roadways.



Feeling Gratitude from Fresh Perspective through Our CSR Activities

Kentaro Yoshida
 Finance Group, Finance & Accounting Department
 KOBELCO CONSTRUCTION MACHINERY CO., LTD.



We join forces with local residents and students to take care of the flower beds situated near our Tokyo Headquarters as part of our efforts to improve the surrounding environment and participate in "Shinagawa Yume Sanbashi" activities based on a similar line of thinking. Establishing a rapport and forming lines of communication with local residents and the families of our employees serve as the basis for such activities. Coming into contact and working with those that support us on a regular basis through these activities provides an ideal opportunity to have a renewed feeling of gratitude.

Connection with Stakeholders

Moving Forwards with People

We look to have our efforts to develop and support human resources and create lines of communication for the prosperity of not only KOBELCO CONSTRUCTION MACHINERY GROUP but also the whole construction industry, in addition to enriching the lives of each person.

Harmonious Relations with Customers and Affiliated Companies

Building Favorable Connections and Sense of Trust through Communication

We put in place a wide range of lines for communication to share information with our customers and affiliated companies, and to deepen our level of mutual understanding. We aim to grow together by building trust and further strengthening collaborative ties.



▶ Dealer Meetings

We regularly hold dealer meetings to deepen friendships with dealers handling KOBELCO CONSTRUCTION MACHINERY GROUP products the world over and further strengthening collaborative ties. A meeting of this kind was recently held in March 2014 in the city of Las Vegas, U.S. to coincide with the construction machinery expo held in the same city. We invited a total of 100 dealers from around the world to provide them with the latest data on market trends, etc. while listening to their opinions. This was an invaluable opportunity to strengthen the level of solidarity among the group as we move to expand our global business. We held a dealer meeting in Europe as well in April of the same year (top right photograph). Looking ahead, we will strive to create a value that goes above and beyond what is expected of us by our customers and dealers.



Using Seminars to Provide Customers with Latest Information

Takahiro Matsui
Environmental Equipment Group
KOBELCO CONSTRUCTION MACHINERY CO., LTD.



Not only do many customers look forward to our regular resource recycling meetings and forest seminars, we get a lot of great feedbacks such as “the wide range of very useful information that is not just new product information, but the information on the state of the economy and the industry, and lecture meetings as well”, which are greatly encouraging for those of us hosting the events. With “working together with customers” as our motto, we hope to be of some aid in helping to shape a circulation type society by providing customers with beneficial information in addition to information on our products.



▶ Production Liaison Conferences

We hold production liaison conferences two times a year for the purpose of sharing information and deepening our level of mutual understanding with our partner companies. We held this event in Ogaki in October 2013, with 125 companies in attendance. KOBELCO CONSTRUCTION MACHINERY GROUP briefed the audience on the business environment and demand trends, in addition to introducing improvements to distribution and painting processes, etc. And the social gathering that followed provided a fantastic opportunity to directly hear the opinions of attendees. Looking ahead, we will strive to further build on our relationships of trust with partner companies and work for mutual development.



▶ Resource Recycling Meetings and Forest Seminars

We regularly hold seminars aimed at providing a range of the latest information to those engaged in the resource recycling business and work in the forestry field in Japan. The FY2013 resource recycling meeting presented a seminar addressing a theme of “industrial waste as it is now” and introduced KOBELCO products. The forest seminar also provided valuable hints for attendees’ business through the lectures and introductions to the products. This event presented an opportunity for attendees to exchange their thoughts and views on the topic, and continues to be held in high regard year after year.



Workplace and Human Development

Improving the Workplace Environment to Facilitate Comfortable, Pleasant Working Experiences

We continue to build workplace environments that allow for our employees to work with peace of mind while maintaining good mental and physical health. The content of these activities vary greatly depending on the specific characteristics related to different lines of work and regions, including health and safety activities in production factories, support for employees raising children or caring for other family members, and human resource development.

▶ Enrichment of Our In-House Training Program

KOBELCO CONSTRUCTION MACHINERY GROUP is working on building a comprehensive human resource development structure that includes both OJT and Off-JT. We aim to have employees acquire the basic set of business skills while they are still young, and when they become middle age, we aim to have them be able to fulfill a central role in coaching others and performing tasks that require a greater focus on teamwork. Additionally, with the expansion of our overseas business, we will be actively engaged in developing human resources capable of acting on a global stage with the necessary language and cultural awareness skills.



▶ Development of Future Members of Management

The “KOBELCO CONSTRUCTION MACHINERY Business School” established jointly by KOBELCO CONSTRUCTION MACHINERY GROUP and the Guanghua School of Management, Peking University for the purpose of fostering international management members of the next generation provides multi-faceted practical courses of such as the global economy lectures and enhances students’ problem solving capabilities. We have also rolled out similar global human resource development programs in the area of manufacturing and service and this results in improving employees’ skill sets and increasing their motivation.



TOPICS

Recipient of Nikkei New Office Award

GEC building recognized for the high level of functionality and creativity in its design

The Hiroshima Headquarters includes the “Global Engineering Center (GEC),” which essentially acts as a control tower for manufacturing operations. The GEC building was established based on a concept of “airy office environment” to provide the kind of space that had never been seen before, aiming to realize universal design, enrichment and effective use of shared spaces and intended creation of incidental communities. As a result this, the design has been extremely well received both inside and outside the company, with being awarded the “Chugoku-area New Office Encourage Award” at the 26th Nikkei New Office Awards.



▶ Support Measures for Work/Life Balance of Employees (Childrearing/Caring)

We are phasing in support for employees with small children as part of our efforts to improve employees’ “work/life balance.” Up until now we have worked to flesh out our “Libra” Intranet website that helps employees balance work and childrearing, while adding items to, and raising subsidy rates for our welfare plan (cafeteria plan). The cafeteria plan has been used to grant assistance for children’s educational expenses and infertility treatment costs.



▶ Service Technical Contest

Every year KOBELCO CONSTRUCTION MACHINERY GROUP holds “Service Technical Contest” where employees compete on after-sales service skills and knowledge. This time the event had a total of 38 of the leading service technicians from 9 group companies. Using this event to promote skill improvements and the transfer of technical expertise helps lead to greater customer trust and feeling of safety.



▶ Itsukaichi Factory Appreciation Day

While striving to build a workplace environment where employees can work in a safe and comfortable manner, the Itsukaichi factory holds an “Itsukaichi Factory Appreciation Day” to have the families of employees develop a better understanding of the workplace. This year’s event played host to a variety of activities, from a stamp rally to a long-distance relay race between different departments. The event was a great success, with a total of around 1,600 people showing up.



Compliance/Corporate Governance

We have established a system of governance for the entire group to dutifully ensure that we comply with all manners of ethics, laws, and regulations.

Compliance Initiatives

KOBELCO CONSTRUCTION MACHINERY GROUP is aware of the strong need to act in accordance with corporate ethics and fulfill its social responsibilities, and it carries out compliance activities on a continual basis while complying with all forms of laws and regulations concerning corporate management as a matter of course.

Fundamental Principles for Compliance

- (1) In every corporate activity, all relevant laws and Company regulations including this Code of Conduct shall be observed, and there shall be no deviation from the corporate ethics and social morals.
- (2) In every aspect of corporate activity, human rights shall be respected, and discrimination based on race, gender, occupation, age, nationality, social status, religion, physical disability, language, place of origin, or other socially unacceptable practices shall be prohibited.
- (3) In every corporate activity, fair trade practices shall be observed with each of our stakeholders.
- (4) All business practices shall always be based on high ethical standards, and antisocial behavior shall never be condoned, nor any practices that will damage the honor and credit of the Company.
- (5) The Company shall always strive to supply the safest products with attention to the conservation of the global environment, and will provide services and information in a timely manner that satisfy customers and meet their demands.

Compliance Committee

KOBELCO CONSTRUCTION MACHINERY GROUP has established a compliance committee including two members outside the company to act as an independent body from the board of directors to enhance the ethics of corporate activities and the level of compliance with laws and regulations.

Corporate Governance Structure

KOBELCO CONSTRUCTION MACHINERY GROUP has built a corporate governance structure and strictly adheres to compliance requirements to comply with the laws and regulations of the countries and regions in which it does business, and also to ensure that it does not deviate from social morals. Further, the group facilitates the cleaning up of problematic

Environmental Management Committee

KOBELCO CONSTRUCTION MACHINERY CO., LTD. has established an environmental management committee made up of members of each subcommittee, which carries out environmental management activities and improvements to major production bases, such as the Itsukaichi and Ogaki factories, in accordance with ISO14001 environmental factory standards and manuals. The committee promotes further environmental improvements by discussing the progress and issues of each subcommittee and measures at a meeting once a month.

TOPICS Risk Management Exercises

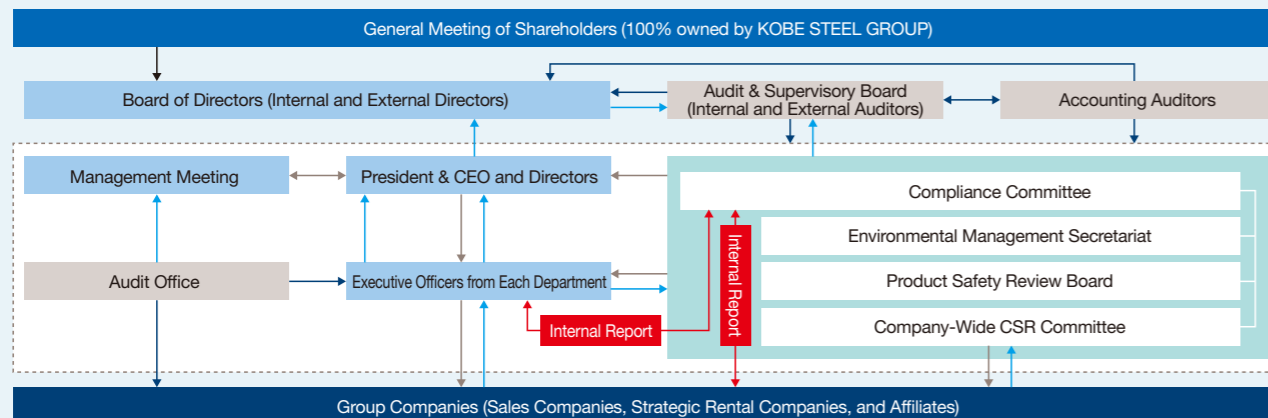
Improving Our Risk Management Capabilities through Continual Activities

We have held risk management exercises every year since 2006. We have continued to gradually expand the level of content and scope that these exercises cover and the 13th set of exercises were performed together with KOBELCO CRANES CO., LTD. By repeatedly carrying out these exercises, everyone acquire the basic skills necessary to respond to and prepare for emergency situations, while raising awareness of the risks present in the workplace. We will continue with these exercises in the future to further improve the risk management capabilities of our employees and of the company itself.



areas within the company and maintains a healthy and sound corporate culture by establishing “Internal Reporting System”. With this, we strive to understand areas where tangible risks and issues are forming with regard to violations to laws and regulations, corporate ethics and behavior standards, grasp problems at an early stage, and take measures against them.

Corporate Governance/Internal Control System Outline (Accurate as of April 2014)



Employee Messages

CSR committee members provide support for the CSR activities of KOBELCO CONSTRUCTION MACHINERY GROUP by taking the lead in.



Toshie Kuroda
CSR Committee Member
KOBELCO CONSTRUCTION MACHINERY
(EAST JAPAN) CO., LTD.

Smiles of Children Are What Inspires Me into Action

I am currently involved in the planning and promotion of events where children can learn about vehicles and machines used for work in an enjoyable environment. These events involve working with local companies to bring in vehicles and machines used for work to kindergartens and elementary schools, and consist of traffic safety and disaster prevention education and hands-on building experiences using paper crafts. Seeing smiles of children causes me to think that “I want to keep doing this, even though it requires a lot of preparation”. Actually, there is one more activity that I want to hold. That is, “KOBELCO activities in each local area!”. What does everyone think about that?

Finding Incentive to Continue in Joy of Others

Rather than doing something large-scale, I hope to provide support to local people that are finding themselves in trouble. This is because I get a real sense of achievement out of someone finding joy in what I have done, and this inspires me to continue to support others. Previously my efforts in transporting elderly persons to and from a town association meeting gave great joy to those involved. I still carry that sense of achievement and feeling of fulfillment with me to this day. While the Ogaki CSR committee carries out exchanges with special support facilities and river cleaning activities, I hope to form smaller groups for enabling each of us to think and act to expand the scope of CSR activities.



Kiyokazu Hirabayashi
Ogaki CSR Committee Chairperson



Takeshi Ohki
Hiroshima CSR Committee Chairperson

Blending Into Community via Range of Activities

It has been about a year since I took to acting as a Hiroshima CSR committee chairperson while preparing new product models for mass production at production bases inside and outside Japan. During this time we have conducted a range of different activities, from holding the rescue robot contest for junior high school students to providing science lectures at a school. I believe that these activities have played a major role in getting local residents to know more about, and take an interest in “KOBELCO.” However we still have a long way to go. I hope that even more people get to know us by expanding the scope of and building up excitement for our CSR activities.

Carry Out Long-Lasting Activities While Enjoying Myself

Up to now I have been involved with cleaning activities and “Dokoden Ikutai” support activities. The greatest impression I got from these was participating in the activities of the “Dokoden Ikutai”, a group actively involved in volunteer activities. Even though they made the time out of their busy schedules to participate, there was not a hint of people thinking that the activity was “tiring or exhausting”. I saw the joy they had in the very act of carrying out the activity itself, and I genuinely got the sense that – even though I was the one supposedly providing them with support – I learned a lot in return. I hope to carry out long-lasting activities while enjoying myself.



Miyuki Takahara
CSR Committee Member
KOBELCO CONSTRUCTION MACHINERY
(WEST JAPAN) CO., LTD.,

Editorial Notes

Tokyo Olympics and Maintaining “Always Being New” Spirit

Masahiko Nakata Company-Wide CSR Chairperson
Last year the Ise Grand Shrine was rebuilt based on a long-honored tradition called the Sengu. This is a prime example of continuing “Always Being New” spirit while following the tradition, which is inherited with the latest technologies. Society as a whole is set to come much more vibrant in the march towards the next generation and in the lead up to the Tokyo Olympics in 2020. I hope to help bring smiles to a broader range of people by continuing CSR activities within our ability.

“Awareness” – That is Enjoyment of CSR Activities

Takuji Miyao CSR Promotion Group Manager
During this season we often find ourselves walking down rows of cherry blossom trees in our local neighborhood and noticing things we may not usually be aware of. CSR activities are much the same. In CSR activities I feel a great sense of enjoyment in realizing something that would normally be overlooked in our regular work tasks. I hope this report serves as a means to find something overlooked for those finish reading this report.

Reaffirming Expansion of Circle of Our CSR Activities!

Go Amano CSR Promotion Group
This year marked my first involvement in the creation of this report. I tried to go beyond simply drafting the report, but to really pay attention to clearly communicating the activities we were engaged in FY2013 to as many people as possible. By doing so I got a renewed sense of how much our CSR activities had expanded in scope.