

## KOBELCO CONSTRUCTION MACHINERY CO., LTD.

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

# SOCIAL ENVIRONMENTAL REPORT 2016



## Message from the President

### New KOBELCO CONSTRUCTION MACHINERY Starts Operations

On April 1, 2016, KOBELCO CONSTRUCTION MACHINERY CO., LTD. (Excavator Business) and KOBELCO CRANES CO., LTD. (Crane Business) integrated their management organizations to give birth to a new KOBELCO CONSTRUCTION MACHINERY with the three following objectives:

- (1) Higher management efficiency and effective utilization of management resources
- (2) Stronger product development capabilities
- (3) Stronger capabilities in global expansion and readiness to meet needs

Although there are various differences in the scale of and technology possessed by our Excavator and Crane Business, we will evolve into further stronger entity by enhancing each strength and supplementing each weakness.

### New Mid-Term Management Plan 2016-2020

Our new mid-term management plan is starting from this fiscal year and will remain in effect until FY2020. This plan covers various specific issues such as responses to the sluggish Chinese market and those of newly developing nations, smooth production of our North American factory, which has already started operation, and creation of specific strategies to increase our large crane business, as well as development of ICT technology pursued by KOBELCO CONSTRUCTION MACHINERY in Japan.

Our mid-term management policy proposes the following two objectives:

- (1) Continue our growth in the global market as a challenger in our industry by achieving differentiation in the market not only for our "products" and "manufacturing" but also for "distribution and services".
  - (2) Create new value through our construction machinery business to contribute to the development of a prosperous society.
- In accordance with these policies, we will thoroughly implement solid measures corresponding to the issues specified through the new mid-term management plan until FY2020. For FY2016, the main issues that need to be addressed are achieving effective results from our business integration and also reaping the synergistic effects of this integration by using the strengths of both our excavators and cranes.

## Continuously Performing Valuable Activities to Contribute to Development of Prosperous Society

KOBELCO CONSTRUCTION MACHINERY CO., LTD.  
President & CEO

Kazuhide Naraki

### Becoming Company Meeting Expectations of and Is Needed by Society

Our CSR activities have consisted of those enabling direct interaction with members of the local community. We have also carried out various other efforts such as providing disaster recovery support and environmental conservation at each of our offices. We also have equipped the products we develop and manufacture with technology having beneficial effects on environmental performance such as those providing low fuel consumption and low noise. Through these various activities, we are contributing to the development of a prosperous society as we strive to be a company that meets the expectations of and is needed by society. Although each single activity ranges from small to large, it is not the size of the activity that matters, but rather we should place importance on how much value is provided by that activity. This "value" is that which can be provided to society, value that enables us to be inspired by society and grow, value that allows for mutual understanding and communication, value that enables the creation of relationships of mutual trust, and value that is expected. By continuing these valuable activities, we hope to create a relationship of mutual trust with society, and, through this mutual need for each other, contribute to the development of an even better and more prosperous society. The year of 2016 marks the birth of a new KOBELCO CONSTRUCTION MACHINERY GROUP. We hope that you will continue to have high expectations for us as we continue to develop and carry out activities that are fitting for the KOBELCO CONSTRUCTION MACHINERY GROUP.

## Management and CSR of KOBELCO CONSTRUCTION MACHINERY GROUP

The 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 accepted by society.

### Mid-Term Management Policy and Strategy

#### Mid-Term Management Policy

- Continue our growth in the global market as a challenger in our industry by achieving differentiation in the market not only for our "products" and "manufacturing" but also for "distribution and services".
- Create new value through our construction machinery business to contribute to the development of a prosperous society.

#### Mid-Term Management Plan Basic Strategy

##### Excavator Business Strategies

- (1) Increase our presence in Europe, America, and other areas where we expect growth next, to establish our presence in the world as a global excavator manufacturer.
- (2) Provide solutions by utilizing products, services and IT those are differentiated from and far surpass those of other competitive companies to create a corporate structure selected by "customers" and the "distribution" industry.
- (3) Develop a strong business foundation that allows us to adapt to any changes in the business environment and to maintain stable earnings.

##### Crane Business Strategies

- (4) Improve the quality of operations to maintain stable earnings.
- (5) Create a foundation for business operations growth.

##### Common Strategy

- (6) Efficiently cultivate globally capable human resources and increase our capabilities for global expansion by diffusing our spirit throughout the company.

## CSR Activities

The KOBELCO CONSTRUCTION MACHINERY GROUP continues to pursue earth and human friendly activities from the perspective of construction machinery manufacturing and also the standpoint as a company. We have implemented an organizational structure for CSR activities, and all group members have got involved in the CSR activities in accordance with the activity policies.

#### CSR Activity Policies

- The KOBELCO CONSTRUCTION MACHINERY GROUP protects the global environment in our unique manner.
- The KOBELCO CONSTRUCTION MACHINERY GROUP strives to contribute to local communities and coexist in harmony with local residents.
- Together with the employees, the KOBELCO CONSTRUCTION MACHINERY GROUP continues to make strides towards achievement of a better future.

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

##### Message 1

The KOBELCO CONSTRUCTION MACHINERY GROUP utilizes the know-how gained from our efforts to take on environmental issues and carry out global environmental conservation activities in our unique manner.

##### Message 2

Based on the concept of "Thinking of the Future of People and the Earth", the KOBELCO CONSTRUCTION MACHINERY GROUP strives to contribute to local communities and coexist in harmony with local residents.

##### Message 3

The employees of the KOBELCO CONSTRUCTION MACHINERY GROUP are valued partners in shedding tears, laughing, and encouraging each other as we strive towards achieving a better future.

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#### Report subjects

**Subject organizations:** KOBELCO CONSTRUCTION MACHINERY CO., LTD. and affiliated companies  
**Period covered:** April 1, 2015 to March 31, 2016  
(Some contents include information from April 1, 2016 onwards)  
**Report issue:** August 2016



# Start of Operations of the New KOBELCO CONSTRUCTION MACHINERY!

On April 1, 2016, KOBELCO CONSTRUCTION MACHINERY (Excavator Div.) and KOBELCO CRANES (Crane Div.) integrated their management organizations to give birth to and start operations as a new KOBELCO CONSTRUCTION MACHINERY.

The new company will transform our operations to further strengthen our business structure by the Excavator and Crane Divisions mutually improving the strengths and supplementing the weaknesses of each other, and will contribute to the development of a society that is more prosperous than ever before by continuing to achieve growth as a challenger in our industry.

1. Increase management efficiency and effective utilization of management resources
2. Strengthen product development capabilities
3. Strengthen global expansion capabilities and readiness to meet needs

**New**  
KOBELCO  
CONSTRUCTION  
MACHINERY

## Business Integration

KOBELCO CRANES CO., LTD.

KOBELCO CONSTRUCTION  
MACHINERY CO., LTD.

## Corporate Philosophy

### Management Philosophy

Focusing on the needs of users in actual workplaces, the KOBELCO CONSTRUCTION MACHINERY GROUP dedicates itself 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.

### SPIRIT

"Spirit" refers to the mindset, sense of values and standard of conduct that is shared across and beyond generations, borders and regions by all employees of the KOBELCO CONSTRUCTION MACHINERY GROUP all across the globe.



## Compliance

### INTEGRITY: Our Sincere Commitment

Compliance is a major principle for all our actions and philosophy. INTEGRITY is the most important attitude needed to realize compliance. We must be sincere in our dealings with countries and regions, companies and departments, business connections and all of our one-to-one relationships, and we must carefully comply with various rules and manners. Persistence in having a highly ethical viewpoint and sincere attitude, never yielding to influence or coercion, is the foundation for realizing our corporate philosophy, which includes our corporate spirit. This philosophy is converted to personal conviction and then realized one step, one person at a time. That is the ideal that we are constantly striving to attain.



## Environmental Conservation Activities Report

# Working to Preserve Environment with Our Leading Environmental Technology

Our lineup is loaded with both excavators and cranes having high levels of environmental performance. We are dedicated not only to creating environmentally friendly construction sites but also to environmental conservation at all stages of the business operations cycle.

## Next-Generation Hydraulic Shovels Generation 10 Series

Our 20 to 50-ton class Generation 10 Series is already on sale in North America, Europe and other regions. This series, developed under the concept of "low fuel consumption, and even high durability", utilizes our low fuel consumption technology that greatly surpasses that of any conventional models to provide a maximum fuel consumption improvement of 10%. In comparison with the same class ten years prior, fuel consumption has been improved by a maximum of 38%\*. By improving the service life of our machines, we are expanding our "Terrestrial Machines", capable of operating in any work-site anywhere on the earth, to locations across the globe.

\*1: Values vary depending on the class.

## New Engine that Satisfies Most Recent Emission Standard Values

The Generation 10 Series not only provides improved performance but consists of machines that are considerate to the environment. The new engine\*2 equipped to these machines reduces the harmful substances contained in exhaust gas as well as greenhouse gases (CO<sub>2</sub>). These new hydraulic excavators reduce greenhouse gases by 8 to 10% in comparison with conventional models as well as reducing nitrogen oxide (NO<sub>x</sub>), the cause of acid rain and other harmful conditions, by some 80% making it the engine for the next generation by providing both energy savings and ecological compatibility.

\*2: The equipped engine varies depending on the country.

## Topics

### KOBELCO's "Carbon Offset" Program Received "Fifth Carbon Offset Award" from Minister of Agriculture, Forestry and Fisheries!



We received an award from the Minister of Agriculture, Forestry and Fisheries in the "Fifth Carbon Offset Awards" in December 2015. The KOBELCO CONSTRUCTION MACHINERY GROUP has been carrying out its unique "Carbon Offset" Program since October 2013 in order to contribute to the prevention of global warming and forest maintenance. This program provides a mechanism for compensating for (offsetting) the greenhouse gases emitted by a company that cannot be reduced, by reducing, in part or in whole, greenhouse gases in another location. Many companies use the program to protect the environment. This program has been highly lauded, resulting in us to be the first construction machinery manufacturer to receive a "Carbon Offset Award" from the Minister of Agriculture, Forestry and Fisheries.



## BM1500G: Base Machine with Full-Scale Foundation and Civil Engineering Specifications

As customers in the present-day construction industry increasingly want even safer machines that can perform even larger-scale construction tasks, the KOBELCO CONSTRUCTION MACHINERY GROUP has developed the BM1500G as the largest foundation and civil engineering base machine within Japan. An important necessity for operations related to foundations and civil engineering is not simply the maximum lifting capacity, but rather lifting and winching capabilities with a working radius of 8 to 15 m. Although other competitive manufacturers also have crawler cranes with the maximum lifting capacity of 150 tons, the BM1500G is the largest machine in Japan for foundation and civil engineering operations because the structures for the upper and lower parts are one class larger than those of crawler cranes. This machine is expected to play a useful role mostly in redevelopment sites such as buildings and bridges.

## Improved Operation Efficiency! G-Winch

An issue with conventional machines is that when not suspending a load, the engine speed drops, causing the winch speed to also be reduced.

Turning on the G-Winch function enables hoisting and lowering at the maximum speed even when the engine speed is low to provide both energy savings and speedy operation.

## Environmentally Friendly Cranes with Improved Fuel Performance and Reduced CO<sub>2</sub>

Although our cranes are equipped with engines meeting the 2011 Off Road Law, they also have an exclusive energy-saving system developed originally. The auto idling stop function (AIS) detects when the crane is in standby and not operating, then it starts a countdown when certain conditions are satisfied to automatically stop the engine when the count reaches 10. Operation can be restarted simply by turning the accelerator grip to immediately start the engine again. This is an energy-saving function and energy is not wasted during standby.

## Topics

### "MK650" Lattice Boom Wheel Crane for Harbor Use Received "Good Design Award 2015"

The "MK650" lattice boom wheel crane for harbor use (maximum lifting capacity of 65 tons), which went on sale in May 2014, received a "Good Design Award 2015" sponsored by the Japan Institute of Design Promotion. The highly praised transportability and mobility, improved in comparison with conventional models, due to the integrated design of the driver's seat and engine room was the reason for this award.

Influenced by the deterioration in cranes for harbor use and the Great East Japan Earthquake, this model has been developed aiming at supporting marine transport and loading/unloading of marine cargo while also providing safety and environmental consideration. Additionally, this lattice boom wheel crane has been developed especially for harbor work, and provided with improved lifting capabilities and functions, and also better mobility in response to the increasing size of ships, as well as to customer demands for improved capabilities to ensure safe operations and for increased speed of movement between harbors. The engine meets the emission standard to also contribute to environmental protection.

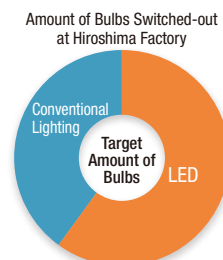




## Measures at Factories

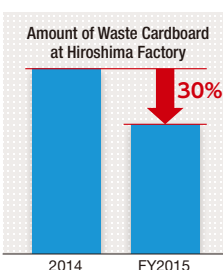
### Reduced Power Consumption from Conversion to LED Lighting

As a part of our promotion of actions to reduce energy consumption, each factory has been promoting the switch to the use of LED light bulbs with low power consumption in the light fixtures of facilities. We are currently establishing standard illuminance for each work area and switching to LED light bulbs because their illuminance is greater than that of conventional bulbs and also it contributes to improving the work environment. By the end of FY2015, we had switched out 60% of the target amount of bulbs at our Hiroshima Factory.



### Reduction of Waste Cardboard

As a part of our efforts to reduce waste, we are promoting an activity to change cardboard for the packaging material of parts delivered by our suppliers to specialized plastic pallets to reduce the amount of waste cardboard at each of our factories. At our Hiroshima Factory, parts that can be delivered using this specialized plastic pallet were selected to achieve a reduction, with the cooperation of our suppliers, in cardboard waste of 30% in comparison with the amount prior to FY2015. We will continue the activity in FY2016 aiming at increasing the use of specialized pallets for our suppliers' parts.



### Environmental Verification Studies at Dealers and Service Factories

Every half-term, the KOBELCO CONSTRUCTION MACHINERY GROUP selects locations of business operations that require improvement and then performs environmental verification studies accordingly based on the results of voluntary environmental studies conducted by the group dealers.

The same type of study was also performed for group rental companies in FY2015.

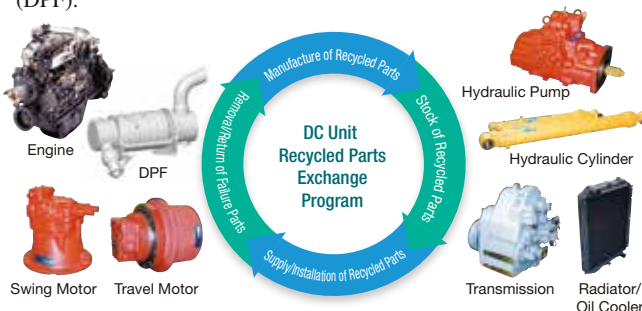
### Reduction of Waste Pallets

A policy of retrieving waste pallets is being implemented at each factory. Although wooden pallets were previously disposed as waste, they are now recycled in order to reduce the amount of waste pallets. From FY2015 at our Okubo Factory, we have been improving our delivery packaging and switching to the use of specialized plastic pallets, resulting in a 12% reduction in comparison with the previous year in the amount of wood chips created including those from wooden pallets.



### Recycled Parts Exchange Program

We are promoting the "DC Unit Recycled Parts Exchange Program" that enables used devices, such as engines, hydraulic pumps and cylinders, to be returned to conditions equaling those of a new part and reused. The recycling of devices not only reduces waste and contributes to resource saving, it also provides economic benefits in the form of lower prices. We have further increased our lineup of recycled parts with the new addition of diesel particulate filter (DPF).



## Environmental Figures

### Emission Amounts Associated with Business Activities

The KOBELCO CONSTRUCTION MACHINERY GROUP is carrying out various environmental conservation activities according to the business cycle of development, production, distribution and sales. Our efforts for environmental preservation include an energy saving activity leading to reducing CO2 emission and reduction in waste matter at each factory, while, in terms of production and development, promoting the manufacture of products with improved environmental performance such as low fuel consumption.

The FY2015 environmental figures for our Japanese production bases are shown below.



#### Hiroshima Factory

##### ■Atmosphere

| Item          | Facility       | Regulation Value | Measured Value |
|---------------|----------------|------------------|----------------|
| NOx           | Drying furnace | 230              | 6.8            |
| 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               | 5.1                            |
| Dioxins     | Not applicable   | —                              |

##### ■Chemical Substances

| Substance    | Amount of Emissions |               |      |                             | Amount of Transportation |                   | Main Process/Purpose of Use, etc. |
|--------------|---------------------|---------------|------|-----------------------------|--------------------------|-------------------|-----------------------------------|
|              | Atmosphere          | Public Waters | Soil | Reclamation Inside Premises | Sewers                   | Outside Factories |                                   |
| Xylene       | 80,000              | 0             | 0    | 0                           | 0                        | 29,000            | Painting                          |
| Toluene      | 8,000               | 0             | 0    | 0                           | 0                        | 9,000             | Painting                          |
| Ethylbenzene | 33,600              | 0             | 0    | 0                           | 0                        | 3,400             | Painting                          |

Total substances handled: 4

#### Okubo Factory

##### ■Atmosphere

| Item          | Facility       | Regulation Value | Measured Value |
|---------------|----------------|------------------|----------------|
| NOx           | Not applicable | Not applicable   | —              |
| Dust and soot | Not applicable | Not applicable   | —              |
| Dioxins       | Not applicable | Not applicable   | —              |

##### ■Water Quality (Sewerage Act)

| Item        | Regulation Value | Measured Value (Average Value) |
|-------------|------------------|--------------------------------|
| COD         | 600              | 6.2                            |
| SS          | 600              | 22.2                           |
| Oil content | 5                | 0.3                            |
| Dioxins     | Not applicable   | —                              |

##### ■Chemical Substances

| Substance    | Amount of Emissions |               |      |                             | Amount of Transportation |                   | Main Process/Purpose of Use, etc. |
|--------------|---------------------|---------------|------|-----------------------------|--------------------------|-------------------|-----------------------------------|
|              | Atmosphere          | Public Waters | Soil | Reclamation Inside Premises | Sewers                   | Outside Factories |                                   |
| Xylene       | 105,000             | 0             | 0    | 0                           | 0                        | 0                 | Painting                          |
| Toluene      | 57,000              | 0             | 0    | 0                           | 0                        | 0                 | Painting                          |
| Ethylbenzene | 7,900               | 0             | 0    | 0                           | 0                        | 0                 | Painting                          |

Total substances handled: 5

#### Ogaki Factory

##### ■Atmosphere

| Item          | Facility       | Regulation Value | Measured Value |
|---------------|----------------|------------------|----------------|
| NOx           | Not applicable | Not applicable   | —              |
| Dust and soot | Not applicable | Not applicable   | —              |
| Dioxins       | Not applicable | Not applicable   | —              |

##### ■水質

| Item        | Regulation Value | Measured Value (Average Value) |
|-------------|------------------|--------------------------------|
| COD         | 2,460            | 4.1                            |
| SS          | 40               | 6.0                            |
| Oil content | 35               | 1.0                            |
| Dioxins     | Not applicable   | —                              |

##### ■Chemical Substances

| Substance    | Amount of Emissions |               |      |                             | Amount of Transportation |                   | Main Process/Purpose of Use, etc. |
|--------------|---------------------|---------------|------|-----------------------------|--------------------------|-------------------|-----------------------------------|
|              | Atmosphere          | Public Waters | Soil | Reclamation Inside Premises | Sewers                   | Outside Factories |                                   |
| Xylene       | 26,000              | 0             | 0    | 0                           | 0                        | 6,000             | Painting                          |
| Toluene      | 14,000              | 0             | 0    | 0                           | 0                        | 3,000             | Painting                          |
| Ethylbenzene | 21,000              | 0             | 0    | 0                           | 0                        | 5,000             | Painting                          |

Total substances handled: 4

■Atmospheric data  
 \*Regulation Value: Air Pollution Control Act, Prefecture Ordinance, and Act on Special Measures Concerning Dioxins  
 \*Units: NOx was measured in ppm, dust and soot were measured in mg/m<sup>3</sup>, and dioxins were measured in ng-TEQ/Nm<sup>3</sup>.  
 \*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, Prefecture Ordinance, Act on Special Measures Concerning Dioxins or city sewer regulations, and agreed values  
 \*Units: COD, SS, and 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, thiram, simazine, thiobencarb, benzene, and selenium  
 ■Chemical Substances  
 \*Unit: kg

## Topics

### Acceleration of Global Expansion New North American Factory

New Generation of Factory Aims to be "Clean & Flexible"



KOBELCO CONSTRUCTION MACHINERY opened a new factory for hydraulic excavators in Spartanburg County, South Carolina (USA) for full-scale operation in June 2016. We re-entered the North American market in 2013 with the objectives of further strengthening our operations there and achieving faster regional response for North America.

The factory has a productive capacity for 1,800 units per year, mostly focused on the 20-ton class as it is in the highest demand in the US and provides excellent low fuel consumption performance, although the amount and variety of machines produced will be gradually increased.

This factory has implemented the "Clean & Flexible" concept, which is an evolution of the "Smart & Clean" concept implemented at the mother factory, Itsukaichi Factory. Quality control is focused on cleanliness with the installation of equipment to prevent the creation and penetration of dust wherever possible. Innovative methods such as the installation of light-providing windows and colored walls are used with the aim of creating a clean factory that is considerate of the environment as well as those working in the factory.

There is also a "Demo Center" located on the factory grounds. This facility has a variety of flexible uses for the purposes of sales promotion.



Opening ceremony: Tape cutting



Opening ceremony: Memorial photo in front of first production unit





**We are carrying out continuing activities as well as a new activities program!**  
**I want many people to know about the KOBELCO CONSTRUCTION MACHINERY GROUP.**

Although I have only been a member of the CSR Committee for three years, I carry out my activities with the desire to inform as many persons as possible about KOBELCO. We have been carrying out activities such as the rescue robot challenge for junior high school students and elementary school visit science classes for many years, such that I feel that opportunities for news and other media coverage have been increasing and that "KOBELCO" is gradually becoming familiar in many local communities. We are preparing to hold various activities in the future such as high-level training programs for persons with specialized expertise in cooperation with universities, and visit classes at science and other types of museums. My work has many links to the CSR activities, which is useful for administrative operations. As my personal connection with persons in other departments such as development and production have expanded, I have come to have a greater understanding of and feel even more affection for our company! I would like to center on the CSR Committee and plan various activities that will encourage the participation of company employees.

What CSR activities mean to me: **Trust**  
 KOBELCO CONSTRUCTION MACHINERY CO., LTD.  
 Hiroshima General Administration Group, General Administration Department, Corporate Planning Division  
 Responsibility: Hiroshima area  
**Mayumi Takahashi**



School visit science class

**ACP and CSR collaborate for activities inside and outside of the company.**  
**I also want to create mechanisms for company employees to easily participate.**

As a leader of the Action Project (ACP) that serves to deepen bonds of friendship between employees and create workplace environments that are safe and lively, I perform planning and administrative work for events such as social gatherings and factory tours for families. I am involved in implementing the CSR activities in cooperation with the CSR Committee. I helped carry the mikoshi (portable shrine) at last year's Ogaki Jumangoku Festival. I also participate in cleaning up of the Ibi River every year. I feel really refreshed to see the river become clean, and I think that the act of silently picking up garbage is mentally beneficial as it allows you to gather your thoughts and feelings. Participation in the ACP and CSR activities allows you to interact and connect with persons you wouldn't normally have the chance to meet. I think that forming human relations that stretch across departments is not only beneficial to the company but is also enjoyable for the workers. Interacting and connecting to a large number of persons in the CSR activities also contributes to one's personal growth and development. I would like to find more innovative methods to allow everyone to participate easily in such activities.



Ogaki Jumangoku Festival

What CSR activities mean to me: **Constantly Evolving Workplace**  
 KOBELCO CONSTRUCTION MACHINERY CO., LTD.  
 Manufacturing Section, Ogaki Factory, Production Division  
 Responsibility: Ogaki area  
**Yasuyuki Matsubara**



## Special Feature II KOBELCO FACE

KOBELCO CSR is carrying out various activities all across Japan. Our employees who work in direct support of CSR activities share their thoughts about CSR activities and the attractive benefits.



**Having actual experiences really gives me feelings of accomplishment and comfort!**  
**I want to make more connections so that everyone in the company knows about our CSR activities.**

Although I have only recently taken over the CSR Committee responsibilities and only been involved in one activity, I was able to participate in a forest maintenance activity of the KOBELCO Forest held by KOBE STEEL. Such activities are not only socially significant, but also serve as excellent personal experiences, refreshing one both mentally and physically. I was really moved when the light of the sun flooding through the forest when we completed the thinning. In that day, we performed maintenance procedures to ensure safety and corresponding preparation such as creating footholds, determining what trees would be thinned, and marking them beforehand. The procedures and methods for preparations on the administrative side have also provided me with a great learning experience. Since joining the CSR Committee I have discovered many activities, giving me the desire to inform an even greater number of persons about them. I now really have a burning desire to carry out various efforts while creating a sense of unity both inside and outside of the company through the KOBELCO CSR activities.

What CSR activities mean to me: **Nurturing Flexibility**  
 KOBELCO CONSTRUCTION MACHINERY (WEST JAPAN) CO., LTD. General Administration & Human Resource Group, Sales Administration Department  
 Responsibility: Western Japan area  
**Kyoko Osaki**



Woodworking during forest maintenance activity at KOBELCO Forest

**I felt the trust of an office that actively participates in the local community!**  
**The goal is to enliven activities with new ideas.**

I assist in carrying out various regional contributions based mainly on suggestions from our offices. There are many tasks involved in coordinating with and gaining the cooperation of various persons outside of the company when planning a new activity and I have been able to directly experience the high level of trust in the local communities of our various offices. When carrying out my first activity, which consisted of giving a special lesson on "working vehicles" by bringing an excavator into an elementary schoolyard, I had to provide a thorough explanation. I was faced with the difficulty of balancing explanations that conveyed both the fun and dangerous aspects when carrying out the activity. I have also led a company tour for elementary school teachers. I had no experience dealing with regular adults and faced some difficulties but at the same time, I was able to feel the great significance of the activity. I have to rely quite a bit on persons of our offices and they often take the lead, but my future goal is to carry out events sponsored by the CSR Committee in which all employees can participate.



Event for children of local community

What CSR activities mean to me: **Cooperative spirit is attractive**  
 KOBELCO CONSTRUCTION MACHINERY (EAST JAPAN) CO., LTD. Financial Affairs/Management Group, Sales Administration Management Department  
 Responsibility: Eastern Japan area  
**Shinobu Watanabe**





## Social/Regional Activities Report

# Contributing to Local Communities Based on Direct Interactions

The goal of these activities is to proactively forge links with members of local communities and regional societies in order to promote familiarity and become a company that is necessary to these local communities. By deepening mutual understanding and growing together, we are cultivating a future of coexistence and mutual prosperity.

### Activity Philosophy

While expanding our business operations to various regions as a global company, the KOBELCO CONSTRUCTION MACHINERY GROUP is continuously carrying out community-based CSR activities that are rooted in the areas where we operate business. Due to the importance we place on growing together with the local communities while generating a sense of familiarity in these same communities, KOBELCO carries out activities related to exchanges with local residents and contributions to local communities. To achieve this, the basis of our activities consists of voluntary investigation and participation of employees in activities. These activities allow us to understand regional characteristics, and what local residents are thinking and feeling while also providing opportunities for considering the role that the KOBELCO CONSTRUCTION MACHINERY GROUP must assume in society. Additionally, when an earthquake or similar large natural disaster occurs, we contribute donations for recovery support, donate construction machinery needed at the site of the disaster, dispatch machine operators. We are always studying what is needed and what can be done with a wide perspective in order to carry out activities that contribute to people and society. The KOBELCO CONSTRUCTION MACHINERY GROUP has been steadily carrying out activity after activity in order to become indispensable to local communities and their members.

### CSR Fund and Continuous Activities

The "CSR Fund" was established in FY2006 in order for the KOBELCO CONSTRUCTION MACHINERY GROUP to provide support for and implement social contribution activities. The "CSR Fund" proactively supports activities that contribute not only to local communities but also to society as a whole. The fund supports a wide variety of activities from human resources development to education assistance in all parts of the world. Activities to be selected are drawn from the submitted suggestions from our employees. Activities within Japan and overseas considered as appropriate to serve as CSR activities of the KOBELCO CONSTRUCTION MACHINERY GROUP, such as those contribute to local communities or protect the global environment, are provided with financial assistance, and support is provided so that the activity will be ongoing.



### Overseas Activities

## In Order to Become Company Valued by Local Communities

The KOBELCO CONSTRUCTION MACHINERY GROUP is expanding our business operations to various areas as a global company while also becoming involved in the development and economic activities of the corresponding countries and regions. At the same time, we hope to become a valuable company for the persons living in these areas by deepening mutual understanding through contributions to the local communities and exchanges with local residents in order to achieve coexistence and mutual prosperity with these local communities.

### 1 Support for Community Support Center (Manila, Philippines)



Support is provided through the CSR Fund for the operations of a community support center located on the edge of Lake Taal, approximately 70 km south of Manila. Continued steady support of local dealers for the center, realizing the continual support of the KOBELCO CONSTRUCTION MACHINERY GROUP.



### 4 Factory Appreciation Day (Hangzhou, China)

Local subsidiaries (HKCM and KPMH) invited the families of employees to take a factory tour, and create clay models of excavators. It provided families and employees the opportunity to deepen their mutual understanding and appreciation, while also fostering affection for the workplace and raising awareness of creating a safe work environment.



### 2 Training of Cambodian Personnel Working in the Restoration of Angkor Wat (Siem Reap, Cambodia)



Support activities are performed through Sophia University to contribute to regional development through archaeological excavation of the ruins of historic buildings and temples, and related training. Activities to contribute to human resources development and the local community also consist of education for local elementary school students.



### 5 Support for Neighborhood Kindergartens (Hangzhou, China)

In the course of performing exchanges with and contributions to local communities carried out by our local subsidiaries (HKCM and KPMH), they donated stationary goods to neighborhood kindergartens. We believe it is important for our company to grow as children grow, becoming familiar to members of the local community.



### 3 Forest Protection Activities (Pasoh, Malaysia)



These support activities, carried out through Hiroshima University, consist of a project to maintain and revive oil palm plantations within protected forest areas, with operating costs partially provided by us. Additionally, activities such as holding tree-planting events in the local area are carried out as human resources development activities directed at the local children.



### 6 Educational Support for Qingxing Shengang Primary School (Chengdu, China)

Three local subsidiaries (CKCMG, CKCM and CKCML) have been providing support since the Great Sichuan Earthquake. They donated physical education equipment on Children's Day in June, participated in a volleyball tournament, and donated school bags to the new students at the ceremony for the first day of school held in September.



KOBELCO CONSTRUCTION MACHINERY CSR



For more details, visit our website.  
<https://www.kobelcom-global.com/jp/csr/society/>



## Domestic Activities

## Continuing Community-Based Activities for Our Fellow

We have carried out various activities such as proactively participating in local development events, providing educational support for children, cleanup and beautification activities, and tree-planting activities, those place importance on growing together with the local communities while generating a sense of familiarity in local communities. Our employees will continue to perform their own activities to contribute to creating an even better and more prosperous society.

### 1 School Visit Activities (Hokkaido to Kanagawa)

Every year, we visit kindergartens and elementary schools to carry out activities that express the fun and interesting and attractive aspects of working machinery. The smiles on the children's faces during activities such as a "man vs. machine" dirt-digging contest and sketching session bring a rewarding sense of satisfaction.



### 2 Go-Anywhere Squad (Fukuoka)

We participate in activities such as neighborhood clean-up and support for welfare facilities carried out by the "Go-Anywhere Squad" (Doko-den Iku Tai), a volunteer group, and also provide financial assistance. Our wide-ranging local-based activities for harmonious coexistence were recognized with an award from the Minister of Health, Labour and Welfare in 2016.



### 3 Social Contribution Activities Exhibition (Tokyo)

We participated in the "Consumer Life and Social Contribution Activities Exhibition" of the Shinagawa City. Some 2,700 persons visited the exhibition, providing us with an excellent opportunity to interact with numerous persons and let them know about the attractive aspects of the KOBELCO CONSTRUCTION MACHINERY GROUP.



### 4 Rokkosen ECOWAY Green Forest: Forest Maintenance Activities (Hyogo)

We participate every year in the forest maintenance activities carried out by the KOBE STEEL GROUP. Activities such as periodic thinning, improvement cutting, and tree planting have been held since the forest opened in 2012. Directly experiencing the splendor of nature, we felt that the activity is not only socially significant but also serves to relax the mind and body.



### 5 School Visit Science Class Project (Hiroshima)

From 2010, we have been continuously giving a class to elementary school students called "Balances and Levers" that uses hydraulic excavators as the subject. Using a miniature or model excavator, weights were loaded in the bucket to provide direct experience of fulcrums, power points, and points of actions.



### 6 Saeki Ward Residents' Festival (Hiroshima)

We have participated in the Saeki Ward Residents' Festival (held in Saeki Ward, location of the Itsukaichi Factory) every year since 2012. In addition to a customary candy-grabbing using a radio-controlled excavator and coloring, activities such as the mini-excavator ride were extremely popular with the children.



### 7 KOBELCO CONSTRUCTION MACHINERY Cup Rescue robot challenge for junior high school students (Hiroshima)

This contest planned and carried out together with Hiroshima University was held for the 12th time. In addition to creative innovation and teamwork, this event stresses the "grace and ease" of function and movement. The exchange party held afterwards was lively and fun, allowing students to proudly show off their machines.



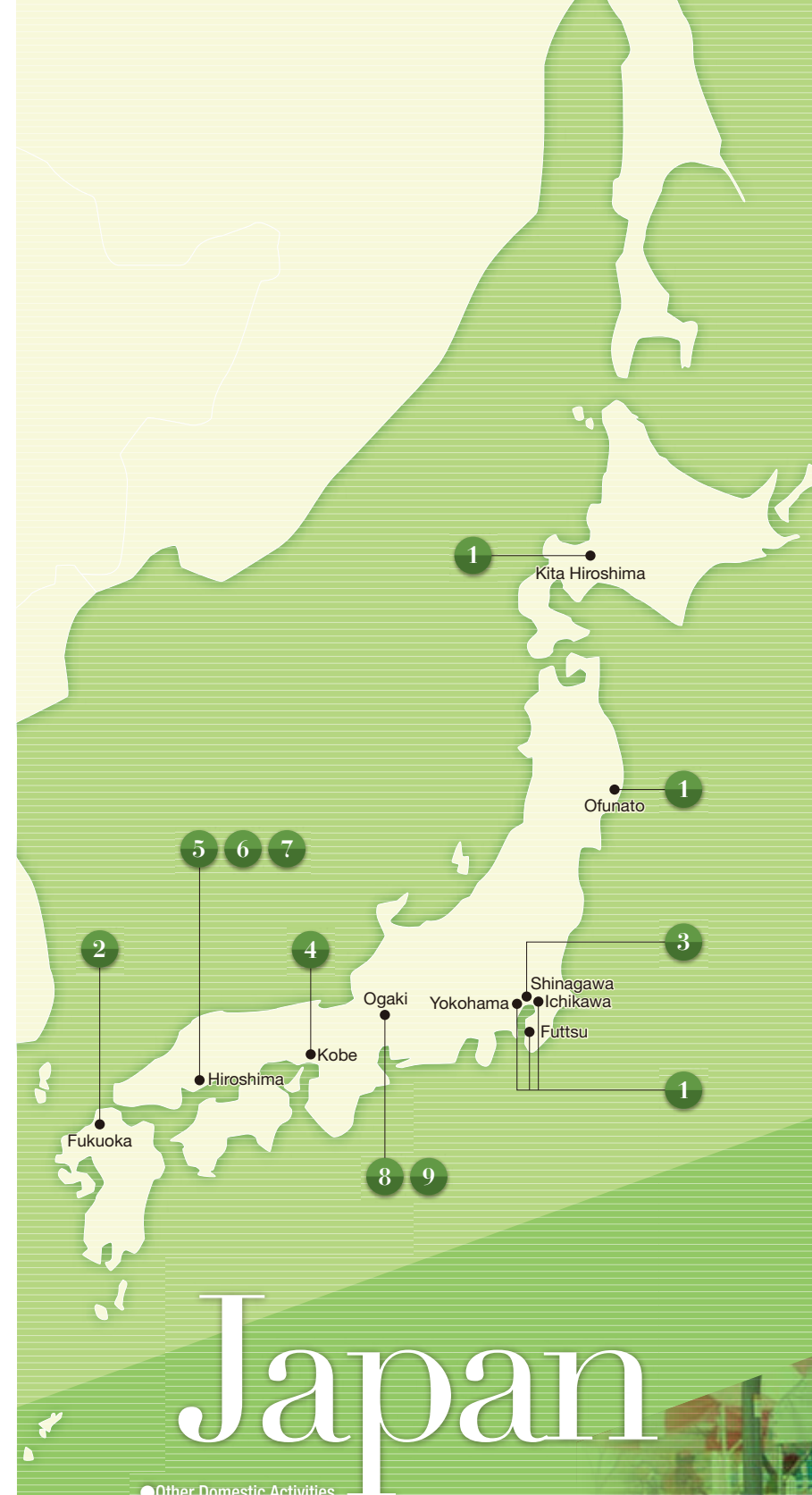
### 8 Hiro Gakuen: Machine Sketching Contest (Gifu)

Hiro Gakuen is a school for Brazilians. A sketching contest is held every year, with some 30 persons invited to the training center in FY2015. An opportunity to test drive a machine was provided after the sketching contest, and the children, who were extremely excited about riding in an excavator for the first time, were overjoyed with the experience.



### 9 Ogaki Jumangoku Festival (Gifu)

KOBELCO CONSTRUCTION MACHINERY annually participates in this event jointly with SHINKO ENGINEERING. This year was the fourth time we participated in the main corporate mikoshi (portable shrine) event, with a team of 120 members paraded around carrying a shrine to "Korokun", the mascot of the Kobe Steel Kobelco Steelers.



#### Other Domestic Activities

- Tokyo ● Shinagawa Yume Sanbashi
- Tokyo ● Hosting of class visits to company
- Chiba ● Hosting of Funabashi Branch of Chiba Prefecture Educational Research Group
- Kyoto ● Participation in Kyoto Tanshu Moku-Moku Festa
- Hyogo ● Forest Maintenance of KOBELCO Forest
- Hyogo ● Participation in KOBELCO Rugby Festival
- Hyogo ● Participation in Construction Friendship Festival
- Hyogo ● Participation in KOBE STEEL Kakogawa Festival
- Hiroshima ● Tours of observation on actual construction machinery for vocational school students
- Each Office ● Local cleaning activities
- Each Office ● Hana Ippai Campaign (Flower planting)
- Each Office ● Eco Cap Activities
- Each Office ● Exhibition: CSR booth display

## CSR Award System

Every year, the KOBELCO CONSTRUCTION MACHINERY GROUP gives a "CSR Award" to the most outstanding activity from among all the various CSR activities carried out by each group company. Numerous activities are nominated each year with the selection criteria focusing on distinguished achievement such as environmental responsiveness, regional contributions, and human resources development in business areas, and improvement of the group brand. The awarding of the prize aims to inform our employees of these great activities and cultivate even more excellent activities in the future.

### Topics

#### FY2015 CSR Award School Visit Activities

Awarded to:  
KOBELCO CONSTRUCTION  
MACHINERY (EAST JAPAN) CO., LTD



With the aim of being a company rooted in the local community, KOBELCO CONSTRUCTION MACHINERY (EAST JAPAN) has been continuously carrying out visits to schools located in the community where the offices are located. The children listen to an explanation to understand the social role of construction machinery. These activities were given this CSR award for the manner in which they contribute to the formation of the children and how these activities are spreading as a means to construct a relationship of trust with the local community.





## Established Various Support Systems to Deepen Trust and Improve Our Technology

We are creating various opportunities for communication, and sharing information with companies we do business with and our customers to create trust. We are strengthening our linkages through mutual understanding and friendly competition with the goal of developing and expanding together.

We hold dealer meetings periodically in order to interact and exchange ideas with dealers who sell the KOBELCO CONSTRUCTION MACHINERY GROUP products the world over. The meetings consist not only of the provision of market-trend information but also enable the construction of a strong cooperative network through the exchange of a wide range of information with the aim of further expanding the KOBELCO brand. In November 2015, North American dealers toured the Itsukaichi Factory for the first time and in February 2016, the meeting was held in the European area. They directly experienced the high quality of KOBELCO's manufacturing craftsmanship and capabilities.



We regularly hold seminars aimed at providing a range of the latest information regarding the forestry and resource recycling industries to participants engaged in those industries within Japan. This year's Resource Recycling Meeting was held under the theme of "Globalization of the Scrap Market". The Forest Seminar consisted of the presentation of the latest forestry machinery, while invited guest Hideo Higashikokubaru, a former member of the Japanese House of Representatives, spoke about topics such as the role and current status of local government. Both seminars provided a space for communicating information from the KOBELCO CONSTRUCTION MACHINERY GROUP that serves as tips for improving business operations.



Intermat 2015 was held at the Paris-Nord Villepinte Exhibition Center in April 2015 with our two European subsidiaries jointly presenting a booth. The booth featured displays of our latest models and machines being presented for the first time in Europe. Additionally, our exhibition made an overall appeal for the excellent low-fuel consumption performance under the theme of "We Save You Fuel". Intermat, held every three years, is one of the three largest construction exhibitions in the world. Over its six days, the exhibition attracted 183,000 visitors from 168 countries, mostly from Europe, the Middle East and Africa.



We hold production liaison conferences two times a year with suppliers that serve as our parts supply sources. This year, 373 persons from 168 companies participated. These conferences provided the opportunity for the affiliated companies to deepen their understanding in regard to topics such as business environment and demand trends. The social gatherings at the conferences provide a space for friendly social interaction with management personnel of the KOBELCO CONSTRUCTION MACHINERY GROUP, making it a great opportunity to have candid opinions be heard.



The Joint Quality Meeting is held annually at the Itsukaichi Factory with the goal of improving global quality. This year, some 70 attendees from 10 business bases in five countries participated. The attendees received explanations for topics such as sales support of new models and strengthening of process certification capabilities, and participated in lively exchanges of ideas and opinions. Additionally, a Chinese local subsidiary (CKCM) and the Hiroshima Office were presented with a "Quality Award" for obtaining excellent results from implementing quality improvement activities in the last year.



We are focusing attention on improving the workplace environment and human resources development in order for employees to feel enriched both mentally and physically so that they yield high results in their work. We are making efforts to achieve a work/life balance so that our employees can fulfill their work responsibilities while feeling a sense of accomplishment and can enjoy a full personal life, and we are proactively striving at the same time to promote diversity to respond to the changes in the world at large. We have a human resources development system as we especially focus our capabilities on creating a suitable working environment and skilled personnel.

We are implementing actions to transform work styles in order to make work tasks more sophisticated so as to achieve accurate and high-quality results in a short time, as well as to simultaneously further improve the sense of accomplishment that our employees feel in their own private lives as well as in their workplaces and work tasks. We have given consideration to what we can do in order to optimize work tasks and make them more sophisticated, as well as what measures we can implement as a company to aid employees in having a satisfied private life, and implement what we consider to be appropriate measures. For example, there are policies that would make it easier to take paid vacation time than it is currently, as well as aids to complement employees' trips and hobbies. We will be constantly considering and reviewing such measures.

We are implementing various measures to create an environment where persons of different ages, genders, nationalities, personalities and values can play an active role and achieve success. For example, one measure to support women to live actively is the "Kobelco Woman Kira-Kira Project", a labor and management study group consisting only of women members. This group carries out discussions considering what kinds of systems and workplace environments would make it easier to work in regard to important life events such as marriage, childcare, transfer of one's husband, and taking care of one's elderly parents. Based on the discussions of this group, we have introduced new systems such as a "Telecommuting and Short-Time System", "Nursery School-Use Subsidiary System" and "Commuting Method Incentives" and reformed systems since April 2016. Additionally, in anticipation of the future careers of women on a regular career path, we are carrying out "Career Design Sessions" in which issues such as "meaningful work" and "ease of work" are discussed in order to provide solid support for women to work with vitality and good spirits.



## ●Global Human Resources Development

Amidst the ever-accelerating globalization of business, we are efficiently and constantly implementing measures to develop human resources that possess the capabilities needed to take on and defeat competitive companies around the world by playing an active role in our global business operations. We are carrying out training to instill the knowledge and skills needed to actively participate in global business such as the obvious language abilities as well as an understanding of foreign cultures and communication skills, while also providing opportunities for gaining actual experience in being posted abroad from a young age, to develop global human resources with both OFFJT and OJT.

Based on the concept that all results related to work are produced by one's behavior, we have constructed a human resources development system centered on "behavioral abilities" and manage this system. By periodically measuring individual behavioral abilities, we can ascertain results in an objective manner. Additionally, we have defined ideal images of each job position level of an employee in order to create ranked goals and training so that employees can obtain the needed abilities and skills. We develop our human resources with sufficient content in order for our employees to rapidly gain the abilities needed to serve on the front line of our business operations.

| Level                         | Job Title                     | Description                              | Training/Development  |
|-------------------------------|-------------------------------|--|---|
| Executive Officer             | Executive Officer             | Executive Training                       | Language Training   |
| Management Staff              | Leader Training               | Development of Business Leader Candidate | Language Training, e-Learning Training, OJT (On-the-job Training) |
| Management Staff              | Line Manager Training         | New Line Manager Training                | Language Training, e-Learning Training, OJT (On-the-job Training) |
| Management Staff              | Assistant Advisor Training    | Management School                        | Language Training, e-Learning Training, OJT (On-the-job Training) |
| Management Staff              | Counselor Advanced Training   | Counselor 3rd-Year Training              | Language Training, e-Learning Training, OJT (On-the-job Training) |
| Management Staff              | New Management Staff Training |  | Language Training, e-Learning Training, OJT (On-the-job Training) |
| Mid-Career Employees          | Basic Management Training     | Instruction Staff 1st Class Training     | Language Training, e-Learning Training, OJT (On-the-job Training) |
| Mid-Career Employees          | Instruction Staff Training    | Problem Formation Training               | Language Training, e-Learning Training, OJT (On-the-job Training) |
| Young to Mid-Career Employees | Basic Management Program      | Fifth-Year Employee Training             | Language Training, e-Learning Training, OJT (On-the-job Training) |
| Young to Mid-Career Employees | Fourth-Year Employee Training |  | Language Training, e-Learning Training, OJT (On-the-job Training) |
| Young Employees               | Third-Year Employee Training  | Second-Year Employee Training            | Language Training, e-Learning Training, OJT (On-the-job Training) |
| New Employees                 | New Employee Training         |  | Language Training, e-Learning Training, OJT (On-the-job Training) |

Improvement of Base-Level Skills

Strengthening of Mid-Career Employees

Rapid Formation of Top Management Strengthening of Young Management Staff

Language Training

e-Learning Training

Correspondence Education

OJT (On-the-job Training)

Enhanced Study of Basic Knowledge

We holds "Challenger Gatherings" in which employees, mostly from the development departments of KOBELCO CONSTRUCTION MACHINERY, gather together to share their experiences in dealing with new works and measures, and improving daily tasks. This gathering has enabled sharing throughout the company of many excellent measures and efforts. The most excellent measures are recognized with awards. The sharing and awarding of activities incorporating approaches to "challenges", an important theme for any company, develop a climate of challenges, and contribute to our efforts to create a corporate culture that is not only competitive but also one with a constant potential for growth.





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 in order to maximize our corporate value as well as to fulfill corporate social roles and responsibilities.

Compliance Initiatives

The KOBELCO CONSTRUCTION MACHINERY GROUP is fully aware that the pursuit of corporate philosophy and management conduct are socially significant only when compliance is thoroughly realized, such that we are promoting to maintain a highly ethical viewpoint and constantly hold firm to the idea of "INTEGRITY" in terms of a "consistently honest attitude of sincerity". In conjunction with the global expansion of business, we are implementing compliance training for all group companies within Japan and abroad. We are making efforts to establish PDCA cycles needed to match the differing local conditions in terms of laws, social customs, and trade practices.

Compliance Committee

The KOBELCO CONSTRUCTION MACHINERY GROUP has established the Compliance Committee to act as an independent body from the board of directors that functions to enhance the level of compliance with laws, regulations and ethics in regard to corporate activities. The objectives of the Compliance Committee are as follows:

- (1) Collect risk information in order to prevent the actualization and expansion of risks beforehand.
- (2) Establish countermeasures and improvement measures for when incidents occur, and provide corresponding advice to the board of directors.
- (3) Establish programs to prevent the recurrence of any scandalous incidents.

INTEGRITY: Our Sincere Commitment

The KOBELCO CONSTRUCTION MACHINERY GROUP places the utmost importance on INTEGRITY for realizing compliance in our relationships with countries, regions, companies, departments, business connections, and individuals. We are striving to inspire and instill a corporate culture in which each and every employee can consider what should be the ideal attitude and act accordingly in order to constantly maintain a highly ethical viewpoint and sincere attitude, never yielding to influence or coercion.

Topics

Compliance Training --Overseas Measures --

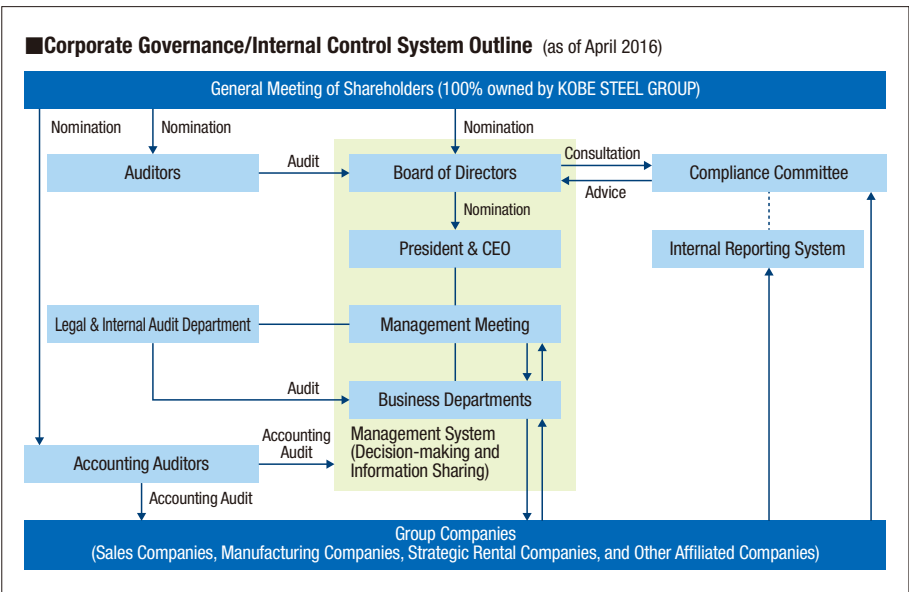
In FY2015, we carried out compliance training at 15 bases in nine countries including China, Southeast Asia and Australia. Efforts were especially strong in Indonesia where explanations were provided in Indonesian using specific cases corresponding to compliance violations in order to deepen understanding of the local employees due to the firmly rooted business practices in the country. Efforts also included compliance training in China provided in Chinese as we strengthen our compliance measures overseas.



Training in Australia

Corporate Governance Structure

The KOBELCO CONSTRUCTION MACHINERY GROUP has established a corporate governance structure in order to realize fair and efficient management with even greater transparency so as to increase corporate value, and to achieve rapid and appropriate decision-making in regard to business operations. Additionally, we have established an "Internal Reporting System" whose person to contact is an external lawyer as a system to facilitate cleaning up of problematic areas within the company, and maintain a healthy and sound business culture. This is a part of our efforts to rapidly and objectively ascertain facts and causes to implement reasonable countermeasures without any delay.



Outline of KOBELCO CONSTRUCTION MACHINERY GROUP

Company Outline

**Company Name:** KOBELCO CONSTRUCTION MACHINERY CO., LTD.  
**Founded:** October 1, 1999  
**Addresses of Offices:**  
**Tokyo Headquarters:** 5-5-15 Kitashinagawa Shinagawa-ku, Tokyo 141-8626 Phone: +81-3-5789-2111  
**Hiroshima Headquarters / Hiroshima Factory:** 2-2-1 Itsukaichiko, Saeki-ku, Hiroshima-shi, Hiroshima 731-5161 Phone: +81-82-943-5321  
**Okubo Factory:** 740 Yagi, Okubo-cho, Akashi-shi, Hyogo 674-0063 Phone: +81-78-936-1331  
**Ogaki Factory:** 1682-7 Motoima-cho, Ogaki-shi, Gifu 503-0932 Phone: +81-584-89-3104  
**URL:** KOBELCO Global website: <https://www.kobelcocm-global.com/jp/>  
**Capital:** 16 billion yen  
**Representative:** President & CEO: Kazuhide Naraki  
**Business Operations:** Manufacture, sale and service of construction and transport machinery  
**Number of Employees:** 1,669 (Group total: 6,607) [As of April 1, 2016]  
**Sales :** 344.6 billion yen (Consolidated total of two companies, KOBELCO CONSTRUCTION MACHINERY CO., LTD. and KOBELCO CRANES CO., LTD. for FY2015)

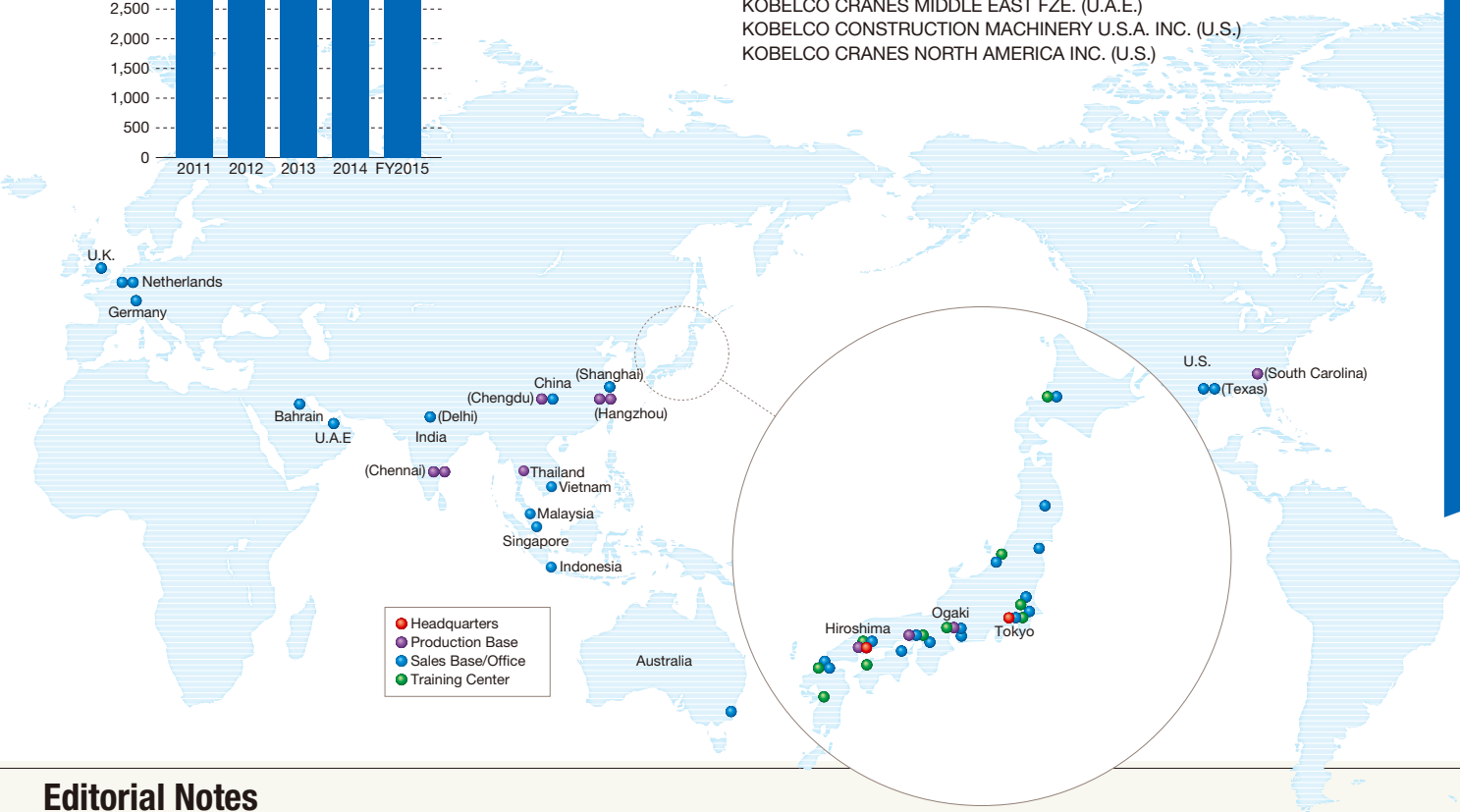
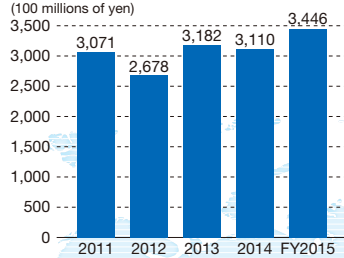
Leading Japanese Affiliates

KOBELCO CONSTRUCTION MACHINERY (EAST JAPAN) CO., LTD.,  
KOBELCO CONSTRUCTION MACHINERY (WEST JAPAN) CO., LTD.,  
KOBELCO CONSTRUCTION MACHINERY ENGINEERING CO., LTD.,  
KOBELCO CONSTRUCTION MACHINERY INTERNATIONAL TRADING CO., LTD.,  
KOBELCO CRANES TRADING CO., LTD., KOBELCO TRAINING SERVICE CO., LTD.,  
NAKAMURA LEASE CO., LTD., JONAN CO., LTD., SASAI CO., LTD.,  
TOYOSUGIUE CO., LTD., Y'S YOSHIMURA CO., LTD.

Leading Overseas Affiliates

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),  
KOBELCO CRANES (SHANGHAI) CO., LTD. (China)  
KOBELCO INTERNATIONAL (S) CO., PTE. LTD. (Singapore)  
KOBELCO CRANES SOUTH EAST ASIA 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)  
THAI KOBELCO CONSTRUCTION MACHINERY LTD. (Thailand)  
KOBELCO CONSTRUCTION EQUIPMENT INDIA PVT. LTD. (India)  
KOBELCO CRANES INDIA PVT. LTD. (India)  
KOBELCO CONSTRUCTION MACHINERY AUSTRALIA PTY. LTD. (Australia)  
KOBELCO CRANES MIDDLE EAST FZE. (U.A.E.)  
KOBELCO CONSTRUCTION MACHINERY U.S.A. INC. (U.S.)  
KOBELCO CRANES NORTH AMERICA INC. (U.S.)

Sales Trends (Consolidated)



Editorial Notes

Forging Future: Win-Win Relationship with Local Communities

**Takuji Miyao**, Group Manager, CSR Promotion Group  
Japan enjoyed an historic victory in the Rugby World Cup held last September, making for a truly exciting year. Although the CSR activities of our GROUP do not involve winning and losing, we are attempting to create a win-win relationship with local communities and become better partners for each other to uplift those communities and work towards a more prosperous society.

Better Activities from Brain-Storming

**Kayo Takamatsu**, CSR Promotion Group  
When participating in local events, I was impressed with the bright and vibrant countenances of the children as they touched the construction machinery. I really feel the great qualities of the KOBELCO CONSTRUCTION MACHINERY GROUP because employees, regardless of their age, put forth ideas implementing activities such as local events and human resources development. I would like to continue such activities that please the residents of the areas where we operate business.

CSR Activities Provide Continuous Discoveries

**Kosuke Kashiwara**, CSR Promotion Group  
I became involved in the CSR activities, and creation of this report is the first work. Although the majority of my normal work is related to product sales promotion activities, involvement with CSR activities has allowed me to view the company from a different perspective, as they focus on efforts for environmental protection and society, and they are also continually providing me with new discoveries. Since these discoveries are all covered in this report, I would like everyone to definitely pick up a copy of this report and have a look.