



Together, to "The Next"

for sustainable growth

Komatsu ESG Databook

2023

ESG Databook 2023

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Editorial Policy

This publication is the compiled PDF version of Komatsu's webpage "ESG Databook", as of July 20,2023

The reports principally cover all our domestic and overseas consolidated Group companies and if the scope is different from the above, we stated the scope of report in each page.

The date of the previous report is July 2022. We publish these reports every July, and the next issue will be published in July 2024.

Please use this form to send us any questions regarding our reports.

The reports contain Standard Disclosures from the GRI Sustainability Reporting Standards. You can see a list of the Standard Disclosures and their location in our report here.

Komatsu has received an independent practitioner's assurance on important quantitative data in environmental reporting, which can be viewed here.

Message from the President 003

Sustainability policy 003

Message from the President

Our priority on sustainability management aims to generate a positive cycle for resolution of ESG issues and improvement of earnings to achieve sustainable growth.

With our "Sustainability policy" serving as a guideline for the achievement of a sustainable society and business growth, we are committed to meeting the challenge of climate change and other social issues, and we will fulfill our social and environmental responsibilities as a global company through our business activities.

Hiroyuki Ogawa
President and CEO
Representative Director



Sustainability policy

Since Komatsu's founding, we have always pursued "Quality and Reliability", and have made efforts to build strong relationships of trust with our stakeholders based on our "Management Principle" of maximizing the total sum of trust from all stakeholders, including society. Our pursuit of coexistence has been handed down through generations, and our basic stance is to contribute to society through business activities. Our purpose is "Creating value through manufacturing and technology innovation to empower a sustainable future where people, businesses, and our planet thrive together".

We will continue to address issues that are important to both a sustainable society and our business, grow as a corporate group that can flexibly respond to changes in society and the external environment, further enhance our corporate governance, and contribute to society with our stakeholders.

What we do to empower a sustainable future where people, businesses, and our planet thrive together

With people

- We provide an environment where diverse and global employees can work safely and healthily as one team, with respect for each individual, and with satisfaction and pride.
- We nurture employees who can take on challenges in various jobsites and regions, create new value together with customers, and contribute to the realization of a sustainable society.
- As Komatsu Group, we shall respect human rights related to all of our business activities.

With business

- We contribute to society through our business activities by providing our customers with safe and highly productive products, services and solutions that realize sustainable infrastructure development, resource development and a recycling-oriented society.
- We build relationships with our business partners and local communities that enable mutual trust, fairness, co-existence and co-prosperity.
- We comply with the rules of society, including laws and regulations, and strive to respond sincerely to the requests and expectations of all stakeholders, including society.

With the planet

- Through all of our business activities, we strive to reduce our environmental impact and preserve the global environment through the use of advanced technologies.
- We strive to increase both global environmental conservation and business growth through manufacturing and technological innovation.
- We pursue collaboration and value creation with our stakeholders towards a sustainable planet and future.

Komatsu Ltd.
President and Chief Executive Officer

Management of sustainability

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Materiality analysis

In recent years, our external environment has undergone intense change and there is more and more uncertainty. We need to enhance our foundation for sustainable growth, taking trends like digital transformation, carbon neutrality as well as diversity and inclusion as business opportunities, and to resolve social challenges through our business activities.

In recognition of these issues, we reviewed the materiality from November 2020 to February 2021, before the development of our current mid-term management plan, to strengthen our ability to respond to changes in the external environment and business risks.

In order to create a positive cycle of ESG issue resolution and earnings improvements in accordance with the growth strategy in the mid-term management plan, we will also reflect our materiality initiatives into our growth strategies.

Komatsu's procedure to identify material issues

In the process of developing the materiality, we took the following steps with support from a third party, namely, Business for Social Responsibility (BSR), a US non-profit.

1 . Identification of sustainability issues

We identified 46 sustainability issues that have a significant impact on corporate value creation and business performance in the medium to long term using past materiality analysis, international targets and standards, reporting frameworks, management philosophy and strategy, key stakeholder issues, and so on.

2 . Evaluation of issue items

We interviewed internal and external stakeholders regarding the sustainability issues identified and evaluated and mapped them from two perspectives: business importance and impact on sustainability (importance to stakeholders + environmental, social, and economic impact).

* External interviews : institutional investors, WBCSD, environmental organization (WWF), human rights NPO (BHRRC), customers, and suppliers.

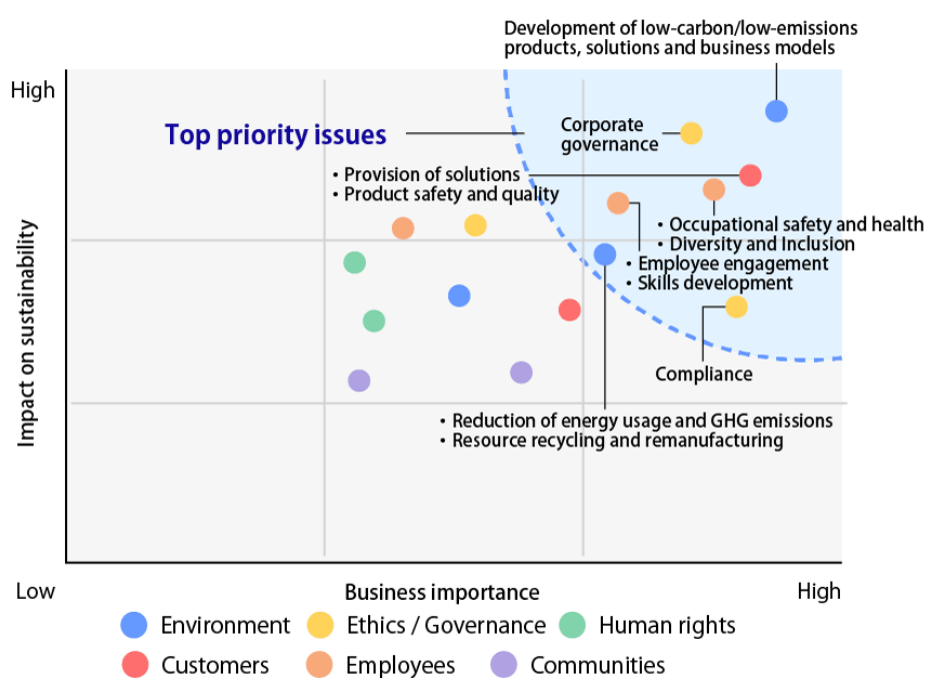
* Internal interviews : worldwide executives (directors, executive officers including global officers).

3 . Identification of materiality

From this analysis, we selected areas of particular significance to both business importance and impact on sustainability. We subsequently identified the following six areas of materiality: [Employees], [Human rights], [Customers], [Ethics/Governance], [Communities], and [Environment].

Materiality	
[Employees]	<ul style="list-style-type: none"> Occupational safety and health and wellbeing Employee engagement and job satisfaction Diversity and Inclusion Skills development and workplace retention
[Human rights]	<ul style="list-style-type: none"> Respect for human rights
[Customers]	<ul style="list-style-type: none"> Provision of solutions Product safety and quality
[Ethics / Governance]	<ul style="list-style-type: none"> Governance Compliance
[Communities]	<ul style="list-style-type: none"> Contributions to local communities
[Environment]	<ul style="list-style-type: none"> Development of low-carbon/low-emissions products, solutions and business models Resource recycling and remanufacturing Reduction of energy usage and GHG emissions Forest conservation through business activities


Additionally, we have identified [Environment], [Customers], [Employees] and [Ethics/Governance] as our priority issues given their business importance and high impact on sustainability. To create a virtuous cycle of profit improvement and ESG issue resolution, we reflect the activities of these four areas in our growth strategy.



4. Relationship between materiality, sustainability policy, and the SDGs

We will continue to contribute to society through our business activities per our sustainability policy established in 2021.

In identifying materiality, in addition to consistency with the sustainability policy, we have also verified consistency with the Sustainable Development Goals (SDGs), and have selected 10 goals from the 17 SDGs that are particularly relevant to Komatsu Group's materiality.

Sustainability policy	Relationship with SDGs	Materiality
With people	<div>  Gender equality </div> <div>  Decent work and economic growth </div> <div>  Reduced inequalities </div> <div>  Partnerships for the goals </div>	<p>[Employees] [Human rights]</p> <ul style="list-style-type: none"> Diversity and Inclusion Skills development and workplace retention Employee engagement and job satisfaction Occupational safety and health and wellbeing Respect for human rights
With business	<div>  Industry, innovation and infrastructure </div> <div>  Sustainable cities and communities </div> <div>  Responsible consumption and production </div> <div>  Partnerships for the goals </div>	<p>[Customers][Ethics / Governance] [Communities]</p> <ul style="list-style-type: none"> Provision of solutions Product safety and quality Governance Compliance Contributions to local communities
With the Planet	<div>  Affordable and clean energy </div> <div>  Industry, innovation and infrastructure </div> <div>  Responsible consumption and production </div> <div>  Climate action </div> <div>  Life on land </div> <div>  Partnerships for the goals </div>	<p>[Environment]</p> <ul style="list-style-type: none"> Development of low-carbon/low-emissions products, solutions and business models Resource recycling and remanufacturing Forest conservation through business activities Reduction of energy usage and GHG emissions

5. Resolution by the Board of Directors as a mid-term management plan

The above materiality was reviewed for consistency with our sustainability policy and the SDGs. The Board of Directors then resolved to address materiality through growth strategies in order to create a positive cycle of resolving ESG issues and improving earnings.

In order to ensure to resolve ESG issues steadily through our growth strategies, we have set KPIs for key initiative activities and monitored their achievement. The progresses of these activities is disclosed in the Komatsu Report (Integrated report).

Furthermore, to respond flexibly to changes in the business and management environment, we will continue to regularly conduct materiality analysis regularly (at least once every three years) to reflect company-wide business risks and opportunities in our management.

Our system to promote sustainability

In April 2021, Komatsu established the Sustainability Promotion Division under direct control of President to supervise activities relating to the promotion of the Komatsu Group's sustainability-oriented management. The Sustainability Promotion Division enhances the commitment of the entire Komatsu Group to ESG-oriented management with the goal of building an environment for formulating policies and plans regarding two major areas of ESG management, the environment and society, to ensure the divisions and companies of the Group are able to maintain their commitment to sustainability.

The Sustainability Promotion Committee, chaired by the President, is held annually (and at other times as needed) to discuss and decide on the planning and promotion of sustainability measures for the Komatsu Group, environmental and CSR policies, and important measures and activities and to support their implementation.

Furthermore, we regularly report to the Board of Directors and seek its deliberations on the discussion of the Sustainability Promotion Committee.

Global information sharing

We provide opportunities for people to exchange opinions and frequently share information regarding the things that Komatsu believes is the CSR of today. For example, global CSR meetings and virtual meetings are regularly convened including about 30 managers and other people in charge of CSR activities from our overseas subsidiaries. In the future, by collecting various opinions from various areas of the world, we will create a system to comprehensively understand and share what is required on the front lines of the business sites.

Dialogue with our stakeholders

Creating a variety of opportunities for dialogue

Engaging in dialogues with our stakeholders is essential for determining the relative effectiveness of Komatsu's management and business operations in terms of meeting social needs. Every department that has direct contact with our stakeholders strives to create an environment of transparency and integrity by detailing our company's current situation, receiving feedback, and engaging in effective discussions.

Stakeholders	Purposes	Examples of meetings and activities	Frequency
Customers	Collaborate to realize customers' goals and fulfill corporate responsibility	› Brand Management Activities	Daily
	Collaborate to resolve issues in society and in the regions where we operate, and participate in local activities		Daily
Business partners	President explains business performances, policies and strategies	› Various meetings with Midori-kai	2 times a year
	Conduct safety patrols and provide opportunities such as for support of efforts for obtaining certification		As needed
Distributors	Explanation by the President on business performance, policies and strategies	Distributor meetings in each region	5 times a year
Employees	Explanation by the President business performance, policies and strategies	› Meeting with the President	2 times a year
		› Sharing Q&A session content with global employees via the intranet	As needed
	Dialogue with the labor union and employee representatives to improve the workplace environment	Regular Meetings between Management and Labor Union	As needed

Stakeholders	Purposes	Examples of meetings and activities	Frequency
Local community	Explanation of initiatives related to operations, the environment and safety	Meetings with residents of the local community near the plant	As needed
	Activities to resolve local issues based on employee suggestions	Voluntary activities by employees	Daily
Industry-academia collaboration partners	Exchange of ideas and opinions between representatives such as university professors and our Chief Technology Officer	Komatsu Science and Technology Collaboration Council	Biannually
Investors	CEO and CFO explanation of business performance, policies and strategies	› IR Meetings	Japan: Daily USA and Europe: Annually
	Respond to inquiries and SRI surveys	› SRI Surveys	Daily
Individual shareholders	CEO and CFO explanation of business performance, policies and strategies	› Shareholders Meetings	2 times a year, held in Japan (held online since FY2020)
	Plant tours and explanation of operations	› Plant tours for shareholders	About dozen times a year in Japan

Communication with shareholders and investors

Operating within our commitment to high managerial transparency, Komatsu discloses information in a proper and timely manner through interactive dialogue and constructive approaches to investor relations on a global scale.

1. Activities for corporate investors and securities analysts

On the same day that quarterly business results are announced, the company holds explanatory sessions for corporate investors and securities analysts (we also release this information on our website). Overseas, we provide institutional investors, primarily those in North America, Europe, and Asia, with explanations about our business performance and other information by sending representatives or holding online meetings.

2. Informational meeting for individual shareholders

Komatsu periodically holds shareholders' meetings to explain the current status and future prospects of the Komatsu Group and the progress of the mid-term management plan to our shareholders. Since its inception in 1997, we have held 53 shareholder meetings, attended by about 17,000 shareholders in total. In FY2022, we held a face-to-face meeting in Tokushima City in August for the first time in three years, as such meetings had been postponed due to COVID-19, as well as an online meeting in December. Senior management provided an overview of the company's business and engaged in communication with shareholders. We have received many questions from shareholders regarding the development status of electrified construction machinery towards carbon neutrality, the impact of soaring raw material costs, supply chain disruptions, the effect of yen depreciation on our business performance, and our efforts to develop human resources for sustainable growth.



Shareholders' meeting held in Tokushima City



Online shareholder meeting

3. Plant tours for individual shareholders

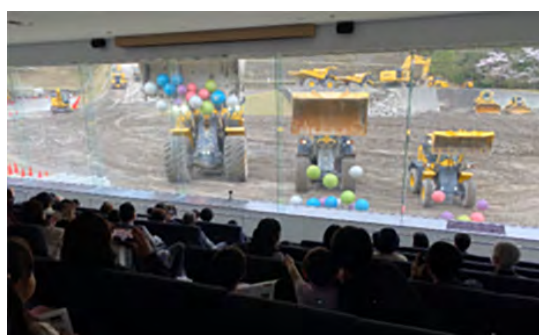
Komatsu holds plant tours for individual shareholders and Techno Center tours for children to deepen their understanding of our business activities. The tours were held for a total of 16 days at the Awazu Plant (Ishikawa Prefecture), Osaka Plant (Osaka Prefecture), Ibaraki Plant (Ibaraki Prefecture), Oyama Plant (Tochigi Prefecture), and Techno Center (Shizuoka Prefecture).



Tour held at Awazu Plant



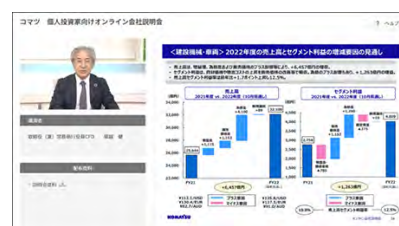
Tour held at Ibaraki Plant



Tour held at Techno Center

4. Meetings for individual investors

Komatsu holds meetings for individual investors to explain the current status and future prospects of the Komatsu Group and the progress of the mid-term management plan. In FY2022, we had five online meetings for individual investors.



A shot from an online meeting for individual investors

DATA

Major IR activities in FY2022

		Venue / Number of events held	Reference information: Number of participants, etc.
For corporate investors and securities analysts	Financial results briefing	4	
	Small meetings	7	
	Business and ESG briefing	1	Theme 1. Growth strategy of Gigaphoton 2. Komatsu's efforts to promote sustainability
	Plant tours	Ibaraki Plant: 1 Awazu Plant: 1	
	Overseas IR	Asia: 1 North America: 3 Europe: 2	Of which, one was held online in Asia and one in Europe
	Respond to interviews	293	
For individual investors and shareholders	Shareholder meeting	Tokushima City, Tokushima Prefecture: 1 Online: 1	298 people in total
	Plant tours	Awazu Plant: 4 Osaka Plant: 4 Ibaraki Plant: 4 Oyama/Tochigi Plant: 2 Techno Center: 2	595 people in total
	Meeting for individual investors:	Online: 5	Viewed live or on demand by a total of 9,053 people

Documents and other materials used in the meetings can be viewed on the following site. (Available only in Japanese)

The events are held only in Japan.

[> Website "Investor relations"](#)

Communication with employees

Within Komatsu, the President convenes a “Meeting with the President” periodically at each business site in Japan. At these meetings, the president directly explains the business environment and related issues, and also takes part in a Q&A session held for employees and upper management. These meetings held at our headquarters in Tokyo are simultaneously streamed online over other business units in Japan and are also translated into English for sharing among the Komatsu Group employees around the world.

In addition to these measures, we launched an intranet bulletin board, entitled “Virtual Office of President,” in January 2014 to share the questions and answers exchanged during the meeting with the President with employees around the world. The site is updated every other week with new questions, and as of March 31, 2023, a cumulative total of 387 questions on specific topics, along with the president's answers, explanations and messages to employees, have been published in Japanese and English.



Employee meeting held at the head office



“Virtual office of President” on intranet

Communication with local communities (efforts in Japan)

We regularly hold "Plant Fairs" to deepen understanding of our business activities among local residents and family members of employees. In FY2022, the events were held at six plants, mainly for employees and their family members, and were attended by about 23,000 people.

The Kanazawa Plant held the "Kanazawa Plant Festa" in collaboration with "Port Festa Kanazawa 2022" at the Kanazawa Port, offering test rides of wheel loaders and mini hydraulic excavators, as well as tours of the assembly plant for large hydraulic excavators and press machines. The event was attended by the Governor of Ishikawa Prefecture and the Mayor and Deputy Mayor of Kanazawa City, allowing for a lively event.

Date	Plant	Number of visitors (approx.)
July 16	Kanazawa Plant	Local residents*, employees and their families, totaling 10,000 people
October 16	Shonan Plant	Employees and their families, totaling 200 people
October 30	Awazu Plant	Employees and their families, totaling 4,200 people



Date	Plant	Number of visitors (approx.)
November 12	Oyama/Tochigi Plant	Employees and their families, totaling 4,000 people
November 13	Osaka Plant	Employees and their families, totaling 2,000 people
December 18	Ibaraki Plant	Business partners, employees and their families, totaling 2,500 people

* Held as part of "Port Festa Kanazawa 2022" at Kanazawa Port

Major achievements

Sustainability policy and KPIs of New Mid-term Management Plan

Based on its Sustainability Policy, Komatsu seeks to contribute to society through its business. The new Mid-term management plan calls on us to generate a positive cycle for resolving environmental, social, and governance (ESG) issues and improving earnings to achieve sustainable growth. Measures prescribed to this end include reducing environment impacts to combat climate change; providing safe, high-quality, high-performance products, services, and solutions; and promoting diversity, equity, and inclusion. Moreover, key performance indicators (KPIs) have been defined to guide efforts for resolving ESG issues through growth strategies, and progress toward accomplishing the targets for these KPIs will be disclosed through the Company's integrated reports. Moreover, we have clarified the relationships between our defined material issues, KPIs, and highly relevant targets of the United Nations Sustainable Development Goals (SDGs).

	Sustainability Policy	Materiality		SDGs
With people	<ul style="list-style-type: none"> We provide an environment where diverse and global employees can work safely and healthily as one team, with respect for each individual, and with satisfaction and pride. We nurture employees who can take on challenges at various job sites and in different regions, create new value together with customers, and contribute to the realization of a sustainable society. As the Komatsu Group, we shall respect human rights related to all of our business activities. 	Employees	Occupational safety and health and well-being	
			Employee engagement and job satisfaction	
			Diversity and Inclusion	
			Skills development	
		Human Rights	Respect for human rights	

Materiality	Key activity themes	No.	KPI	FY2024 Targets	FY2022 KPI Performance
Employees					
	Occupational safety and health and well-being				
	Build workplaces that are safe and secure	1	<ul style="list-style-type: none"> Frequency rate of lost work time accidents (per 1 million hours) 	Ongoing decrease from three-year average frequency rate of 0.65 from period of previous mid-term management plan (Performance disclosed)	0.80
	Employee engagement and job satisfaction				
	Increase employee engagement	2	<ul style="list-style-type: none"> Engagement survey scores 	1. Domestic score : 75 or more (69 in FY2021) 2. Global score : 85 or more (79 in FY2021) Notes: 1. Score represents rate of favorable responses. 2. Global engagement surveys are conducted once every two years (next survey to be conducted in FY2023).	Implementation of action plan based on FY2021 survey results

Materiality	Key activity themes	No.	KPI	FY2024 Targets	FY2022 KPI Performance
	Diversity and Inclusion				
	Promote diversity and inclusion	3	<ul style="list-style-type: none">■ Indicators related to female employees1. Ratio of full-time female employees (consolidated)2. Ratio of female managers (consolidated)	1. 17.0% or more (13.9% on March 31, 2022) 2. 13.0% or more (10.0% on March 31, 2022)	1. 14.1%(on March 31, 2023) 2. 10.3%(on March 31, 2023)
		4	<ul style="list-style-type: none">■ Ratio of employees with disabilities (surpassing legally mandated rate)	2.5% or more (domestic, single fiscal year basis, legally mandated level of 2.3%)	2.42%
	Skills development				
	Develop individuals' skills and achieve business growth	5	<ul style="list-style-type: none">■ Succession plans	Increased succession planning for senior management positions at overseas Group companies	Definition of global key positions and formulation of succession plans
		6	<ul style="list-style-type: none">■ Development of human resources with digital transformation and AI skills	Three-year aggregate numbers of training recipients 1. Digital transformation : 900 for entry level, 180 for practical 2. AI : 90 for entry level, 30 for practical	1.Digital transformation: 5,341 for entry level* , 44 for practical 2.AI: 30 for entry level, 10 for practical Notes: * Entry level digital transformation course administered to wider range of employees via video lectures
		7	<ul style="list-style-type: none">■ Cultivation of Smart Construction consultants	1,000 (aggregate)	867
Human Rights					
	Respect for human rights				
	Promote human rights due diligence	8	<ul style="list-style-type: none">■ Human rights due diligence activities	1.Internal 2.Procurement supply chain 3.Sales	1. Internal: survey targeting all Group companies 2. Procurement supply chain: Online survey targeting major suppliers 3. Sales: On-site impact assessment in South Africa

	Sustainability Policy	Materiality		SDGs
With business	<ul style="list-style-type: none"> We contribute to society through our business activities by providing our customers with safe and highly productive products, services, and solutions that realize sustainable infrastructure development, resource development, and a recycling-oriented society. We build relationships with our business partners and local communities that enable mutual trust, fairness, co-existence, and co-prosperity. We comply with the rules of society, including laws and regulations, and strive to respond sincerely to the requests and expectations of all stakeholders, including society. 	Customers	Product safety and quality Provision of solutions	
		Ethics / Governance	Governance / Compliance	
		Communities	Contributions to local communities	

Materiality	Key activity themes	No.	KPI	FY2024 Targets	FY2022 KPI Performance
Customers					
	Product safety and quality Provision of solutions				
	Enhancement of product safety	9	<ul style="list-style-type: none"> Development of safety devices and expansion of range of marketed models equipped with safety devices (KomVision, etc.) 	Expansion of range of marketed models equipped with safety devices	Completion of introduction in three small sized wheel loader models
	Improve productivity of construction workplaces by promoting Smart Construction	10	<ul style="list-style-type: none"> Overseas sales of ICT-intensive models 	2,700 units (single year)	2,448
		11	<ul style="list-style-type: none"> Number of workplaces using Smart Construction (global total) 	13,000 workplaces (single year)	8,955
		12	<ul style="list-style-type: none"> Enhancement and optimization of processes 	Ratio of workplaces using Smart Construction that employ Solution Level 3 or higher: 15%(single year)	20%
	Provision of products and solutions that enable sustainable resource development (mining equipment)	13	<ul style="list-style-type: none"> Aggregate number of AHS units deployed 	790 units (aggregate, upward revision from prior target of 740 units)	643
		14	<ul style="list-style-type: none"> Optimization of mining operations 	Introduction and promotion of open technology platforms	Completion of phase 1 development and commencement of trials at customer workplaces
		15	<ul style="list-style-type: none"> Augmentation of hard rock mining product lineup 	Expansion of product lineup and execution of trials including those for new methods (mechanical cutting)	<ul style="list-style-type: none"> Load haul dump machines: Completion of development of one model Mechanical cutters: Advancement of trials at customer workplaces and launch targeting specific customers Mining Tunnel Boring Machine: Production of trial units underway
		16	<ul style="list-style-type: none"> Expansion of hard rock mining business 	Net sales: US\$ 300 million (threefold increase)	Net sales: US\$100 million

Materiality		Key activity themes	No.	KPI	FY2024 Targets	FY2022 KPI Performance
		Solutions for improving safety and productivity at customer workplaces (automation, autonomous operation, remote operation)	17	<ul style="list-style-type: none">Development of automated construction and mining equipment	Expansion of number of marketed models (including new developments)	<ul style="list-style-type: none">Hydraulic excavators: Tests conducted on equipment jointly developed with customersMining bulldozers: Remote controls trials at customer workplaces completed, automated operation trials underway
		Building of value chain adaptable to environmental and demand changes	18	<ul style="list-style-type: none">Expansion of aftermarket business (pursuit of business growth and response to volatility)	Sales growth rate: 15% (compared with FY2021, foreign exchange rates fixed)	Sales growth rate: 13.5% (compared with FY2021, foreign exchange rates fixed)
			19	<ul style="list-style-type: none">Multi-sourcing ratio (Implementation of business continuity measures across supply chain)	92% (82% in FY2021)	85%
Ethics / Governance						
Governance / Compliance						
		Strengthen governance and ensure thorough compliance	20	<ul style="list-style-type: none">Enhancement of governance and entrenchment of compliance	Disclosure of initiative results	<ul style="list-style-type: none">Enhancement of disclosure based on Japan's Corporate Governance Code (business portfolio, skill matrix)Global e-learning program on Komatsu's Worldwide Code of Business Conduct (conducted in 12 languages)
Communities						
Contributions to local communities						
		Contributions to communities through business and disaster relief support	21	<ul style="list-style-type: none">Ongoing social contribution activities	Disclosure of activity results	<ul style="list-style-type: none">Continuation of demining projectProvision of ¥ 30million in relief support following earthquake in Turkey and SyriaContinuation of forest restoration projects at former mine sites in North AmericaOngoing provision of support for regional human resource development programs with Cummins Inc. (Chile, Peru, South Africa, and Australia)

	Sustainability Policy	Materiality	SDGs
With the planet	<ul style="list-style-type: none"> Through all of our business activities, we strive to reduce our environmental impact and preserve the global environment through the use of advanced technologies. We strive to increase both global environmental conservation and business growth through manufacturing and technological innovation. We pursue collaboration and value creation with our stakeholders toward a sustainable planet and future. 	Environment	Reduction of energy usage and GHG emissions
			Development of low-carbon / low-emissions products, solutions, and business models
			Forest conservation through business activities
			Resource recycling and remanufacturing

Materiality	Key activity themes	No.	KPI	FY2024 Targets	FY2022 KPI Performance
Environment					
	Development of low-carbon/low-emissions products, solutions, and business models				
	Plants with zero environmental impacts	22	■ CO ₂ emissions from production	45% reduction (compared with FY2010)	43% reduction
		23	■ Water consumption	70% reduction (compared with FY2010)	69% reduction
		24	■ Rate of renewable energy use	20%	17%
	Resource recycling and remanufacturing				
	Reduction of CO ₂ emissions at customer workplaces	25	CO ₂ emissions from product use	24% reduction (compared with FY2010)	21% reduction
		26	■ Electrification of construction and mining equipment	Expansion of models in development phase and on market	<ul style="list-style-type: none"> Launch of one model Completion of development of one model
	Reduction of energy usage and GHG emissions				
	Provision of solutions that support sustainable, cyclic forestry businesses	27	■ Growth of forestry machine business (process mechanization)	1. Sales growth rate : 50% (compared with FY2021, foreign exchange rates fixed) 2. Number of tree planting machines introduced : 30 (single year)	1. Sales growth rate: 22.1% (compared with FY2021, foreign exchange rates fixed) 2. 5 units
		28	■ Promotion of forest management solutions (Development of business model combining forestry and decarbonization)	Forest area : 60,000ha	Completion of remote control sensing solution proof of concept test and selection of partners
	Forest conservation through business activities				
	Promotion of recycling-oriented business	29	■ Expansion of Reman business	Sales growth rate: 25% (compared with FY2021, foreign exchange rates fixed)	Sales growth rate: 16.5% (compared with FY2021, foreign exchange rates fixed)

External recognition

(as of August, 2023)

(1) External recognitions for CSR activities (Recognitions for SRI)

[Global]



[CDP]

An NPO that was established in the United Kingdom in 2000 and engages in the surveying and global disclosure of corporate initiatives with respect to carbon dioxide emissions and climate change, while simultaneously analyzing and evaluating the surveyed details. In 2016, it started to run a system aimed at selecting A-list companies, or companies recognized by the organization as global leaders in terms of the implementation of action on climate change. One of the ESG management goals set by Komatsu in “DANTOTSU Value - FORWARD Together for Sustainable Growth,” the new Mid-Term Management Plan that has been carried out since fiscal 2019, is to be selected as an A-list company in reference to CDP’s areas of focus—climate change and water.

[Trends in the selection of the company over the last three years]

	2020	2021	2022
CDP Climate Change	A	A	A
CDP Water Security	A	A	A



[Dow Jones Sustainability Indices (DJSI)]

The sustainability indices were provided by U.S.-based S&P Global Inc. They analyze and evaluate corporate sustainability from the three perspectives of the governance & economic, the environment and the society to select high-ranking companies in each industrial sector.

One of the ESG management goals set by Komatsu in “DANTOTSU Value - FORWARD Together for Sustainable Growth,” the new Mid-Term Management Plan that has been carried out since fiscal 2019, is to be included in DJSI World.

[Trends in the selection of the Company over the last three years]

Komatsu has been selected as a component of the “World Index” for consecutive years since 2006.

	2020	2021	2022
DJSI	DJSI World	DJSI World	DJSI World

2023 MSCI ESG Leaders Indexes Constituent

[MSCI global sustainability indexes*]

The Socially Responsible Investment indexes were developed by U.S.-based MSCI (Morgan Stanley Capital International), Inc.

[Trends in the selection of the company over the last three years]
Komatsu has been selected for consecutive years.

Corporate ESG Performance

RATED BY
ISS ESG

Prime

[ISS-Oekom]

The corporate sustainability rating indexes were developed by German-based ISS-Oekom.

[Trends in the selection of the company over the last three years]
Komatsu has been consecutively awarded "Prime" status in the machinery sector.



[EURONEXT VigeoEIRIS]

V.E, an affiliate of Moody's, is a global leader in ESG assessments, data, research and analytics.

[Trends in the selection of the company over the last three years]
Komatsu has been selected for consecutive years.

[Japan]



FTSE Blossom
Japan

[FTSE Blossom Japan index]

The index, which was established by U.K.-based FTSE Russell, selects Japanese companies that implement excellent programs to facilitate ESG.

[Trends in the selection of the company over the last three years]
Komatsu has been selected for consecutive years.

* FTSE Russell confirms that Komatsu has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

[MSCI Japan ESG select leaders index*]

The index is part of those established by U.S.-based MSCI Inc., aimed at selecting listed Japanese companies with high ESG ratings.

[Trends in the selection of the company over the last three years]
Komatsu has been selected for consecutive years.

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

[MSCI Japan empowering women index*]

The index is part of those established by U.S.-based MSCI Inc., aimed at selecting listed Japanese companies that promote a high level of gender diversity.

[Trends in the selection of the company over the last three years]

Komatsu has been selected for consecutive years.

* THE INCLUSION OF KOMATSU LTD IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HERIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KOMATSU LTD BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



[S&P/JPX carbon efficient index]

The index is offered by S&P Dow Jones Indices and the Tokyo Stock Exchange for member companies in the Tokyo Stock Price Index (TOPIX). It decides on the investment weights to be applied to such member companies with a focus on the disclosure of environmental information and level of carbon efficiency (carbon emissions per sales).

[Trends in the selection of the company over the last three years]

Komatsu has been selected as index component for consecutive years.



[iSTOXX MUTB Japan Platinum Career 150 Index]

The index was jointly developed by Mitsubishi UFJ Trust and Banking Corporation and STOXX, a global index provider of the Deutsche Boerse Group. It consists of 150 Japanese companies that are active in building careers for their employees.

[Certifications]



[SBT]

SBT (Science based targets, namely, science-based emission reduction targets) is an initiative advocated by the CDP, the United Nations Global Compact, the World Wildlife Fund and the World Resources Institute. It certifies companies that have established reduction targets compatible with scientific knowledge aiming to achieve the target established under the Paris Agreement of keeping the average rise in global temperature due to climate change below two degrees from the pre-Industrial Revolution levels in the worst-case scenario.

Komatsu's CO₂ reduction targets were certified as SBT in April 2017.

[Please click here for further details about Komatsu's CO₂ reduction and SBT.](#)



DXプラチナ企業
2023-2025
Digital Transformation

[DX Platinum Companies 2023-2025]

The Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (TSE) select certain companies listed on TSE as “Digital Transformation (DX) Stocks Selection” for their accomplishments achieved by creating internal systems for promoting digital transformation (DX)* and excellent use of digital technologies leading to the enhancement of corporate value.

In FY2023, the company was selected as one of the newly established "DX Platinum Companies 2023-2025" as "a company that has continued to make particularly outstanding efforts since the program's inception."

* Digital transformation: A company establishing a competitive advantage by utilizing data and digital technology in response to intense changes in the business environment to transform products services and business models based on the needs of customers and society, and transform operations themselves, organizations, processes and corporate culture.



[Nadeshiko Brand]

Nadeshiko Brand is selected and publicized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange jointly. The purpose of the program is to promote investment in companies and accelerate their efforts by selecting companies that are outstanding in terms of encouraging women's success in the workplace and introducing them as attractive stock for investors who place importance on mid- and long-term improvement of corporate value.



[EcoVadis]

EcoVadis, a French company, evaluates the sustainability of global supplier companies from four perspectives: environment, labor & human rights, ethics, and Sustainable Procurement impacts.

Komatsu has achieved the "Silver" rating in the latest survey.

(2) Recognitions of IR activities



[Excellent Disclosure Companies by The Securities Analysts Association of Japan]

Securities analysts developed objective evaluation criteria to decide on the ranking of companies in terms of its quality, quantity, timing and other factors of corporate disclosures, and based on which established the Award for Excellence in Corporate Disclosure from the Securities Analysts program. The program has been implemented since 1955.

Komatsu received the 2022 Award for Excellence in Corporate Disclosure (first place in the machinery section).

The award is given every other year and this is the 13th time Komatsu has received the award.



[2020 best IR award]

The Japan Investor Relations Association selects member companies that have conducted excellent IR activities and provides them with the Best IR Awards. In addition, it gives the IR Grand Prix Award to companies that have received the Best IR Award for the third time.

In 2020, Komatsu received the Best IR Award.

This is the seventh time it has received the award, in addition to 2007, 2008, 2010, 2013, 2016 and 2017. Also we have received the IR Grand Prix Award twice in 2010 and 2017.



[Tokyo Stock Exchange (TSE) “the corporate value improvement award” grand prix]

TSE created the Award program in FY2012, designed to annually award the companies which have achieved high corporate value by practicing management of improving corporate value through initiatives that consider capital cost and other investor concerns.

Komatsu was selected for the Grand Prix award of the 8th Corporate Value Improvement Award (FY2019) from all listed companies (about 3,650).

(3) Endorsement of initiatives

WE SUPPORT



[UN Global Compact]

The Global Compact, which is an initiative advocated at the World Economic Forum in 1999, requests that companies comply with and practice 10 principles with respect to human rights, labor, the environment and anti-corruption.

Komatsu expressed its support for the United Nations Global Compact in November 2008.



[WBCSD]

The World Business Council for Sustainable Development (WBCSD), whose members include more than 200 companies worldwide, is an organization that creates surveys and proposals on the economy, the environment and society with a focus on sustainable development. In addition, it works actively to implement SDGs.

Komatsu decided to support WBCSD in 2010 and has been cooperating in its activities.



[TCFD]

The Task Force on Climate-Related Financial Disclosures (TCFD), which is an initiative established by the Financial Stability Board in June 2017, requests that companies disclose climate-related information that may affect financial matters from the four perspectives of governance, strategy, risk management and metrics/targets.

Komatsu expressed its support for TCFD in April 2019 and has been preparing information disclosures in compliance with the request.

Comparison with global principles

What Komatsu considers to be material issues are listed in our CSR Priorities, each of which are in line with international standards such as the ISO26000 and the United Nations Global Compact.

Details on these standards can be found in “[Komatsu's Worldwide Code of Business Conduct](#)” and the “[CSR Procurement Guidelines](#)”.

ISO26000 core subjects /issues	UNGC 10 principles	Komatsu's materiality	Incorporation into Komatsu's internal guidelines ■ : Items of Komatsu's worldwide code of business conduct ● : Items of Komatsu group CSR procurement guidelines
Organizational governance		[Ethics / Governance] <ul style="list-style-type: none"> Corporate Governance Compliance 	<ul style="list-style-type: none"> ■ ● “Quality and Reliability” of organizational structure, business operations, employees and management ■ ● Emphasis on corporate governance ■ ● Compliance with the Rules
Human rights	Human Rights Principle 1 Principle 2	[Human rights] <ul style="list-style-type: none"> Respect for human rights [Communities] Contributions to local communities	<ul style="list-style-type: none"> ■ ● Respect for human rights ■ ● Due consideration to work-life balance
Labour practices	Labour Principle 3 Principle 4 Principle 5 Principle 6	[Employees] <ul style="list-style-type: none"> Diversity and Inclusion Skills development and workplace retention Employee engagement and job satisfaction Occupational safety and health and wellbeing [Human rights] <ul style="list-style-type: none"> Respect for human rights 	<ul style="list-style-type: none"> ■ ● Conversations or discussions with employees or their representatives ■ ● Zero tolerance for child labor and forced labor ■ ● Promotion of equal opportunities for employment, with zero tolerance for discrimination and any kind of harassment ■ ● Ensuring a safe and comfortable work environment ■ ● Human resources management in fair and impartial manner

ISO26000 core subjects /issues	UNGC 10 principles	Komatsu's materiality	Incorporation into Komatsu's internal guidelines ■ : Items of Komatsu's worldwide code of business conduct ● : Items of Komatsu group CSR procurement guidelines
The environment	Environment Principle 7 Principle 8 Principle 9	[Environment] <ul style="list-style-type: none"> Development of low-carbon/low-emissions products, solutions and business models Resource recycling and remanufacturing Forest conservation through business activities Reduction of energy usage and GHG emissions 	<ul style="list-style-type: none"> ■ ● Providing products, services and systems that are environmentally-conscious ■ ● Environmental protection ■ Komatsu Earth Environmental Charter ■ Declaration of Conservation of Biodiversity ● Reducing environmental impact, managing chemical substances and building up environmental management systems
Fair operating practices	Anti-Corruption Principle 10	[Ethics / Governance] <ul style="list-style-type: none"> Governance Compliance 	<ul style="list-style-type: none"> ■ ● Fair and appropriate business operations ● Fair and proper relationship with governmental bodies and agencies ■ ● Never providing, offering or promising inappropriate money, goods or favors
Consumer issues		[Customers] <ul style="list-style-type: none"> Provision of solutions Product safety and quality [Environment] <ul style="list-style-type: none"> Development of low-carbon/low-emissions products, solutions and business models Resource recycling and remanufacturing Forest conservation through business activities Reduction of energy usage and GHG emissions 	<ul style="list-style-type: none"> ■ Providing customers with suitable solutions and striving to deliver products, services and systems that are safe, environmentally-conscious and innovative ■ ● Environmental protection ■ ● Reducing environmental impact, managing chemical substances and building up environmental management systems

ISO26000 core subjects /issues	UNGC 10 principles	Komatsu's materiality	Incorporation into Komatsu's internal guidelines ■ : Items of Komatsu's worldwide code of business conduct ● : Items of Komatsu group CSR procurement guidelines
Community involvement and development		[Communities] ■ Contributions to local communities	<ul style="list-style-type: none"> ■ ● To fully understand its social responsibilities as a corporate citizen ■ Groupwide social contribution (5 Basic Principles for Social Contribution) ■ ● Good harmony with local communities

Green bond

Komatsu issued a “green bond”, an unsecured straight bond, through a public offering on the Japanese market. Green bonds are designed to raise funds for exclusive use in business which works to help solve environmental problems.

Under the three-year mid-term management plan, “DANTOTSU Value – Together, to “The Next” for sustainable growth” to be completed in the fiscal year ending March 31, 2025, Komatsu is making efforts for sustainable growth through a positive cycle of improving earnings and solving ESG issues.

With the proceeds from the green bond, Komatsu is going to further accelerate its efforts to help realize a decarbonized society by reducing our environmental impact and providing high-quality, highly efficient products, services, and solutions.

Outline of the green bond

Issuer	Komatsu Ltd.
Pricing date	July 10, 2020
Issue date	July 16, 2020
Maturity	5 years
Issue amount	JPY10.0 billion
Interest rate	0.130%
Use of proceeds	<p>Applicable to the following projects:</p> <p>Project A: Responses to environmental problems resulting from the use of products</p> <p>Efforts designed to help reduce CO₂ emissions from products in use to 50% by 2030 from 2010 (Specifically, R&D, the provision and wide use of products, services and solutions).</p> <p>1) Products: hybrid hydraulic excavators, (applicable for low carbon-type construction equipment certification by Japan's Ministry of Land, Infrastructure, Transport and Tourism) and electric construction equipment.</p> <p>2) Service: Support for fuel-economy machine operation by using IoT.</p> <p>3) Solutions: Reduction of CO₂ emissions by promoting wide use of ICT-intensive construction equipment and providing applications which support optimization of construction as a whole.</p>

Use of proceeds	Project B: Responses to environmental problems resulting from manufacturing. Efforts designed to help reduce CO ₂ emissions in manufacturing to 50% and increase the ratio of using renewal energy to 50% of total energy use, both by 2030 from 2010 (capital investment in facilities and equipment, etc.). (1) Energy-savings of factories and equipment in plants. (2) Power generation by using solar panels and biomass as well as purchase of renewable energies.
Lead manager	Nomura Securities Co.,Ltd.
Green bond structuring agent*	Nomura Securities Co.,Ltd.
Rating	"AA-" from Rating and Investment Information, Inc.
[Reference]Press release	(Komatsu website released on July 10th, 2020)

* This organization supports the issuance of green bonds by giving advice regarding the formulation of green bond frameworks and on obtaining second-party opinions.

[Komatsu's green bond frameworks \(216KB\)](#)

Second-party opinion of green bond eligibility

With respect to eligibility against the 2018 Green Bond Principles and the Green Bond Guidelines, 2020, Komatsu has obtained a second-party opinion from DNV GL BUSINESS ASSURANCE JAPAN K.K. (hereafter "DNV GL"), an internationally recognized third-party organization with expertise in this field.

[Second-party opinion \(956KB\)](#)

The cost of obtaining an independent assessment related to the green bond is subsidized by Japan's Ministry of the Environment in its 2020 assistance project to promote the issuance of green bonds.

List of investors who expressed their intention to invest

- Asset Management One Co., Ltd.
- OMUTA YANAGAWA SHINKIN BANK
- The Kita Osaka Shinkin Bank
- The 77 Bank, Ltd.
- THE JUROKU BANK,LTD
- SUMITOMO LIFE INSURANCE COMPANY
- Zentouei Shinyokumiai
- Daitokyo Shinkumi Credit Cooperative
- NAGANO SHINKIN BANK
- The Bank of Nagoya, Ltd.
- Nippon Life Insurance Company
- THE HIGASHI-NIPPON BANK,LIMITED
- Hiratsuka SHINKIN BANK
- Fukushima Shinkin Bank
- Sumitomo Mitsui Trust Asset Management Co., Ltd.

Reporting

Komatsu reports on the allocation and environmental and social impacts of the proceeds on an annual basis. In addition, the external review is attached.

[Green bond reporting]

[› Komatsu green bond reporting 2021 \(260KB\)](#)


[› Komatsu green bond reporting 2022 \(251KB\)](#)


[Green bond periodic review]

[› Green bond periodic review 2021 \(960KB\)](#)


[› Green bond periodic review 2022 \(530KB\)](#)


Sustainability-linked bond

Komatsu issued Sustainability-Linked Bonds (USD-Denominated Senior Unsecured Straight Bonds) (hereafter “SLBs”).

SLBs are bonds the terms and condition of which are subject to changes depending on the achievement status of the KPIs(*1) predetermined by the issuer.

Under Komatsu’s three-year mid-term management plan to be completed in the fiscal year ending March 31, 2025, “DANTOTSU Value - *Together, to ‘The Next’ for sustainable growth*”, Komatsu aims to create customer value that will contribute to ESG solutions and earnings growth through its growth strategies and intends to accelerate sustainability management targeting achievement of sustainable growth by this issuance of SLBs.

*1: KPI: Key performance indicators

Outline of the Bonds

	Sustainability-Linked Bonds (USD Denominated Senior Unsecured Straight Bonds)
1. Issuer	Komatsu Finance America Inc.
2. Guarantor	Komatsu Ltd.
3. Issuance amount	USD 600 million
4. KPI/SPT *2	SPT1.1: 45% reduction of the Scope 1+2 CO ₂ emissions (Intensity) (KPI1) from production by March 31, 2025 from 2010 baseline SPT2.1: 24% reduction of the Scope 3 CO ₂ emissions (Intensity) (KPI2) from use of products by March 31, 2025 from 2010 baseline
5. Interest rate	5.499% per year during the period from and including October 6, 2022 until October 5, 2025 From and including October 6, 2025, the interest rate shall be increased by 10 bps if SPT 1.1 has not been satisfied and increased by 15 bps if SPT 2.1 has not been satisfied as of March 31, 2025
6. Interest payment date	April 6 and October 6 every year from and including April 6, 2023
7. Term	5 years
8. Maturity date	October 6, 2027
9. Payment date	October 6, 2022
10. Use of proceeds	To be allocated for the redemption of outstanding bonds and general business purposes

11. Offering method	Offerings in overseas markets, primarily in the U.S., Europe and Asia (In the U.S., however, sales are solely for Qualified Institutional Buyers in accordance with Rule 144A under the U.S. Securities Act of 1933)
12. Market	Singapore Exchange Securities Trading Limited
13. Credit Rating	A2 (Moody's) A (S&P)

*2 SPT:

Sustainability performance targets, which are measurable target figures of KPIs over the specific time period as stated by the issuer

[> Komatsu Sustainability-Linked Bond Framework \(1.78MB\)
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Second party opinion of Sustainability-Linked Bond eligibility

With respect to eligibility against the Sustainability-Linked Bond Principles 2020 and the Sustainability-Linked Bond Guidelines (2022), Komatsu has obtained a second party opinion from DNV Business Assurance Japan K.K. , an internationally recognized third-party organization with expertise in this field.

[> Second party opinion \(1.53MB\)
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With people

The Komatsu Way and policy on human resource development	036
Promoting diversity and inclusion	045
Offering of a variety of talent development opportunities and improvement of employee engagement	057
Develop digital and open innovation promotion human resources	064
Occupational safety and health	066
Human rights policy	076
Business and human rights	079

The Komatsu Way and policy on human resource development

Komatsu regards human resources as one of the most important management resources for creating new value, and thus we are continuously investing in human resources. Specifically, we invest in human resources through wages, allowances, bonuses, benefits, and the expansion of human resource development programs. By continuously engaging in these activities, we aim to achieve sustainable growth and development for both the company and its employees, while also being aware of the changes in the internal and external environment and their connection with management policies.

In 2006, Komatsu formulated the Komatsu Way as a shared set of values for its employees worldwide to promote global development and sustainable growth. We are now working to disseminate the Komatsu Way to employees of diverse cultures and customs. We are continuing our human resource development efforts based on these activities.

In its mid-term management plan, Komatsu has set "enrich human resources base with diversity" as a key part of its growth strategy and to achieve it the company is developing various measures that focus on the "enhancement of diversity and inclusion," "offering a variety of talent development opportunities and improvement of employee engagement," and "human resources development for digital applications and open-innovation."

Promotion system for various policies and measures

The Komatsu Way Committee, chaired by the President, is held twice a year (or more as necessary) to deliberate, decide on, and promote the execution of policies and important measures regarding human resources, labor affairs, education and human resources development, employee benefits, and occupational safety and health management for the Komatsu Group. Furthermore, the content of the deliberations of the Komatsu Way Committee is reported to the Board of Directors for consideration.

Global personnel policy

Komatsu Group companies have established a personnel management system that can be tailored to the unique needs and circumstances of each region based on the following basic policy, with the aim of realizing an environment in which diverse human resources worldwide can contribute to business growth as a team.

1. We shall respect each employee's human rights, personality, individuality and legally-protected privacy;
2. We shall respect diversity and treat and appraise each and every employee in a fair and impartial manner. We shall not discriminate against any employee on the basis of race, ethnicity, color, sex, sexual orientation, gender identity, age, religion, national ancestry, disability, marital status or other legally protected status. We shall vigorously promote equal opportunities for employment*;

3. We shall give due consideration to work-life balance and physical/mental health, and endeavor to provide the employees with workplaces where they can effectively accomplish their tasks with satisfaction and pride;
4. We will not tolerate inappropriate behavior and speech which prevents employees from working effectively and comfortably. In particular, all Komatsu employees must not do any type of harassment including harassment of subordinate personnel, sexual harassment, or harassment related to pregnancy, childbirth, parenting, or nursing care, in and outside of workplace;
5. In designing and implementing Komatsu policies on employment conditions (such as wages, fringe benefits, performance appraisal, promotions), we shall assure that such policies are, and are understood to be, fairly and clearly implemented. Such policies shall be accurately communicated to employees and, to the extent practicable, made open and accessible;
6. We shall comply with all applicable laws and regulations governing employees' rights and faithfully accommodate, whenever applicable, conversations or discussions with employees or their representatives;
7. We shall not tolerate child labor or forced labor; and
8. We shall offer terms and conditions of employment that are sufficiently competitive in their respective regions.

* "Any action violating human rights (harassment of subordinate personnel, sexual harassment or other harassment related to pregnancy, childbirth, parenting or nursing care)" is specified as grounds for disciplinary action.

About the Komatsu Way

The Komatsu Way is a statement of values and standards that all workers at every level of the Komatsu Group are expected to meet and uphold. The Komatsu Way is a written statement of our corporate strengths, beliefs that support those strengths, the basic attitude of mind and perspective, and a manner of action (style), which our predecessors created based on the founder's spirit, throughout the history of our growth and development. We aim to spread this knowledge to all employees and maintain it into the future.

The Komatsu Way promotion activities

To disseminate and practice the Komatsu Way at all Komatsu Group companies around the world, we are conducting various promotion activities and human resource development programs. Employees' understanding of the Komatsu Way is deepened via training sessions and the creation of opportunities for exposition and group debates. We foster interpersonal communication between employees at such sessions to minimize generational gaps, allowing for a more effective "trickle-down" spread of this knowledge. Since 2007, Komatsu has been engaged in brand management activities to "be indispensable to our customers and continue to be their partner of choice". This objective is accomplished by visiting customer workplaces to understand their ideals and to build relationships that enable us to work together with them to help achieve their goals through concerted efforts by Komatsu Group and its distributors. In addition, the third edition of the Komatsu Way has been translated into 13 languages so that employees can read and understand it in their native languages. We have also considered the intrinsic differences between foreign cultures, and have worked to craft the Komatsu Way in a manner that is both easy to understand and relevant to the international community at large. This allows us to promote the Komatsu Way in domestic and foreign settings, allowing for uniformity across the group.

The Komatsu Way and Total Quality Management (TQM) training for FY2022 took place overseas, mainly in North America through online training under consideration of time differences. In Japan, in addition to group training and online training, we are providing an e-learning program to enhance understanding in job-specific training.

We will stay committed to the development of human resources and will strive to systematically ensure the spread of the KOMATSU Way and TQM so that they take root globally.

We believe that through these activities, we will be able to foster employees who practice the KOMATSU Way and pass it on to the next generation, leading to the sustainable growth of the entire Komatsu Group.

Brand management initiatives

What are brand management initiatives?

Becoming invaluable to our customers, who both create and assess our corporate value

Komatsu embodies this concept in our statement "our corporate value is the total sum of trust given to us by society and all stakeholders." With this in mind, Komatsu's basic management policy is focused on increasing our corporate value through customer engagement initiatives.

Having grouped our various stakeholders into two distinct categories, while the former is responsible for employees, affiliate companies, sales / service shops, etc., the latter includes society, shareholders, investors, media, etc. We have come to the conclusion that it is only our customers who take on both of these roles. Customers create corporate value by purchasing our products, and assess our corporate value through the use and evaluation of our products (which returns to us via feedback).

We have thus redefined the meaning of "heightening the trust placed in us from our customers", into a commitment to "increase the trust placed in us to a degree at which our company is indispensable to our customers, in order to guarantee complete customer loyalty and retention". As of FY 2007, we have begun initiatives designed to mold our brand into one that conceptualizes this vision.

Realizing our customers' vision and mission "from the customer's perspective"

Our brand management (BM) activities are built on the fundamental principle of "from the customer's perspective". One of the most common misconceptions regarding marketing activities is that such initiatives involve finding means to differentiate a product from the competition, or about finding a unique position within the market. Komatsu believes, however, that the crux of marketing involves working from the customer's perspective, discovering what customers want and responding specifically to those needs. To realize this grand vision, we are engaged in activities designed to create sustained development and refinement in our management resources and capabilities. In the past, these initiatives tended to rely on experience and intuition, but in the context of Komatsu's BM activities, we have replaced them with a variety of tools and methods designed to develop case studies and accumulate validated experience that can be disseminated to a new generation of employees.

Recent activities and future plans

In addition to the initial activities in Japan, North America, Chile, South Africa and Australia, we have expanded these activities to include China, Southeast Asia, Europe, South America, Oman, the Commonwealth of Independent States and the forestry businesses. In the process, we have incorporated the above ideas into KOMATSU Way, which is a value that all KOMATSU Group employees should inherit permanently in the field and workplace, compiling the "KOMATSU Way of Brand Management."

In FY 2021, the competition was held online due to the COVID-19 situation, with more members from all over the world participating than in previous years.

Brand management activities that began with a focus on stakeholders by our marketing department have expanded to a cumulative total of more than 150 users in 18 regions, and have developed into company-wide activities that involve our production and development divisions. Owing to the positive strengthening effects it has on our various departments and human resource development circles, Komatsu will continue to promote brand management activities for the foreseeable future.



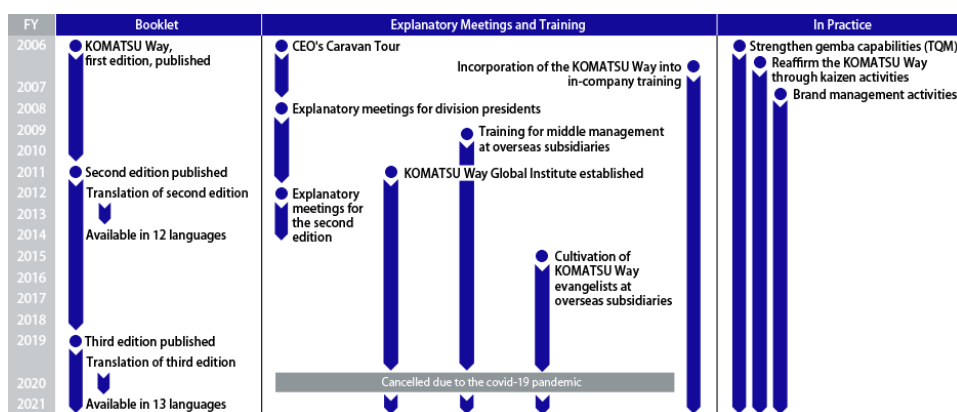
Global BM workshop (Komatsu in Japan, October 2019)

DATA

(1) Educational training that pertains to Komatsu Way in FY2022

Name of training course	Course participants	Targets	Training dates (in FY2022)	Number of participants/cases (in FY2022)
Education for management candidates of overseas subsidiaries (Global management seminar)	Management candidates of overseas subsidiaries	To train global management candidates who have a comprehensive understanding of the Komatsu Way	March 2023	9
Education for mid-level managers of overseas subsidiaries (Komatsu Way leadership development program)	Mid-level managers of overseas subsidiaries expected to be responsible for the core business/functions	To train up local leaders who understand and practice the Komatsu Way	September and October 2022 (held online)	57
TQM beginner training	Employees of overseas subsidiaries with aptitude	To promote understanding at our overseas subsidiaries	September 2022 (held online)	24
Training by job level	New employees, assistant managers, newly appointed managers, etc.	To promote the understanding and practice of the Komatsu Way	Year round	1,229
All Komatsu QC convention	Selected from the Komatsu Group in Japan and overseas	To present improvement activities as OJT and strengthen awareness of the Komatsu Way practices	November 2022 (held group and online)	94 presentations (including 35 from overseas) Group: Approx. 300 Online: Approx. 7,000 access

(2) The Komatsu Way-history of dissemination activities



Other data on human resources

- ▼ (1) Number of employees (Non-consolidated basis) |
- ▼ (2) Number of employees (Consolidated basis) | ▼ (3) Average age
- ▼ (4) Years of continuous employment | ▼ (5) Number of employees by age |
- ▼ (6) Annual total remuneration (average)
- ▼ (7) New graduates employment | ▼ (8) Mid-career employment | ▼ (9) Employee turnover |
- ▼ (10) Retention of new employees

* Above data are on the non-consolidated basis except item (2).

Numbers of employees and all other numbers shown are as of the end of each fiscal year, except as otherwise noted.

(1) Number of employees (Non-consolidated basis)

	FY2020	FY2021	FY2022
Total	11,795	11,927	12,208
Male	10,404	10,517	10,760
Female	1,391	1,410	1,448

(2) Number of employees (Consolidated basis)

	FY2020	FY2021	FY2022
Total	61,564	62,774	64,343
Non-Japanese	41,573	42,502	44,040

(3) Average age

	FY2020	FY2021	FY2022
Total	39.8	40.4	40.9
Male	39.8	40.5	41.0
Female	39.2	39.7	39.9

(4) Years of continuous employment

	FY2020	FY2021	FY2022
Total	15.3	15.9	16.4
Male	15.6	16.3	16.7
Female	12.8	13.5	13.9

(5) Number of employees by age

	Total	Male	Female
Total	12,208	10,760	1,448
Over 60	457	416	41
50-59	2,595	2,209	386
40-49	3,380	3,066	314
30-39	3,765	3,450	315
Under 30	2,011	1,619	392

(6) Annual total remuneration (average)

	Total	Male	Female
FY2022	7,809,998(Yen)	8,055,296(Yen)	6,166,302(Yen)

* Minimum wages set by age

* There are no wage rules or other institutional differences based on gender. The above gender differences are due to differences in labor composition, such as the percentage of women in management positions and job levels, and length of service.

(7) New graduates employment

	Total		Employment category								
		Excluding blue-collar work	College graduate			Junior college graduate			High-school graduate		
				Male	Female		Male	Female		Male	Female
FY2021	254	180	157	135	22	16	14	2	81	62	19
FY2022	254	169	155	104	51	11	9	2	88	73	15
FY2023	290	192	161	109	52	15	12	3	114	88	26

* Number for FY2023 is as of April 1, 2023

(8) Mid-career employment (As of July 20th, 2023)

	Total		Mid-career employment ratio		Employment category					
	Total	Excluding blue-collar work		Excluding blue-collar work	College graduate			Others		
					Total	Male	Female	Total	Male	Female
FY2020	57	31	14%	11%	19	14	5	38	30	8
FY2021	24	23	9%	11%	17	12	5	7	6	1
FY2022	87	42	26%	20%	40	32	8	47	44	3

(9) Employee turnover

	Total	Male	Female
FY2019	167(1.29%/0.99%)	135	32
FY2020	147(1.08%/0.86%)	122	19
FY2021	200(1.54%/1.31%)	160	40
FY2022	200(1.53%/1.36%)	163	37

* The figures in parentheses in the table are (total turnover rate/voluntary turnover rate). The voluntary turnover rate does not include those who retire at retirement age.

* Period covered: April to March of each fiscal year

(10) Retention of new employees

	Total	Male	Female
New employees (FY2020)	362	298	64
Enrollment (FY2023)	344	283	61
Employee turnover [for 3 years] (Turnover rate)	18 (5.0%)	15	3

* Enrollment for FY2023 is as of April 1, 2023

Promoting diversity and inclusion

In growth strategies of the mid-term management plan, Komatsu set "enrich human resources base with diversity" as a priority activity, alongside promoting the "enhancement of diversity & inclusion" initiatives. We believe it is possible to create an environment where diverse employees can benefit from identifying each colleague's individuality and abilities. Doing so will enable teams to maximize each other's abilities to achieve a collaborative atmosphere where everyone plays an active role in enhancing systems to support diverse work styles and work-life balance. Ultimately, this will lead to the realization of a workplace where employees can feel secure and be innovative as they make contributions to company growth, so we continue to promote these initiatives.

Global human resource development and promotion

With foreign employees accounting for approximately 70% of our workforce, Komatsu has been promoting the localization of management. Among them, we have appointed the heads of major overseas subsidiaries as Global Officers, who are responsible not only as regional heads but also as executives of the Komatsu Group. Plus, we have also appointed those employees tasked with facilitating the management of the Komatsu Group as executive officers. Komatsu has created approximately 750 "Global Key Positions" in Japan and overseas and developed a succession plan for these positions. We are also aiming to foster the systematic cultivation of next-generation leaders who will be responsible for global management through programs such as the "Global Management Seminar" for management-level employees and candidates, and "KOMATSU Way Leadership Development Training" for mid-level employees.

Additionally, Komatsu trains engineers who provide continuous product support at customers' sites around the world. The Komatsu Philippines Corporation, a specialized educational institution, has trained over 200 engineers. Graduates of the training program, which lasts about six years, are subsequently employed as "global engineers" and work around the world.

Promoting gender diversity

As part of our gender diversity initiatives, we have set a global KPI (ratio of women employed: 17.0%; ratio of women in management positions: 13.0% on a global consolidated basis by the end of FY2024) for our mid-term management plan. Also, we are proactively recruiting women, providing training programs for their systematic development, creating favorable environments for continuous career development, and actively supporting appointments to more responsible positions of high authority. As various measures to promote the advancement of women will lead to the creation of environments where all employees can work comfortably and feel empowered to maximize their abilities, we will continue to promote group-wide activities.

Status in FY2022

Our strategy also includes working on "D&I literacy improvement activities" to foster employees' awareness, which incorporates the conducting of promotional activities via the distribution of videos and columns on D&I. Additionally, to encourage female employees to improve their career aspirations, a "D&I Talk Event" has been held since FY2022, which allows for posing direct questions to management and, for the first time, has included interactions with the president and female executives. The event received high satisfaction ratings from employees who benefitted from the opportunity to hear the thoughts and encouragement of management as they considered their own career pathways. We will continue to implement our existing measures for female employees, which will include career plan training, networking workshops, external training, and the Diversity & Inclusion Development Seminar (DIDS: a seminar for female managers at Komatsu and its overseas subsidiaries focused on developing female executives capable of implementing managerial decisions rooted in the Komatsu Way, at the same time as promoting gender diversity among future senior management). In recognition of these efforts, Komatsu was selected as one of the Nadeshiko Brand for FY2022 by the Ministry of Economy, Trade and Industry in collaboration with the Tokyo Stock Exchange – these organizations jointly select companies that excel in promoting women's activities. (One company from each industry is selected from approximately 3,700 listed companies of 17 industries.)



Scene from the first D&I talk event



Scene of DIDS training



DATA

(1) Diversity of management

	Total	Female employees (Female employees percentage)	Non-Japanese employees (Non-Japanese employees percentage)	Mid-career employees (Mid-career employees percentage)
Directors and Global officers	64	2 (3.1%)	19 (29.7%)	14 (21.9%)
Executive officers (Domestic)	30	2 (6.7%)	0 (0.0%)	2 (6.7%)

	Total	Female employees (Female employees percentage)	Non- Japanese employees (Non- Japanese employees percentage)	Mid-career employees (Mid-career employees percentage)
Management position	1,854	149 (8.0%)	13 (0.7%)	361 (19.5%)
General managers	403	12 (3.0%)	0 (0.0%)	44 (10.9%)

* Komatsu's non-consolidated data as of the end of each fiscal year.

* Directors and global officers exclude outside directors and outside auditors.

* Percentage of director and global officer posts filled by internal personnel: 100%

* Management positions include executive officers.

(2) Women employees

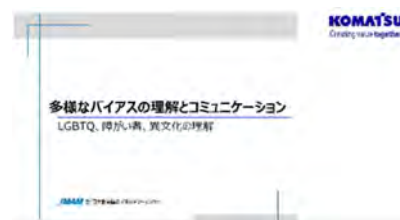
	FY2020	FY2021	FY2022
Global (Consolidated)			
Ratio of women employed	13.6%	13.9%	14.1%
Ratio of women in management positions	9.5%	10.0%	10.3%
Komatsu Ltd. (Non-consolidated)			
Number (ratio) of women employed	1,443 (12.3%)	1,451 (12.4%)	1,507 (12.3%)
Number (ratio) of women in management positions	300 (9.3%)	312 (9.2%)	341 (9.5%)
Number (ratio) of women managers	128 (7.5%)	135 (7.8%)	149 (8.0%)
Number (ratio) of women junior managers	172 (11.2%)	177 (10.8%)	192 (11.0%)

* Data as of the end of each fiscal year.

* Management positions include executive officers.

Support for LGBTQ

In "KOMATSU'S WORLDWIDE CODE OF BUSINESS CONDUCT" October 2017 revision, we stipulated the prohibition of unfair discrimination against sexual minorities (not only nationality, race, religion, age, sex, presence or absence of disability, but also sexual orientation and gender identity) as sexual harassment including discriminatory remarks subject to disciplinary action. In addition to implementing a number of initiatives – such as the setting up of an in-house counseling desk for LGBTQ individuals, the certification of same-sex partnerships, and the expansion of welfare benefits – we are also working to promote an understanding of LGBTQ issues and to create a comfortable work environment for everyone that utilizes e-learning, online seminars for managers, and the distribution of training videos to all employees.



e-learning



LGBTQ video

Harassment prevention initiative

At Komatsu Group, we are committed to eliminating and preventing all forms of discrimination and harassment. Each of our business locations has a designated harassment consultation desk, and we have established a system to promptly address issues as they arise. When consultations are received, we conduct investigations with utmost respect for the privacy of the individual seeking guidance, implement any necessary corrective measures, and take action to prevent recurrence, while also providing follow-up support to the person who raised the concern. Additionally, we regularly conduct anti-discrimination and harassment prevention training for employees at all levels. This fosters a deeper understanding of discrimination and harassment issues among our staff, encouraging empathy and consideration for each other's positions, and contributing to the creation of a safe and healthy work environment.

Facts about the initiative in FY2022

Number of harassment-related reports received (in Japan)	40
Anti-discrimination and harassment prevention training (in Japan) (e-learning and group learning)	<ul style="list-style-type: none"> Basic education Stratified training Managerial-level refresher training New managerial-level employee training Assistant manager training Third- and seventh-year employee training New employee training

Employing persons with disabilities

Komatsu actively seeks to employ persons with disabilities across the Group. Our goal of a KPI in the mid-term management plan is to achieve the employment ratio of 2.5% on a consolidated basis by 2024 for the Group in Japan.

In March 2008, Komatsu established the Business Creation Center (BCC) within the Human Resources Department in Japan as a dedicated organizational entity for promoting the hiring of persons with disabilities. Persons with mental or developmental disabilities are employed by the BCC in eleven business units in Japan. By having BCC perform previously outsourced operations and desk work, BCC can expand its job scope and improve the efficiency of the company as a whole. Advisors are assigned to each business unit to provide training and advice on daily tasks. Each BCC staff member meets with an advisor every six months to discuss goals, instead of simply handling a delimited set of tasks. Linking salary to individual performance assessments, we encourage employees with disabilities to work on their goals toward achieving independence and self-reliance. Through these efforts Komatsu is not merely focused on achieving a targeted employment ratio. Rather, it is seeking to create a workplace that provides a sense of fulfillment for all individuals, where employees with disabilities work alongside other staff members.

DATA

	FY2020	FY2021	FY2022
Employment ratio of persons with disabilities	2.82%	2.84%	2.73%
Number of BCC locations	11	11	11
Number of BCC staff members	144	156	165

* The data for Komatsu Ltd. (non-consolidated). As of June 1st of each fiscal year.

Promoting hiring of retired employees

As Japan's birthrate declines and its population ages, we believe that efforts to improve employee productivity across all generations and to strengthen our older workforce are not only a response to societal realities but also a way to ensure our sustainable growth. Komatsu has been promoting initiatives to achieve the above, including the introduction of a post-retirement reemployment system in 2006 and the reemployment of all applicants up to the age of 65 (for general employees) since 2013. In 2021, Komatsu implemented an optional retirement age system for the entire Komatsu Group in Japan, which allows employees to choose the maximum retirement age of 65. Moreover, Komatsu is expanding its support framework to enable employees to continue to work at Komatsu and realize their optimal work styles based on their values by providing training opportunities for employees to reflect on their career and life, a paid leave system for skills development, and a financial aid system.

Systems and measures of employment and career support for the elderly

Systems and Measures	Content
Selective Retirement System	Employees can choose to retire at age 60, 62 (management), or 65 (general employees). Employees who choose to retire at age 62 or 65 receive the same benefits as those who retire before age 60.
Part-time Work System	This system allows employees to work part-time when they choose to retire at age 60 or 62 and are rehired after retirement. Working hours can be set from 1/2 to 3/4 those of full-time employees and working hours per day and working days per week can be decided.
Second Job System	Part-time employees who have been rehired after retirement can work a second job under certain conditions to support their careers.
Career Support System	(1) Career Life Plan Seminar All employees aged 45 and older are encouraged to develop an independent and autonomous career vision by considering their work prospects, work style, lifestyle, and financial plan. (2) Outplacement Support System A skills development leave system and outplacement services for employees aged 50 and over who want to progress their careers outside the company.

DATA

	FY2020	FY2021	FY2022
Reached age 60	201	252	355
Continued employment after age 60	174	216	325
Chose to retire at age 62 or 65	—	202	292
Rehired after retirement at age 60	174	14	33
Retired at age 60 (Retirement rate at age 60)	27 (13.4%)	36 (14.3%)	30 (8.5%)

* Data for Komatsu Ltd. (non-consolidated).

* Selective retirement system applies to employees who reached the age of 60 in FY2021 or later.

* People rehired after retirement include those rehired within the Komatsu Group.

Realization of diverse work styles

To support employees to pursue diverse work styles, we promote flexible and autonomous working that is not restricted by location or time. This includes the expansion of the “telework system” in FY2020 to allow employees to continue their careers and improve productivity and the abolition of core hours in the “flextime system” in FY2021.

Main system and measure

Main System and Measures		Content
Creation of diverse work styles	Flextime system	Flexible work hours (5:00~22:00) with flexible start and end times (no core time).
	Discretionary work system	A work system for employees who engage in highly discretionary work, such as R&D. Under this system, employees can execute their work at their discretion.
	Telework system	Work from home as often as desired to support career continuity and increased productivity. Telework allowance paid.

Promotion of work-life balance and support for childcare, family care, and medical treatment

Komatsu promotes work-life balance among its employees by reducing total working hours and establishing various support systems. To reduce working hours, Komatsu has worked with the labor union to set the targets of “less than 2,100 working hours per year and at least 20 days of annual paid leave for all employees” based on the 36 Agreement. Moreover in the development of our employee systems, we promote initiatives to not only help employees achieve a work-life balance but also safe and healthy work styles, for example, using the “Interval System” between workdays.

We have also expanded our safety net by providing more leave and leave of absence than legally required to cover childcare, family care, and personal injury or illness. Furthermore, we have implemented, a “Life Support Leave” system that can be used for various life events in addition to annual paid leave. To complement these efforts, we have implemented support measures to create an environment that allows employees to use our systems and measures easily according to their circumstances.

Main systems and programs

Systems and Programs		Content
Child-care system	Child-care leave	Available for a maximum of three years from the birth of the child to the time the child enters nursery school (the statutory leave period is up to 18 months without pay). Also available for a maximum of three years for children up to the third grade of elementary school in cases where a spouse is transferred, etc. Paid leave is available until the child is 2 years old and can be taken in installments.
	Part-time work	Shortening of working hours by a maximum of three hours per day to allow for the care of children until the child graduates from elementary school (statute allows this only for children under three years old). Split-time acquisition is possible.
	Paternity leave	Up to 4 weeks (28 days) within 8 weeks after the birth of a child is available and can be taken in installments. Paid leave is available until the child is 2 years old.
	Allowance toward the cost of using child-care services	Allowance toward the cost of childcare for infants up to age two before entering nursery school (10,000 yen/month).
	Child-care leave	Five days for the nursing care of one child up to the third grade of elementary school and ten days for the second child onward (paid leave). (statute allows this only for children up to the first grade of elementary school.)
	Childcare facilities and allowance	A nursery school fee subsidy system, childcare services, and on-site day-care facilities are available. Additionally, health management rooms located at each site offer private rooms for childcare and multipurpose use such as freezing breast milk.
Family-care system	Family-care leave program	A maximum of three years is available for employees taking care of family members, which can be taken in installments. Paid leave is available for a total of 93 days. (the statutory leave period is a total of 93 days without pay).
	Part-time work	Shortening of working hours by a maximum of three hours per day, which can be taken for up to three years in total and can be taken in installments.
	Family-care leave	Five days per year for attending to one family member in need of nursing care, and ten days for the second family member onward (paid leave).

Systems and Programs		Content
Other types of leave system	Paid vacation	Statutory annual paid leave is granted for 10 days per year if the attendance rate is 80% or more at the end of the first 6 months of employment. Komatsu grants 20 days per year from the time of joining the company (in principle). Leave can be taken in half-day increments.
	Life support leave	Can be used as sick leave, pregnancy leave, child-care leave or for care of family members. An employee may add five new days of accumulated leave per year. A maximum of 40 days of unused annual leave may be accumulated. Child-care leave may be used for school events for children aged up to third grade in junior high school.
	Flexible leave for refreshment	Provided to encourage employees to take five consecutive days of leave for mental and physical refreshment. Employees receive an additional five days of annual leave and a travel voucher upon completion of their 15th, 25th and 35th year of continued service.
	Interval system	To provide rest time after the end of the workday to ensure that employees can sleep and enjoy personal time. Provisions to ensure at least 10 hours between shifts (interval).
	Volunteer incentive program	Long-term paid leave of up to two years, or short-term paid leave of 12 days per year.
	Spousal transfer occupational leave system	Acquisition for up to three years per spousal transfer (Acquisition up to one per employee).
	Leave for infertility treatment	Each employee is permitted leave of up to a whole year for infertility treatment.
	Part-time work for personal injury or illness	Up to 3 hours per day (up to 5 hours per day if approved by the company under special circumstances) for periodic hospital visits due to personal injury or illness; these can be taken for up to 6 months.

Main support and measures

Support and Measures		Content
Child-care support	Childcare service during in-house training	Provision of childcare services during in-house training at the Komatsu Way Training Center (Komatsu City, Ishikawa Prefecture), a training facility that serves as a human resources development facility for Komatsu Group employees globally.
	“Childcare Day” social event	Setting a monthly "Childcare Day" and holding a social event to provide a place for communication among employees raising children.
	Childcare support seminar for men	Childcare support seminars for men, to foster awareness of the need for active participation in childcare among male employees with children and to change the perceptions of their bosses and co-workers.
Family-care support	Family-care seminar	Seminar held by experts to provide opportunities for employees to think about how to prepare for family-care and how to balance their work and personal lives. From FY 2020, the seminar has been held online to increase awareness of family-care among a wide range of employees across Japan.
	Individual consultation	Individual consultations with external experts have been held monthly to provide tailored for employees.
Treatment support	Consultation service for balancing treatment and work	To support employees' health and safety, a consultation desk has been set up at each site for those wanting to discuss balancing their medical treatment and work. We have also introduced various systems including fertility treatment leave to create a safe and secure working environment for those needing medical treatment.

DATA

* Data for Komatsu Ltd. on a non-consolidated basis (full-time employees)

(1) Parental leave

	FY2020	FY2021	FY2022
Number of employees taking childcare leave (total)*1	83	91	184
Paternal leave	36	49	121
Maternal leave	47	42	63
Percentage of employees taking childcare leave (total)*1	15.7%	16.7%	34.5%
Paternal leave	7.5%	9.7%	25.7%
Maternal leave	100%	100%	100%
Return rate of employees from childcare leave	98.8%	98.4%	99.9%
Number and percentage of employees taking leave or leave of absence, including those taking childcare-related leave other than childcare leave*2	337 (70.3%)	338 (67.4%)	361 (76.9%)

*1 Employees who had a child within each fiscal year.

*2 In addition to childcare leave, we have a system that grants necessary leave for childcare, childbirth, nursing care, injury or illness, etc.

Male employees who had a child within each fiscal year (acquisition percentage in parentheses).

(2) Family-care leave

	FY2020	FY2021	FY2022
Family-care leaves	7	3	7

(3) Paid vacation

	FY2020	FY2021	FY2022
Average days granted	20.0	20.0	20.0
Average days taken	19.8	19.9	20.8
Average ratio	98.8%	99.5%	104%

(4) Volunteer time off (VTO)

	FY2020	FY2021	FY2022
Number of VTO users	14	27	32
VTO in long-term	0	0	0

Offering of a variety of talent development opportunities and improvement of employee engagement

Improving employee engagement is essential for the company's sustainable growth. We have conducted a global engagement survey of our employees worldwide, and are working to develop human resource policies that reflect the strengths and challenges of each region and organization. We will continue to monitor and analyze employee engagement and respond to ever-changing challenges to create an environment in which each and every one of our employees can work with more vitality and enthusiasm.

We are also working to provide a variety of skill development opportunities, including training for employees to become professionals in their fields and support for the acquisition of the knowledge and skills required at each level. Furthermore, to support employees' proactive challenges and autonomous career development, we will roll out the Career Development Program (CDP) from FY2023 and strengthen the connection between personnel policies and support for employees' career development.

Improvement of employee engagement

In 2021, Komatsu conducted a global engagement survey of its domestic and overseas Group companies. Each division has since formulated an action plan to address the issues raised in the survey, and is steadily taking action in accordance with these plans. The second survey has been conducted in 2023, and we will continue to conduct the survey regularly. Moreover, we will focus on employees' needs and motivation and reflect these in initiatives to expand voluntary and autonomous challenges.

Overview of global engagement survey in FY2021

Number of respondent	72% of the Employees (about 63,000 employees) of Komatsu and its Group companies in Japan and other countries responded
Objectives	To regularly identify and analyze employee engagement, clarify our strengths and challenges at that time and take them into consideration when discussing and deciding plans for the future
Survey overview	60 questions related to employee engagement and the factors that influence it, including vision (values, management policies), strategy and competitive advantages (goals, policy initiatives), leadership, and well-being (organizational culture, work environment, aspects related to satisfaction, happiness, and mental and physical health).
Methodology	Anonymous online survey
Results	Engagement Score Overseas: 79, Japan: 69 (Score is the percentage of positive responses)

* The second survey has been conducted in FY2023.

* Engagement score KPI set in the mid-term management plan (target for FY2023)
Overseas: 85 or higher; Japan: 75 or higher

Fair and appropriate evaluation / Personnel system that accurately recognizes employee abilities and achievements

The most important aspect in the creation of a workplace that promotes wellbeing and effective working is the fair treatment of employees. Komatsu's personnel management system accurately evaluates our employees, granting recompense based solely on merit. This system of assessment is enforced through multiple channels, such as evaluation training for both management and lower-level employees. An evaluation committee has also been established that works closely with labor unions in order to confirm that evaluations are fair and appropriately conducted. Finally, Komatsu provides individual feedback on evaluations to employees at both management and non-management positions, and has set up a consultation office through which employees can express complaints and concerns.

Target management system

Overview	Interviews are conducted between supervisors and employees to establish work goals at the start of the period and conduct a retrospective review at the end of the period. Based on the primary evaluation by the direct supervisor, an Evaluation and Development Committee is convened at the departmental level. The final evaluation is determined through a multi-person, multi-faceted assessment and relative evaluation.
Frequency	General employees are evaluated twice a year, while managers are evaluated once per fiscal year. Regardless of this schedule, continuous dialogue and feedback between supervisors and subordinates is encouraged to promote talent development and to manage and improve work processes. Additionally, interviews for target management are conducted on a case-by-case basis in the event of changes in targets due to transfers or alterations in job responsibilities.
Target	Full-time employees (general employees and managers)

Condition of labor unions

Having signed the United Nations Global Compact, Komatsu recognizes that freedom of association and the right to collective bargaining are intrinsic human rights that must be respected. Our engagements with labor unions thus reflect this commitment, showcasing our dedication to ensuring the best for our people. We have a labor contract with the Komatsu Labor Union, which is organized by approximately 11,300 of our employees across 8 of our Japanese branches. The Union employs a union-shop system, and the percentage of employees who are union members (number of unionized employees / total number of employees including management and other non-unionized employees) is 77.2%.

The Komatsu Labor Union is a member of its superior body, the All Komatsu Workers Union and a superior industry labor union, the Japanese Association of Metal, Machinery, and Manufacturing Workers. 11 of our consolidated subsidiaries and affiliates in Japan have labor contracts with a labor union that has joined the "All Komatsu Workers Union", making up a total of approximately 6,500 employees.

In addition to this, Komatsu continues to comply with legislation related to labor rights, while responding in an honest and transparent manner to all dialogues and discussions with individual employees and their representatives.

Support for autonomous career development

To achieve sustainable growth in a rapidly-changing business context and an increasingly uncertain social environment, we must acquire, develop and increase the engagement of “human resources who break conventional methods and the status quo and create new things and services” and “human resources who can take on challenges autonomously and proactively.” To this end, we will promote a variety of measures to realize a positive cycle of sustainable growth for both employees and the company.

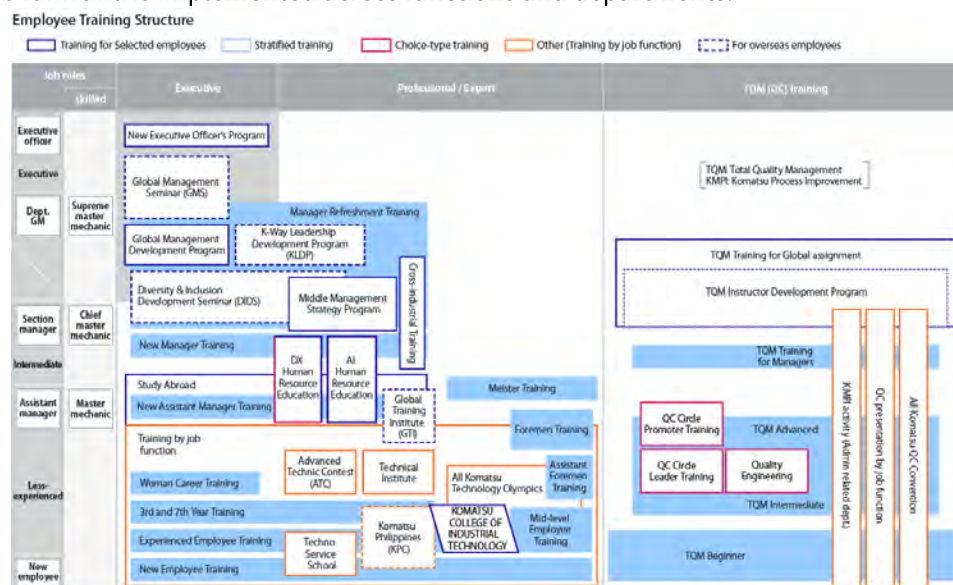
Main system and measures

Main System and Measures		Content
Support for career development	Subsidizing certifications	Employees who pass technical skills tests (national certifications) receive partial or full subsidies for the examination cost.
	Job posting system	Posts of the "Challenge Support Type" for taking on challenges in new business areas and "Hometown Personnel Type" for pursuing a new career due to family circumstances. If the employee meets the application and personnel specifications set by the relevant department, they can apply to transfer to other departments.
	Study programs	Designed to help employees acquire skills and knowledge beneficial to their work in an intensive, formal setting. If the employee meets the application requirements, they can apply to study at universities and research institutes in Japan and abroad.
	Employee award programs for distinguished achievement	Various award programs, including performance improvement award, project award, individual merit award, health and safety award, technical merit award, and volunteer award.
	Career development training courses	In-house language classes and subsidized correspondence courses and examinations as determined by the company.
	Career Development Program (CDP)	Once a year, supervisors and subordinates meet to share career goals and other aspects of their work. We do this to promote the right person for the right job, provide suitable growth opportunities for employees, and support proactive challenges and autonomous career development.

Provide various opportunities for skill development

Employee training is based on the principle of training according to job function and department, and our primary aim is to develop professionals in their field.

The knowledge required at all levels (The KOMATSU Way, TQM, etc.) is transmitted through compulsory training by job rank and is implemented across functions and departments.



DATA

Training hours and costs per employee

			FY2020	FY2021	FY2022
Average hours per FTE	Non-consolidated		51	49	54
		Includes lectures delivered by in-house instructors.	54	52	57
	Consolidated		41	40	46
		Includes lectures delivered by in-house instructors.	45	41	47
Average spent per FTE	Non-consolidated		JPY197,000	JPY215,000	JPY230,000
	Consolidated		JPY71,000	JPY72,000	JPY108,000

Enhancing the technical capabilities of our manufacturing operations

Komatsu has divided the techniques and skills that we have judged to be worth passing on into 11 fields, each comprising 24 specific competencies, and has established a Technical Skills Improvement Committee for each field. Komatsu plans and operates activities to improve the skills of employees at all levels, from new recruits to highly skilled technicians.

In FY2006, Komatsu established the Meister system to pass down technical know-how at manufacturing sites. Since then, highly skilled technicians in each field have been certified as Meisters, and are tasked with guiding and training engineers at domestic plants, overseas subsidiaries as well as business partners. We have designated the third Saturday of every October as "Technical Day", holding technical competitions for employees from all areas of Komatsu. These include personnel from overseas subsidiaries and business associates, who come together to maintain and improve the overall technical capabilities of the Komatsu Group through mutual dedication to studying.

DATA

All-Komatsu technology olympics participation results

	FY2020	FY2021	FY2022
Number of participants	195	360	181
From overseas	55 (2 countries)	199 (4 countries)	21 (7 countries)

* No contestants were sent to Japan due to COVID-19 pandemic. Regional competitions were held in the following three regions.
Southeast Asia: Thailand and Indonesia
North America: Chattanooga, Peoria, and Newberry (the U.S. subsidiaries)
Europe: England, Germany, and Italy

Service personnel human resource development

Framework Promoted by Department for Promotion of Distributor HR Development

Our service personnel, who support the operation of our products delivered to customers, take essential responsibility for the Komatsu values of "Quality and Reliability." Komatsu thus has established specialized Department for Promotion of Distributor HR Development, which focuses on the human resource development of employees in the company and of our distributor service personnel.

As means for internal training and the service personnel development, we established the "Techno Service School" for training our Japanese staff, and the "the Komatsu Philippines" for training our Filipino staff, to conduct planned training by applying a job rotation system within the company including our overseas offices.

We have established training centers in 21 locations in 15 countries worldwide to support the development of our distributor's sales and service personnel, not only in marketing, service, and operator skills but also in management development and training for improvement activities.

The human resource development programs conducted at each training center are planned or supported by Komatsu, depending on the content. Komatsu provides curricula and training materials for basic training courses on products and services, and the local companies (Komatsu subsidiaries or distributors) conduct actual training. We also provide advanced training courses by inviting managers and senior service personnel to Japan, as well as special technical training courses provided by the training centers (mother training centers) which have specialized skills.

Having set up these training environments and assessing the quality of our distributors through small exams sometimes, we have been providing practical training opportunities that bring synergy to sales promotion activities.

In FY2022, we further strengthened our online training program, conducting more than 400 training sessions worldwide, with more than 5,000 service staffs in attendance.

TOPICS

Development of a simulator

Ensuring safety, training operators, and maximizing productivity are top priority issues at customer worksites, which are always associated with a certain risk of accidents. Komatsu is working to help solve these issues at worksites by utilizing simulators. The Department for the Promotion of Distributor HR Development has developed a simulator that enables training in a virtual reality (VR) space using pedals and controllers installed in the same manner as in actual machines. By providing training for operators using this simulator, we are helping to develop human resources for customers and distributors, improve safety at work sites, and enhance construction efficiency.



Simulator developed

Training Filipino engineers at KPC

Komatsu Philippines Corporation (KPC), formerly known as Komatsu Human Resources Development Center, is now in its 15th year since its establishment in the Philippines. KPC recruits Filipino students who have graduated from science and engineering universities in the Philippines and trains them over six years to become engineers who can work globally. Most recently, we established a new training facility (see photo below) in 2021 to strengthen our human resource development function. We will continue to utilize the new training facility to further enhance our training, and we are committed to expanding our business by developing our human resources.



Develop digital and open innovation promotion human resources

In growth strategies of the mid-term management plan, "human resources development for digital applications and open-innovation" represents one of the key initiatives underpinning the "enrich human resources base with diversity". In addition to the AI Human Resource Education launched in FY2019, we initiated the DX Human Resource Education in Japan in FY2022. This project aims to promote the development of digital human resources by establishing a curriculum that is tailored to each employee's level, from entry level (aimed at acquiring basic knowledge) to practical level (aimed at solving problems through practical application in business and projects). For the DX Human Resource Education entry level, we are developing initiatives to offer DX overview lecture videos to all employees. It is anticipated this strategy will lead to the reskilling of a wider range of employees. To develop human resources for open-innovation, we are conducting and utilizing both internal and external programs to accelerate collaboration with government and academic institutions. From FY2023, we plan to dispatch employees, including those from overseas subsidiaries, to programs conducted by outside companies that enable them to learn design thinking, a thinking process necessary for innovation creation.

To create customer value that generates a virtuous cycle of solving ESG issues and improving profitability, promoting digital transformation (DX) across all areas is essential. Programs to foster the human resources needed to supply customers with DANTOTSU Products, DANTOTSU Services, and DANTOTSU Solutions will continue to be implemented going forward.

Program overview

Education overview

Type of education		Objective	Curriculum outline and objectives	Course participants	Start year
DX Human Resource Education	(Entry level)	Cultivating talents who can adapt to digital transformation in various fields.	1. Acquire DX concepts and basic knowledge 2. Acquire data literacy skills that form the foundation of data science	All employees including Komatsu Group companies in Japan	FY2022
	(Practice level)		Improve ICT planning and system development management skills	Selection of engineers and professionals	FY2022
AI Human Resource Education	(Entry level)	In addition to acquiring knowledge and skills related to AI, we aim to develop talents who can solve customers' business challenges using AI.	Acquire problem-solving process methodology using AI	All employees including Komatsu Group companies in Japan	FY2019
	(Practice level)		Develop AI design, problem-solving processes, and concrete proposals for business development	Selection of engineers and professionals	FY2019

DATA

Number of participants

Type of education		FY2019	FY2020	FY2021	FY2022	Total
DX Human Resource Education	(Entry level)	-	-	-	5,341	5,341
	(Practice level)	-	-	-	44	44
AI Human Resource Education	(Entry level)	30	30	30	30	120
	(Practice level)	10	10	10	10	40

* Set KPI of cumulative number of participants for 3 years from FY2022 to FY2024 in the mid-term management plan.

DX Human Resource Education: 900 participants in the entry level, 180 participants in the practice level

AI Human Resource Education: 30 participants in the entry level, 90 participants in the practice level

* For entry-level DX Human Resource Education, we released DX overview lecture videos to all employees more widely than originally planned.

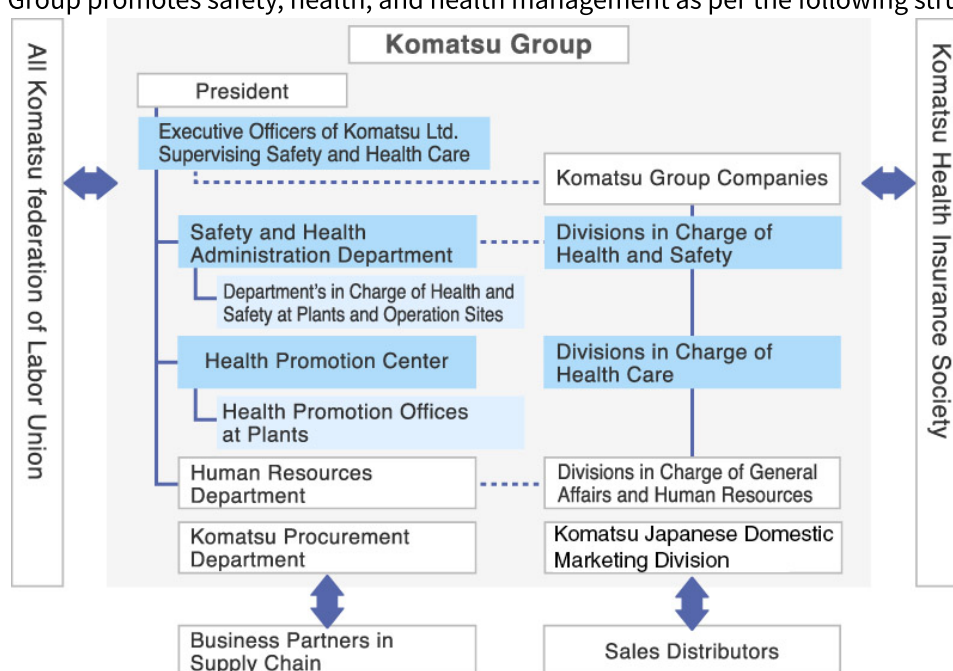
Occupational safety and health

Occupational safety and health is a core component in Komatsu's business operations. In line with this commitment, Komatsu thus enhances safety at the workplace for our employees and business partners.

Safety, health, and health management promotion structure

Organization

The Komatsu Group promotes safety, health, and health management as per the following structure.



Meeting committee structure

The Komatsu Group holds various meetings to discuss and share information on safety, health, and health management, including the following:

■ **Group Safety and Health Conference (Safety conferences at Group companies, presentations by small groups which implement “zero accidents” activities, etc.)**

This conference convenes with the aim to increase awareness regarding Safety and Health for employees of the Komatsu Group and partner companies while raising the level of Safety and Health activities. The conference engages in activities that help all the participants to share the policy, priorities and best practices of Safety and Health activities, and incorporate these practices into the daily operations at other divisions. This is also the administration of presidential awards related to Safety and Health.

■ **Group safety and health committee (Safety and health committees at group companies, Plants and operation sites)**

This committee was formed to enhance cooperation between labor and management to examine, discuss and make decisions on measures aimed at eliminating risks in workplaces and preventing health risks. This committee formulates regulations concerning Safety and Health, examines, debates and decides on related policies for the fiscal year. This is also the occasion to manage the progress of these activities.

Major items to be examined and discussed:

- Formulation of safety and health regulations
- Action plan for the fiscal year and activity progress management

■ **Conference for safety and health in the community**

We shall share and discuss information on safety, health, and the environment in each region globally, leading it to the safe and healthy activities of each overseas subsidiary. In FY2022, we held the conferences in North America, Latin America, Europe, Asia and China.

■ **Group health representatives meeting**

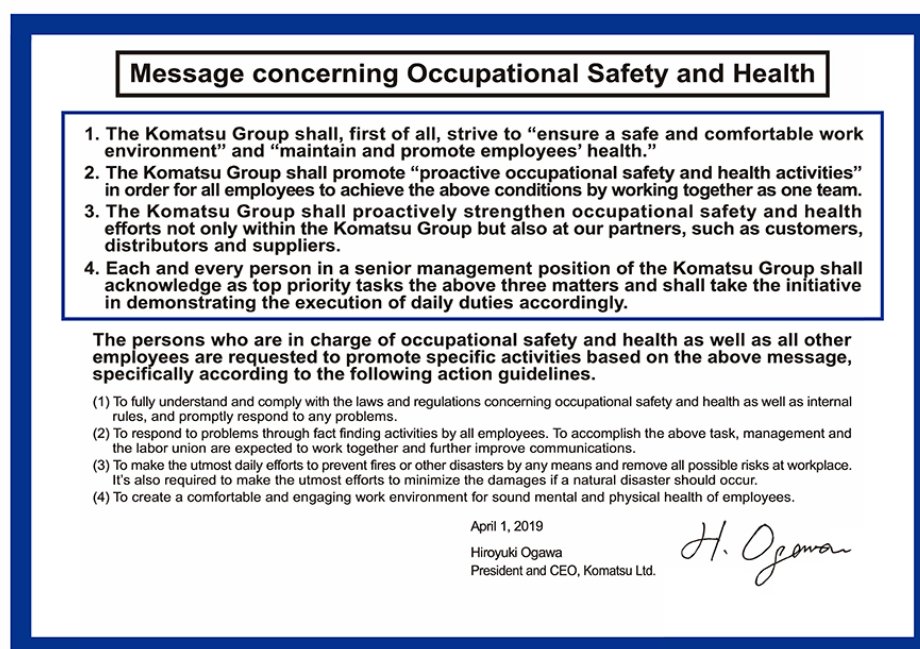
- Formulates and makes proposals for all company policies related with safety and health practices.
- Promotes and implements practices based on company policies in locations of each business operation.

■ **Health Promotion Committee**

This committee consists of business owners and employees (organized by Komatsu Union) as well as the Health Insurance Society. This occasion affirms a common recognition of "Health", and formulates measures and policies aimed to enhance the health care for employees and their families.

Basic policy on safety, health, and health management

Komatsu communicates the message of “Safety First” to the Komatsu Group and addresses occupational safety and works on mental and physical health care to create a safe and comfortable work environment.



Considering our obligation to occupational safety and health, we have implemented the following guideline: All the Komatsu Group companies, including all top managers and employees, shall promote occupational safety and health activities so that everyone can work in a safe and comfortable work environment in accordance with the policies described below.

Occupational safety and health policies

1. Observe the laws and regulations concerning occupational safety and health as well as internal rules, key items common to the Komatsu Group about occupational safety and health, and particularly items agreed as a result of labor-management consultations in each workplace.
2. Set up targets for activities based on occupational safety and health policies, review their progress, and endeavor to continuously improve and enhance occupational safety and health activities.
3. Carry out occupational safety and health activities in management-and-labor partnership on a full participation basis and keep good communication with stakeholders with regard to occupational safety and health.
4. Identify and evaluate the risk for occupational safety and health of a workplace and take appropriate actions accordingly.
5. Actively promote employees' healthcare management and support the maintenance and promotion of employees' health.
6. Actively promote education, training and qualification acquisition necessary for employees' occupational safety and health activities, and endeavor to develop human resources for safely carrying out their responsibilities in the workplace.
7. Subject to appropriate protection of personal information, publicly offer the knowledge and information about occupational safety and health activities obtained through the business activities in order to secure safety and health in society.

In addition to our existing health management programs, the Komatsu Group strives to create a corporate Health Culture and has been promoting its Five-Year Health Development Plan, a medium-term health development plan that was established in FY2014 and the Second Health Development Plan which was established in FY2019. The goal of the Health Culture is: to look after one's own health and the health of one's colleagues, and to consider and take action on what is necessary for leading a better life. The president announced the Komatsu Health Declaration in June 2014 to effectively promote this goal. The declaration was revised in April 2019.

Safety, health, and health management initiatives

Safety and health key initiatives of Komatsu group in FY2022

We set key activity items and our target values and are promoting the following activities throughout the Komatsu Group.

[Safety and health management]

Major disaster elimination activities

- Enhancement of compliance risk management.
- Elimination of accidents involving inexperienced workers
- Activities to maintain and improve occupational safety and health management systems.

[Health management]

Improvement of employees' health literacy

- Extension of healthy life expectancy

Tobacco-related diseases

▷ Lifestyle improvement

- Mental health

Working to achieve a mid-term health development plan

In FY2022, the Komatsu Group has promoted activities under the Five-Year Health Development Plan (FY2014) and the Second Health Development Plan (FY2019) to “implement outstanding health management” and “improve employees' health literacy*.”

For the Second Health Development Plan, while continuing the activities related to the previous mid-term plan, we have promoted the creation of a lifelong culture of health by strengthening support for work-life balance, primary preventative actions (lifestyle improvements), and by establishing systems and environments to “improve employees' health literacy,” such as the introduction of ICT tools.

* Capability of voluntarily practicing healthy actions (lifestyle improvement/maintaining an appropriate exercise regimen and diet, etc.)

Major accomplishments in FY2022 are listed below:

Item	Initiative	KPI	FY2021 result	FY2022 result	Goals (FY2022-FY2024)
Cancer and lifestyle diseases	Increase the percentage of employees using the various health checkup consultations for the early detection and treatment of cancer and lifestyle diseases and the prevention of severe diseases	Regular check-up percentage	100%	100%	-
		(Reference) Secondary health check-up percentage	98.2%	98.5%	100%
		Milestone checkup consultation percentage	85.4%	88.2%	95% or more
		Female cancer checkup consultation percentage	61.1%	56.9%	80% or more
Tobacco-related diseases	Reduce secondary exposure to cigarette smoke and smoking percentage	Percent of the Komatsu Group in Japan that smokes	28.3%	28.4%	Not more than the national average of smokers (16.7%)
Lifestyle improvement	Establish a system or environment that leads to the improvement of motivation to improve or promote the healthy lifestyles of employees (e.g. diet and exercise)	Percent of employees with Healthy Action Competency*	51.4%	52.7%	60% or more
Mental health	Reduce the number of individuals with mental disorders, provide early care, appropriately support their return to workplaces, and create a happy and vigorous workplace	Percentage responding to our recommendation to interview employees under high stress	99.9%	99.0%	100%
		(Reference) Stress check implementation percentage	99.8%	99.1%	-
		Percentage responding to high-stress workplaces	97.6%	97.0%	100%

(Scope of aggregation: All employees of the Komatsu Group in Japan)

* Capability of voluntarily practicing healthy actions (lifestyle improvement/maintaining an appropriate exercise regimen and diet, etc.)

Introduction of the Komatsu health promotion 100 (KHP100)

As part of the "Lifestyle Improvement Promotion" of the "Second Health Promotion Plan," in FY 2021, we launched the Komatsu Health Promotion 100 (KHP100) in cooperation with the Komatsu Health Insurance Association to further promote employees' health and health literacy.

Under KHP100, we distribute wearable devices to employees who wish to use them to visualize their physical activity and exercise. We also offer walking and other health events on a health portal that can be linked to the device, providing employees with opportunities to change their health-related behavior.

Komatsu receives the "Sports Yell Company 2023" award

Komatsu has received the "Sports Yell Company 2023" award sponsored by the Japan Sports Agency in recognition of its efforts in KHP100. The "Sports Yell Company" is a system that recognizes companies that are actively engaged in promoting sporting activities to enhance employees' health, encourage hard-working people to play sports, and foster social momentum for sports.



Supporting supplier's safety activities

For details on the safety activities for the member companies of Midori-kai, an organization made up of our business partners (suppliers), please click ["Support for Member Companies of the Komatsu Midori-kai"](#).

Status in FY2022

Educational training for occupational safety and health (in Japan)

■ Education regarding mental health

Contents	FY2022 Practice
Based on the rules of the Industrial Safety and Health Act, educational training for mental health is conducted. Stress tests were started in FY2006, and stress awareness training were started in FY2007 and is being held for the employees of all Group companies in Japan.	<ul style="list-style-type: none"> Stress tests/awareness training implemented in 13 companies, with approximately 22,837 employees "Support Letter for the Heart", which is motivational material for management personnel, is distributed every other month (even months) to management personnel within the Group.

Education based on job levels

Contents	FY2022 Practice
Safety and Health education and mental health education is provided to each level of Komatsu Group companies in Japan including new employees.	New Employees (285 people)* 3rd year of employment with the company (448 people) 7th year of employment with the company (30 people) Mid-career recruitment (107 people) New Assistant Managers (351 people) Foremen/Senior Foremen (132 people) New Managers (215 people)

* Total for head office employees

Education based on Function

Contents	FY2022 Practice
Safety and health education is provided according to function to the production managers, Production Engineering Division, and workplace safety and health promoters of Komatsu group companies in Japan.	Safety and health practical training for production managers (15 trainees) Education for production engineers (47 trainees) ISO 45001 standards understanding training (58 trainees) ISO 45001 internal auditor development training (45 trainees) ISO 45001 internal auditor level-up training (33 trainees)

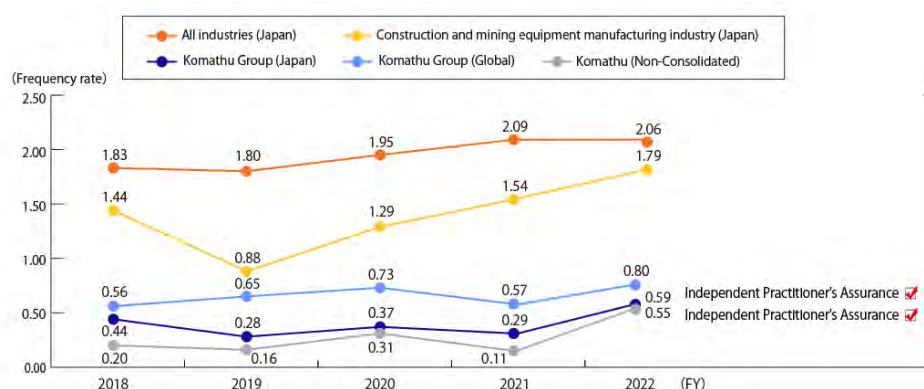
Number of major work-related accidents (fatal)

		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Komatsu group consolidated companies	Subtotal	1	3	1	3	0	2
	Japan	0	0	0	0	0	0
	Overseas	1	3	1	3	0	2
Non-consolidated sales companies	Subtotal	0	0	0	1	0	0
	Japan	0	0	0	1	0	0
	Overseas	0	0	0	0	0	0
Contractors	Subtotal	0	0	0	1	0	1
	Japan	0	0	0	0	0	0
	Overseas	0	0	0	1	0	1
Total		1	3	1	5	0	3

We take these accidents very seriously, and will continue to actively engage in appropriate safety and health activities to ensure that such accidents will not occur again.

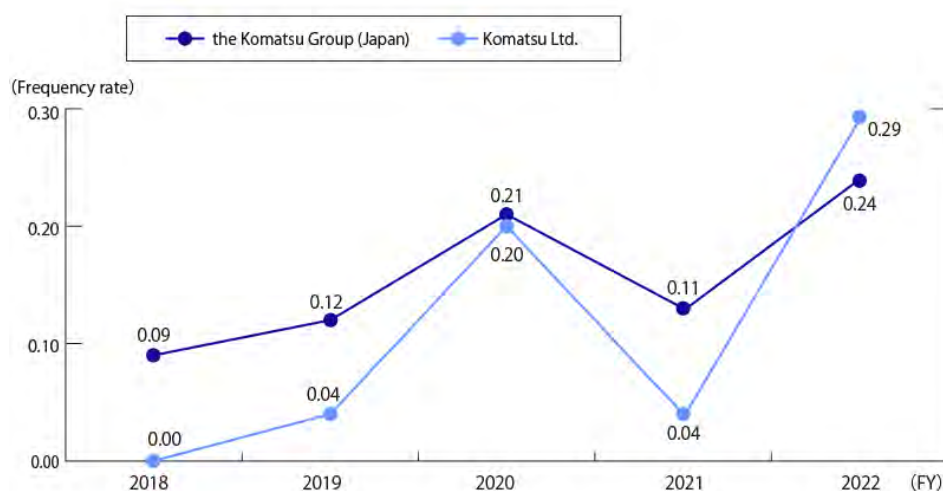
Data

Incidence rate of occupational accidents (Frequency rate of lost worktime)



1. The data for all industries (Japan) and construction and mining equipment manufacturing industry (Japan) are provided by the Ministry of Health, Labour and Welfare.
2. The scope of the Komatsu Group (Japan) includes Komatsu Ltd. and group companies in Japan. (Excluding Komatsu Safety Training Center, KCS and KBS)
3. The scope of the Komatsu Group (global) includes "Komatsu Group (Japan)" and overseas production plants.
4. Some data has been revised due to reviewing the past data.

Frequency of occupational accidents (occupational illness frequency rate)



1. Occupational illness frequency rate (OIFR): Number of occupational illness absences (times) / Total of working hours (hours) x 1,000,000
2. Occupational illness: Back problems, heat illnesses, chemical poisonings, infection, etc. specified by the Ministry of Health, Labour and Welfare
3. Komatsu Group (Japan): Komatsu alone + group companies in Japan (Excluding Komatsu Safety Training Center, KCS and KBS)

Occupational Safety and Health Management System certification and renewal of certification

Since FY2007, in Japan, the Komatsu Group has taken steps to acquire or renew OSHMS certification at each business site and has been working to obtain ISO 45001 integrated international standards certification since FY2018. The Osaka Plant acquired ISO 45001 integrated international standards certification for the first time in April 2019 and other divisions and Group companies acquired this certification in April 2020. We have also taken steps to acquire or renew OHSAS 18001 certification for our overseas facilities and have been working to obtain ISO 45001 certification since FY2019.

ISO 45001 certification requires the following activities to be properly managed by the company's occupational safety and health management system:

- Occupational safety and health risks and hazards assessments to identify potential hazards in the workplace.
- Prioritization and integration of action plans with quantitative targets to address occupational safety and health risks.
- Actions to prepare for and respond to emergencies.
- Assessment of progress toward goals for reducing and preventing health risks.
- Internal audit.
- Investigation of occupational injuries, illnesses, and accidents.
- Occupational safety and health activities for employees and other stakeholders to raise awareness and reduce occupational safety and health accidents.
- Introduction of occupational safety and health standards in procurement and contractual requirements.

In Japan

(The legends: ◇ JISHA OSHMS ● ISO 45001 OSHMS Certification and Renewal)

	FY	~2018	2019	2020	2021	2022
Komatsu	Osaka Plant	◇	●	●	●	●
	Head Office			●	●	●
	Awazu Plant	◇		●	●	●
	Kanazawa Plant	◇		●	●	●
	Ibaraki Plant	◇		●	●	●
	Oyama Plant	◇		●	●	●
	Tochigi Plant	○		●	●	●
	Koriyama Plant	◇		●	●	●
	Shonan Plant	◇		●	●	●
	Himi Plant	◇		●	●	●
	Shiga Plant	◇		●	●	●
	Field Testing Department			●	●	●
Group Company	GIGAPHOTON	◇		●	●	●
	KELK	◇		●	●	●
	Komatsu NTC	◇		●	●	●

* Integrated international standards certification acquired for FY2020 onward.

Overseas

(The legends: ◇ JISHA OSHMS ● ISO 45001 OSHMS Certification and Renewal)

FY	~2018	2019	2020	2021	2022
Komatsu America Chattanooga Manufacturing Operation	□	●	●	●	●
Komatsu America Peoria Manufacturing Operation	□		●	●	●
Komatsu America Newberry Manufacturing Operation		●	●	●	●;
Komatsu Mining Longview				●	●
Komatsu Mining Peru			●	●	●
Komatsu Mining Wadeville			●	●	●
Komatsu Mining Tianjin			●	●	●
Hensley Industries, Inc.				●	●
Komatsu do Brasil Ltda.					●
Desarrollos Technologicos S.A.					●
Komatsu UK		●	●	●	●
Komatsu Germany (Construction Division)	□		●	●	●
Komatsu Germany (Mining Division)	□		●	●	●
Komatsu Italia Manufacturing		●	●	●	●
Komasu Manufacturing Rus LLC					●
Komatsu South Africa (Remanufacturing center)					●
Bangkok Komatsu	□	●	●	●	●
PT Komatsu Indonesia	□		●	●	●
PT Komatsu Undercarriage Indonesia	□		●	●	●
Komatsu Changzhou Construction Machinery Corp.				●	●
Komatsu Shantui Construction Machinery Co., Ltd.			●	●	●
Komatsu Shandong Construction Machinery Corp.				●	●
Hensley Lingfeng Co., Ltd.		●	●	●	●
Komatsu Dalian Machine Tool				●	●

* OSHMS: Occupational safety and health management systems

* OHSAS 18001: Occupational health and safety assessment series

Human rights policy

In September 2019, Komatsu established our Human Rights Policy and declared that we endeavor to conduct our business respecting human rights in compliance with the United Nations Guiding Principles on Business and Human Rights, and to apply respect for human rights in accordance with international standards throughout our global organization. Based on this policy, Komatsu develops and implements measures to prevent and mitigate negative impacts on the Group and our business partners' human rights, including suppliers, sales and service distributors, and further improves its processes to correct potential negative impacts on human rights.

This human rights policy has been incorporated into the Komatsu Code of Conduct (revised in 2021) and is thoroughly communicated by all Komatsu Group employees worldwide.

Human rights policy

1. Scope of application

This policy applies to all business activities and all employees of the Group worldwide. Furthermore, our business partners including suppliers and distributors are also expected and encouraged to comply with the policy in their own operations.

2. Respect for human rights

Our purpose is “Creating value through manufacturing and technology innovation to empower a sustainable future where people, businesses and our planet thrive together.” The sustainability policy based on this purpose advocates the realization of a sustainable society and growth of business, and clearly declares that as Komatsu Group, we shall respect human rights related to all of our business activities.

We believe that it is essential to ensure that respect for human rights is firmly embedded within our company and therefore applies the human rights policy to Komatsu’s worldwide operations to conduct its business. This policy is formulated based on international human rights principles encompassed by the Universal Declaration of Human Rights. In addition to promoting business activities in line with this philosophy, we promote activities that respect human rights in accordance with the “United Nations (UN) Guiding Principles on Business and Human Rights” and the “ILO Core Labour Standards”. Komatsu Group will comply with the laws and regulations of all countries where it conducts its business activities. Where established international human rights norm exists as well as national laws, we will follow the higher standard; where they are in conflict and will seek ways to respect internationally recognized human rights to the greatest extent possible.

■ Health safety

We will, first of all, strive to “ensure a safe and comfortable work environment” and “maintain and promote employees’ health”, aiming to create a bright and vibrant work environment ensuring mental and physical health.

- Prohibition of discrimination and harassment

We shall respect diversity and treat and appraise each and every employee in a fair and impartial manner. We shall not discriminate against any employee on the basis of race, ethnicity, color, sex, sexual orientation, gender identity, age, religion, national ancestry, disability, marital status or other legally protected status. We shall vigorously promote equal opportunities for employment. We shall not tolerate inappropriate behavior and speech which prevents employees from working effectively and comfortably, or any type of harassment including harassment towards subordinate personnel, sexual harassment, or harassment related to pregnancy, childbirth, parenting, or nursing care, in and outside of workplace.

- Prohibition of child labor

We shall not tolerate all forms of child labor. Furthermore, we will not assign young workers to late-night or overtime work, or to tasks that threaten their health or safety.

- Prohibition of forced labor

We shall not tolerate all forms of forced labor including bonded labor and human trafficking.

- Freedom of association and right to collective bargaining

We respect the rights of workers concerning activities related to freedom of association and collective bargaining in accordance with the laws and regulations applicable to the countries and regions where it conducts business activities. Even in cases where freedom of association and the right to collective bargaining are restricted by the laws and regulations of each country or region, we will faithfully accommodate, whenever applicable, dialogue and discussion with employees or their representatives.

- Working hours and wages

We comply with all the laws and regulations on working hours and wages applicable to the countries and regions where it conducts business activities and pays wages above the level at which employees can fulfill a minimum level of living. Furthermore, we set working conditions including wage levels that are competitive in each region.

3. Stakeholder engagement

When we talk about “stakeholders”, we refer collectively to all parties that are affected by our business activities. Stakeholders include customers, shareholders, investors, distributors, suppliers, local communities and employees. We will consult with independent external knowledge on human rights issues and respect dialogue and discussions with internal and external stakeholders to understand human rights related issues. We will regularly and publicly communicate our activities on human rights based on this policy through our reports and/or Group website.

4. Local communities

Companies cannot continue to exist without maintaining good harmony with the local community. We wish to be the most transparent company which actively seeks harmonious balance of interests with the local communities through close communication and contributes to the local communities as a valued corporate citizen.

5. Human rights due diligence

We conduct human rights risk assessments for our existing and new construction/mining equipment and forestry machinery businesses worldwide based on international norms such as the “UN Guiding Principles on Business and Human Rights” with the help of external experts. In addition to risk assessments, we will conduct CSR procurement assessments for suppliers and promote CSR procurement through improvement activities based on the results of the assessments. We will also perform risk assessments downstream in the value chain with the aim of proceeding with dialogue with all relevant stakeholders including distributors, and building an approach directed at responsible sales.

6. Guidance for employees

In order to ensure the effectiveness of this policy, we will conduct appropriate training and activities to raise awareness in employees throughout the Group.

7. Remedy

We have established and maintained a Global Compliance Hotline at our headquarters to take reports relating to non-compliance, including regarding human rights issues and make this Hotline number known to all Komatsu Group employees. Any employee who believes a conflict arises between this policy and the laws, customs, or practices of the place where they work, or who has questions about this policy or would like to confidentially report a potential violation of this policy, should raise those questions and concerns with the Hotline anonymously. In addition to the Hotline for Komatsu Group employees, anyone other than Komatsu Group employees who become aware of any circumstance or action that violates or appears to violate this policy or applicable law with respect to human rights, can file a report anonymously. They can contact us at <https://www.komatsu.jp/en/inquiry/> or call at +81-3-5561-4711.

Established: September 2019

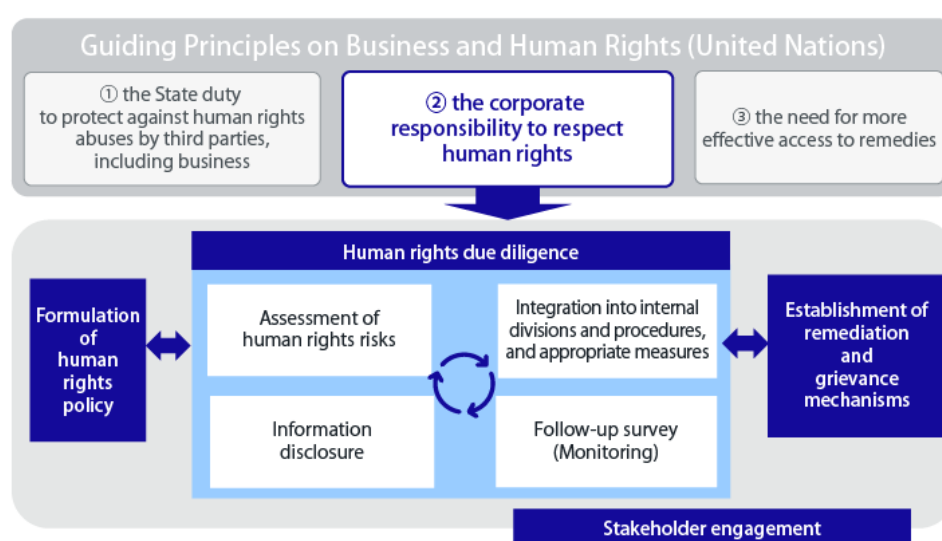
Revised: September 2023

* This policy has been approved by the Sustainability Promotion Committee, chaired by the president.

Business and human rights

We respect the human rights related to our business activities in accordance with international human rights principles, including the United Nations' Guiding Principles on Business and Human Rights. We also prevent and mitigate the occurrence of negative human rights impacts and establish following processes for corrective action when it becomes clear that we have caused or been involved in such impacts.

【Komatsu Group Human Rights Management System】



Assessment of human rights risks: Identification of potential risks based on the requirements of national laws and international human rights laws and regulations.

- **Main human rights issues covered in risk assessment:** Prohibition of child labor, forced labor, and overwork; freedom of association; collective bargaining rights; prohibition of discrimination and harassment; minimum wage; occupational safety and health, etc.
- **Key stakeholders in risk assessment:** Komatsu Group companies, suppliers, distributors, business partners, local communities, etc.

Integration into internal divisions and procedures, and appropriate measures: Adoption of improvement activities based on risk assessment evaluation results (appropriate actions to prevent or reduce identified risks and integration of these actions into internal divisions and procedures).

Follow-up survey (Monitoring): Monitoring of the status and effectiveness of risk prevention/mitigation measures and the prevention of the recurrence of incidents.

Information disclosure: Disclosure of information on web pages and in reports to provide an overview of risk assessment efforts and the actions taken to address identified risks.

1. Formulation of human rights policy

In September 2019, Komatsu established its Human Rights Policy and declared that it endeavors to conduct its business respecting human rights in accordance with international standards throughout its global base, both in the Group and with its business partners, including suppliers and sales and service distributors. This human rights policy has been incorporated into the Komatsu Code of Conduct (revised in 2021) and is thoroughly communicated by all Komatsu Group employees worldwide.

› (Reference) Policies and guidelines related to human rights

Target	Policies and guidelines
Group employees	Global personnel policy
Suppliers	CSR procurement guidelines Green Procurement Guidelines

2. Promotion structure

Since human rights management activities are closely related to the operations of each department, including human resources, procurement, occupational safety, and marketing, the Sustainability Promotion Division serves as the secretariat and promotes human rights management in cooperation with each department.

Human rights policies, measures, and activities are discussed and decided by the Sustainability Promotion Committee, and the discussions are reported to the Board of Directors at least once a year.

3. Human rights due diligence

We conduct ongoing due diligence to identify, prevent, and mitigate any human rights abuses and explain how we address human rights issues in our business activities.

【Summary of human rights due diligence conducted to date】

2014	With the support of BSR (Business for Social Responsibility), an external expert, we conducted a risk assessment of human rights issues for our global construction, mining, and forestry equipment business.
2017	Conducted the second human rights risk assessment with the cooperation of BSR. In conducting the assessment, we referred to the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

2020	With the support of an external expert, CSR Europe, a Belgian business network, we conducted a systematic global human rights risk assessment of our downstream business (sales of equipment and spare parts) in construction, mining, and forestry equipment business. Based on the characteristics of our business, we assessed and prioritized risks from multiple perspectives, including discrimination based on race, ethnicity, and country of origin, and forced labor, freedom of association, and fair labor conditions to identify and prioritised potential issues for each business sector and region.
2021	Prioritized how Komatsu's human rights issues should be addressed and decided to conduct a survey of suppliers and Komatsu Group companies, as well as an on-site impact assessment in downstream businesses.
2022	<ul style="list-style-type: none"> - Conducted a human rights web survey of the Komatsu Group companies and major suppliers with support from external consultants. - Conducted an on-site impact assessment of downstream businesses in South Africa with the support of CSR Europe.

We will strengthen the identification of human rights risks and issues by conducting constant risk assessments throughout our business.

a. Internal and supply chain human rights due diligence

(1) Human rights risk assessment and impact assessment

Assessment of Komatsu Group and the supply chain

From FY2020 to FY2021, we have conducted a Self-Assessment Questionnaire (SAQ) on CSR activities, including human rights, among 156 Midori-kai supplier companies in order to further promote CSR in our supply chain and reconfirm that all parties remain fully aware of the guidelines. We confirmed their recognition of the CSR procurement guidelines and the status of their CSR activities, and followed up on the survey results on an individual basis.

* Midori-kai: A supplier organization that is considered particularly important to our business and has been established in Japan, the U.S., Europe, China, and Thailand. The amount procured from Midori-kai accounts for approximately 70% of the total.

In FY2022, we conducted a web-based human rights survey of all Group companies and Midori-kai supplier companies in Japan and overseas. To ensure objectivity in this survey, we received support from an external consultant to create questions and analyze the results based on the UN Guiding Principles on Business and Human Rights and other international rules.

Although no serious human rights violations were found, some challenges such as insufficient awareness of the human rights policies and grievance mechanisms were identified. To mitigate these risks, a feedback report was distributed to all respondents and the results were shared.

DATA Human rights assessment results for group companies and suppliers

Period	Human rights web survey in FY2022	
	From October 2022 to February 2023	
Content	11 categories, 106 questions in total	
Number of respondents	84 Komatsu Group sites in 48 countries* ¹ (all Komatsu Group companies)	Midori-kai suppliers 292 companies in 4 countries* ²
	Total 376	
Response rate	100% (total 84)	72.9% (total 213)

*1 All consolidated companies are aggregated to 84 for the survey, depending on the country/region and the business.

*2 As the European Union is planning to enact human rights due diligence legislation, the survey was not conducted this year so that it could be conducted in accordance with the legislation in the future.

Screening

In our global operations, we have established a screening system to check and regulate transactions with partners designated specified in our sanction lists and other documents. We are ensuring compliance with international laws and regulations (such as embargoes).

Response to conflict minerals

In line with our corporate social responsibilities, Komatsu is continuing its efforts to avoid using conflict materials produced in the Democratic Republic of Congo (DRC) or its neighbors, as these pose a human risk when mined. We have informed our business partners of this policy through the Komatsu Green Procurement Guidelines. Working hand-in-hand with suppliers, we conducted a country-of-origin survey to determine the location of origin of our materials. Komatsu continuously investigates the subject minerals using the RMAP* and other processes. As the number of minerals of concern is increasing, we are taking action while monitoring the laws and regulations of each country.

* RMAP (Responsible Minerals Assurance Process): A process proposed by the Responsible Minerals Initiative (RMI), an international organization.

[> Komatsu Green Procurement Guidelines](#)

Response to UK modern slavery act

In response to the "Modern Slavery Act 2015" being enacted by the UK in October 2015, Komatsu UK Ltd. revised its "Slavery and Human Trafficking Statement for the Financial Year 2015." disclosed on the web site. Recognizing the possibility of the risk of human rights violations occurring in Komatsu's business operations and its supply chains, this statement reports how such an issue will be properly managed.

[> Komatsu UK Ltd. website](#)

(2) Follow-up surveys

We have repeatedly conducted risk assessments and followed up all identified risks. We plan to follow up on issues in our upcoming survey in fiscal year 2022.

(3) Disclosure of information

In the "Komatsu Code of Conduct," we declare that we shall disclose appropriate information on Komatsu's business operations to our shareholders, investors and other stakeholders to the extent permissible under the relevant laws, regulations and contracts with third parties, and subject to appropriate protection of trade secrets and other confidential information. We will also proactively disclose relevant information on human rights issues to improve transparency and fairness.

b. Human rights due diligence in downstream business

We continue our efforts to establish a "responsible sales" approach, considering human rights in our downstream business, i.e., sales and service of products and spare parts.

[Activities in 2022] On-site impact assessment in South Africa

Based on the results of the risk assessment conducted in the previous year, we have started an on-site impact assessment on our business impact on human rights from 2022.

In September this year, we conducted an on-site impact assessment in South Africa with the support of CSR Europe. The assessment was conducted in cooperation with Komatsu Ltd. and Komatsu South Africa (Pty) Ltd., which oversees sales and services in South Africa. Based on desk research conducted in advance, the on-site impact assessment was carried out to hold dialogues with stakeholders involved in our business in South Africa. No major human rights risks were identified, and intensive discussions on human rights were held, enabling us and our customers to share awareness and deepen the understanding of issues and values. Komatsu will continue to conduct such on-site impact assessments on sales and services sectors to deepen communication in each region, while accumulating operational methods and know-how of impact assessments to standardize them.

DATA Downstream impact assessment results

	FY2022
Country	South Africa
Number of interviews	Individual interviews: 7 companies/organizations (customers: 5, NGOs: 2) Dialogue with stakeholders: 12 companies/organizations (customers, potential customers, NGOs, mining industry associations, chambers of commerce, vocational training institutions, university associate professors, etc.)

4. Correction and grievance mechanisms

Komatsu has established a "Global Compliance Hotline" at its head office, which can be used to report any violation of human rights issues, and has made this hotline known to all Komatsu Group employees. The hotline also accepts reports of violations or suspected violations of human rights policies and laws, as well as reports of non-compliance or suspected non-compliance in procurement activities, to whom anyone can contact anonymously if he or she becomes aware of facts that may indicate a violation or suspected violation.

The "Five Principles of Compliance," which all Komatsu Group companies and their employees must follow, making it clear that employees who use the system for appropriate reporting will not be treated unfairly in any way as a result of their action.

[> Compliance](#)

Revitalization of local communities (social contribution activities)

We believe that revitalizing the local economy will also help solving potential human rights issues. Through human resource development utilizing our core skills, we continue to focus on education at training centers around the world, and support regional vocational training schools through our social contribution programs in ways such as providing curriculums and training tools. This will also support the safe deployment of the machines and reduces further the risks for accidents and misuse.

Examples of specific human rights due diligence activities

Since 2019, we have conducted due diligence on Myanmar with the support of external experts, to identify the issues and discuss how we approach those issues. As a result, we made a decision in 2019 to terminate sales of mining equipment to the jade mining market in Myanmar. We also terminated the operations of "Komatsu Manufacturing Myanmar", our subsidiary engaging in mining equipment maintenance. We have since been in the process of liquidating the company. We will continue to work further with our distributors and external experts in Myanmar to take effective measures to strengthen respect for human rights in our operations.

With business

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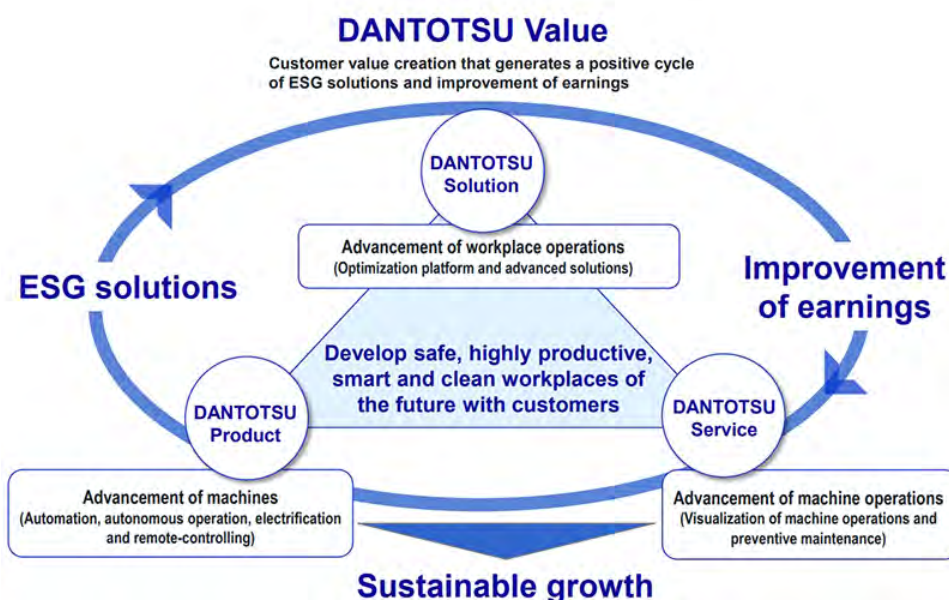
Improving safety of products and solutions

Our innovative processes afford us the ability to consistently conceive valuable ideas in multiple fields, such as environmental design and economic efficiency. Out of these areas, the one which we consider to be of the most importance is that of “Safety”.

From providing safe products to the overall safety of our automatic operational systems, we persistently utilize the full scope of our innovation capabilities to find ways in which safety is used to maximize the value of our products to our customers.

On-site operational safety

All manufacturers’ primary responsibility is to provide products that are safe and compliant with the latest international regulations and standards. In our mid-term management plan, we aim to "develop safe, highly productive, smart, and clean workplaces of the future with customers." We also aim to create new customer value (DANTOTSU Value) by integrating DANTOTSU Products (advancement of machines), DANTOTSU Services (advancement of machine operation), and DANTOTSU Solutions (advancement of workplace operations) to generate a positive cycle to resolve ESG issues, including worksite safety, and improve earnings.



In 2013 and 2014, Komatsu introduced the ICT Bulldozer and ICT Hydraulic Excavator respectively, an innovation that made possible the automatic control of blades and buckets. These systems by-pass the need for manual experience, allowing even fresh or less-experienced workers to perfectly reproduce the same high-level precision construction work of a skilled worker. This has eliminated the past need for ancillary workers and guiding processes, thus enabling our customers to make huge savings on labor costs and improving general safety.

The pinnacle of our safety innovations has birthed a fully automated operational system, known as the Autonomous Haulage System (AHS). This ingenious system has been fully-established in certain major mines in Australia and Chile, which involves the unmanned operation of giant dump trucks that carry over 300 tons of soil and minerals. The mine is an often harsh environment which requires constant vigilance and safety protocols, having multiple construction machines and vehicles that operate around the clock on a 24 hour basis. The AHS system utilizes cutting-edge technologies like satellite communication and various radars and sensors to create a useful system that meets this need in its entirety, responding to the diverse nature of our customer's safety requirements.

Despite these significant achievements, we are fully aware that there is always room for amelioration. We will continue to innovate and improve, furthering the evolution of such safety systems in order to realize the optimal safety environment that our customers require in their respective sites of operation.

Example of safety activities

Introducing “KomVision Human Detection & Collision Mitigation System” to the Japanese Market

Komatsu has launched hydraulic excavators*¹ equipped with the in-house developed KomVision Human Detection & Collision Mitigation System as a standard feature for the first time in the industry in the Japanese market in 2020.

Komatsu has developed this system by upgrading the “KomVision” bird’s eye view camera system equipped with conventional models as standard in the Japanese market. The system prevents the motion of the excavator when the camera detects people when the excavator starts to travel or swing. The system also stops the excavator when it detects humans while the excavator is traveling at slow speeds. With these functions, the system helps curb the possibility of collisions between the excavator and people.



The PC490LC-11 equipped with KomVision Human Detection & Collision Warning System (since 2022)

This system comes standard on the PC200-11 model, which Komatsu began selling in December 2019. Concerning the conventional models already equipped with KomVision as a standard feature, customers can update the software and retrofit their existing machines*². With this new system, Komatsu will continue to expand support for workplace safety as its goal.

We have expanded the number of models equipped with the “KomVision Human Detection & Collision Mitigation System” and started to install the system as a standard feature on new 7-ton and 30-ton class hydraulic excavators in 2022.

The “KomVision” bird’s-eye-view camera system is used globally for hydraulic excavators, dump trucks, wheel loaders, and motor graders. In 2023, we launched the PC950-11, a large hydraulic excavator equipped with this system.



PC950-11 with the “KomVision” bird’s-eye-view camera system as a standard feature.

Human detection structure of KomVision]

1.All-around machine monitoring with 4 cameras and a monitor

Four monocular cameras capture all-around views of the machine, which are shown on the monitor. The operator can select right, right front, left or rear views.



2. Alerting with buzzer and stopping the machine when people are detected

When human are detected inside the detection or stop-controlled area, the system not only displays markers (yellow or red circles) on the monitor, but also alerts the operator with a buzzer.



*1 Equipped as standard on the PC200/200LC-11, PC210/210LC-11

*2 Limited to the models equipped with KomVision for hydraulic excavators. Changing both cameras and software may be needed in some cases.

This system is not a device designed to mitigate collisions or detect human under all conditions.

- There are limitations on the performance. Accidents are possible when the operator depends too heavily on the system or relies upon it in inappropriate situations. Never rely solely on this system to avoid collisions.
- Before using this system, be sure to read the operator's manual, and understand and use the system correctly.
- This system is not a device to prevent the operator from careless operations, such as operating while looking aside.
- This system does not stop the machine's operation when the machine is travelling or swinging at a high or medium speed, or when the work equipment is in operation.
- The system does not work when work-intended human are located in front or in the working area of work equipment or outside of camera-detectable areas.
- The system may not be able to correctly detect people, depending on the conditions of the detection-intended object (e.g., running, squatted, wearing clothes in colors and tones which are not distinguishable from the surroundings), the conditions of the cameras (something attached on the lens, foggy, etc.) and the conditions of worksites (bad weather, dark, against the light, at night, steamy and smoky, etc.).
- Ensure a safe working area around the machine first and then operate the machine, because the system might stop the machine suddenly and put the machine in unstable positions when it is engaged in lifting and traveling, working on steep slopes, or working on slippery surfaces or soft ground. Turn off this system before loading on or unloading from trailers, because the system might stop the machine suddenly, putting the machine in unstable positions.

Improved safety through automation, autonomous operation, and remote control

The acceleration of growth through innovation is one of the key activities of Komatsu's mid-term management plan. In this area, we engaged in automation, autonomous operation, electrification, and remote controlling of construction, mining and utility equipment (small machinery), while also working to realize digital transformation of construction through both physical aspects (increased automation and sophistication of construction machinery) and non-physical aspects (optimization of customers' construction operations), thereby realizing safe, highly productive, smart and clean workplaces of the future with customers. The Autonomous Haulage System (AHS) for unmanned dump truck operation has already launched in the market, and a cumulative total of 43 units of the AHS are in operation as of March 31, 2022. In addition, we are promoting remote control operation of the PC7000-11 hydraulic excavator for mining sites.



PC7000-11 hydraulic excavator performs loading operations to Innovative Autonomous Haulage Vehicle



Console for remote operations

Quality assurance - Our responsibility to customers -

Komatsu's commitment to quality and reliability is encapsulated within the fundamental principle of “Monozukuri” (manufacturing competitiveness). With this in mind, we are dedicated to maintaining a portfolio of first-class products-both hardware and software—that builds on customer satisfaction. Our basic managerial policies have a strong focus on customer-centricity, creating a manufacturing ecosystem that places customer satisfaction at the forefront of its priorities. We maintain the standards of quality that have become an integral part of our organizational culture through a continuous process of assessment and refinement that takes place across all areas of our production process.

Our quality management systems touch on a number of specific fields, such as the global environment, quality assurance, and the education and training of our personnel. We also evaluate our performance in these areas using a number of key performance indicators.

Our basic approach to quality assurance

We ensure user satisfaction by providing products that meet user needs and effectively conducting support activities to make sure that such products fully function, in cooperation with affiliates, cooperating companies, distributors, dealers, and all other Komatsu entities across all activities from planning, development, production, sales, to after-sales service.

Mechanisms for quality assurance

Komatsu employees across all areas of our operations, from product planning to development, manufacturing, sales, and after-sales service, work together as a single cohesive unit to ensure that the products we develop are safe, innovative, and of high quality. Our unique “monozukuri” system enables the creation and subsequent introduction of highly competitive DANTOTSU products into the market, whilst maintaining our significant competitive advantage through goods and services with a wide array of substantial features.

Keeping in line with our commitment to product quality and innovation, a variety of meetings are held at each stage of the development and manufacturing process in order to ensure that our offerings are of the highest possible quality. Through this meticulous step-by-step process, the product's features are enhanced and refined until it meets the high standards that we adhere to.

Through such approaches, the company is able to strengthen safety assurance and satisfaction for customers while simultaneously providing products and services that take the global environment into account and comply with both international specifications and the regulatory requirements of individual countries.



Structure for quality assurance

The majority of Komatsu's product portfolio is made up of manufacturing equipment (construction and mining equipment, utility equipment (compact machines), forest machines, industrial machinery and others) that lend value to customer enterprises through enhanced rates of operation and productivity. In order to ensure optimal user experience, Komatsu sales agents engage with customers on both a pre-sale and post-sale basis to provide advice, conduct maintenance, and collect feedback. This collated information is then related back to the relevant Komatsu divisions for evaluation and, if it should be needed, subsequent follow-ups or remedial actions.

Komatsu also maintains comprehensive databases on market information regarding product quality. Company staff are able to utilize this wealth of information to ensure the rapid resolution of quality-related issues, should they be raised.

Using ICT to support customers throughout the product lifecycle

Komatsu uses ICT-based remote vehicle management systems in order to track the current status of a vehicle's "health", its operating status, and other relevant information metrics. The Komatsu Tracking System (Komatrax) is used for conventional construction equipment, while the Komatsu Tracking System Plus (Komtrax Plus) is used in relation with larger mining equipment.

Quality assurance activities at the global level

By fully implementing our quality assurance systems on a global level, Komatsu is able to ensure that its products meet a standardized level of high quality across all countries of operation. Regardless of geographical location, our products are subject to strict, uniform standards in relation to technical drawings, manufacturing systems, inspection methods, information collection, and quality management.

Komatsu has a number of manufacturing facilities that it refers to as “Mother plants”. These plants have product development capabilities and serve as the central hub for global product development initiatives using cutting-edge technologies and techniques. Any form of progress or advancement that is conceived at a “Mother plant” is immediately disseminated to other Komatsu manufacturing locations around the world, creating a uniform ecosystem that promotes technological development and enhances product quality.

DATA

Trends in the claim expenses to sales ratio



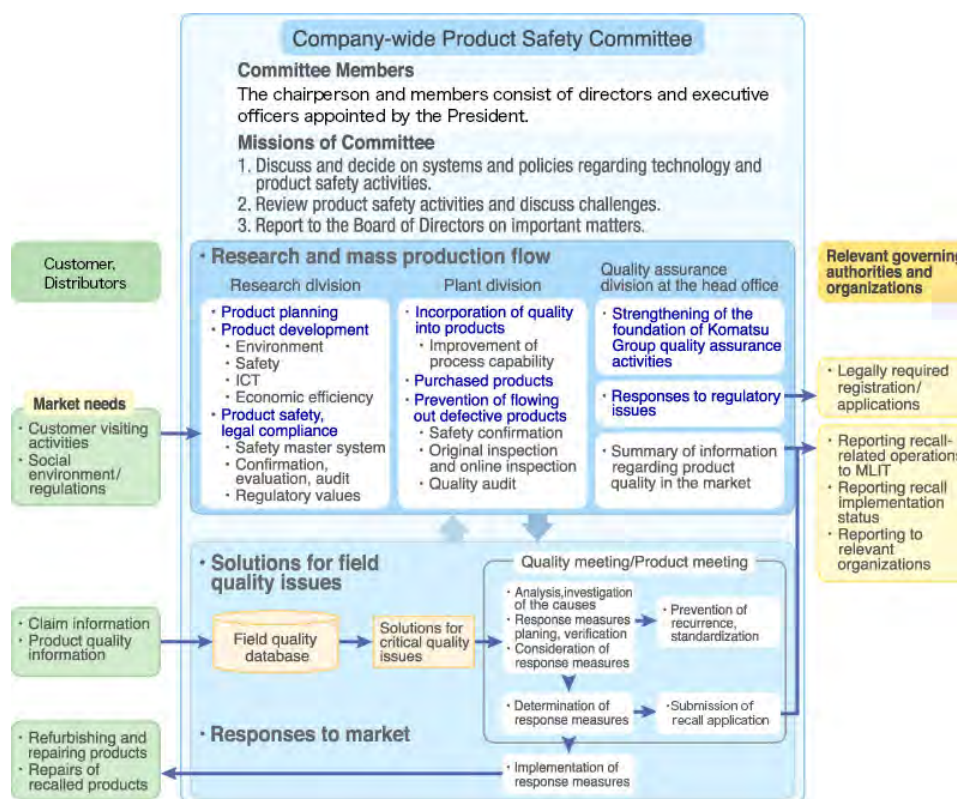
Standards for product safety

Safety and customer trust are at the forefront of all our quality assurance activities. In line with this dedication, Komatsu has formulated a number of Product Safety Standards and associated principles that all employees are expected to comply with in the execution of their duties. This enables us to live up to our established reputation by delivering products that exceed customer expectations in terms of safety, quality, and longevity.

Information system for product safety

While we have utmost confidence in the safety of our products, Komatsu is nonetheless aware of the fact that potential issues could arise in the course of their usage. In order to facilitate a rapid response to any problems that occur, we have established an information system that deals exclusively with product safety concerns.

The system executes a consistent process of education and refinement, making constant improvements and allowing employees at all levels to respond quickly to problems without delay. Using the system, the company-wide product safety committee is able to (1) assess the cause of the accident and subsequent procedures to be taken, (2) contact the relevant governing authorities, and (3) establish a system that enables the best course of action, including decisions on remedial measures, such as product recalls, to be carried out promptly by top management and other relevant personnel.



Providing product safety information to customers

Komatsu meets legal requirements for the provision of safety information through (1) information on products or in user manuals, (2) direct explanations by pre-sale and post-sale by sales dealer personnel, and (3) consultations with pre-sale and post-sale service dealer. In addition to this, we provide further engagement on a case-by-case basis, with engineers or upper-management visiting customers when necessary.

System for dealing with recalls

Komatsu strictly oversees compliance with legal requirements. Should a defect be found in its products, the company initiates prompt correction measures and moves forward with proactive information disclosure, and strive to ensure safety in the market.

■ Procedure regarding recalls

1. Obtain defect information from the market
2. Proposal for rectification of the situation based on information regarding the defect; decision regarding what measures the company will take toward the market
3. File a notice with relevant authorities as provided under the law
4. Inform customers through appropriate channels
5. Take appropriate corrective measures including, for example, repairs, replacements
6. Grasp the progress situation of the corrective measures

■ System to deal with recalls appropriately

1. Strengthening of information collecting systems on product quality in the market
2. Promotion of technical verification of the problem involved in the recall and timely decision making
3. Promotion of early resolution in compliance with laws and regulations (notification to authorities, information disclosure, recall collection, etc.)
4. Grasp the progress situation of the corrective measures
5. Regular auditing of recall-related operations

Komatsu strictly oversees compliance with legal requirements. Should a defect be found in its products or services, the company initiates prompt correction measures and moves forward with proactive information disclosure.

Outline of procurement policy and supply chain

Our business partners are important members of our value chain, who supply the materials, parts and components necessary for the continued operation of our manufacturing enterprise. At Komatsu, we aim to build a Win-Win relationship with our business partners by making interactive efforts under a relationship of mutual trust. Along with the expansion of our global operation, our supply chain has also been expanding all over the world. Taking seriously the recent gain of momentum for the spread of CSR in the overall supply chain, we are working to realize CSR procurement globally by being proactive in providing intense support for the CSR initiatives of our business partners.

1. Basic policy for procurement

Komatsu's procurement policy is based on the philosophy of aiming to build a Win-Win relationship with our business partners, who are on an equal footing with us, and encouraging each other. The policy aims to evaluate and select suppliers in a fair and equitable manner from a SLQDC (Occupational health & Safety, Compliance with the Law, Quality, Production capacity & delivery and Cost competitiveness) and ESG perspective.

Komatsu has established CSR Procurement Guidelines and Green Procurement Guidelines to serve as evaluation criteria for selecting suppliers and evaluating ongoing transactions. These guidelines have been posted on our website. In addition to making these guidelines known to our suppliers, we provide the necessary support and guidance to ensure their business activities align with our requirements. Our support and guidance include the following examples:

- Providing employee education curriculum and training on relevant laws and international rules.
- Offering support to help suppliers build a promotion system (e.g., formulating operation rules), auditing and advising on the operation status.
- Awarding prizes and rewards to business partners that have made significant progress in CSR activities.

2. CSR procurement guidelines

To promote CSR activities in the supply chain, we established and released the CSR Procurement Guidelines in 2011. In accordance with international guidelines such as ISO 26000 and the 10 principles of the United Nations Global Compact, the guidelines specify the items we would like our business partners to address, while reflecting the concepts of Komatsu's Worldwide Code of Business Conduct and the Komatsu Way. The guidelines cover various ESG issues, including corporate governance, compliance, environmental protection, human rights and labor, corporate ethics and social contribution, and coexistence with local communities. Efforts to comply with these guidelines are incorporated into the business contracts we establish with our business partners. In the unlikely event a clear violation of these guidelines is discovered at a partner company, and appropriate corrective measures are not taken within a reasonable period of time, we may suspend or terminate our business with that company.

Request to business partners regarding the guidelines

In accordance with the Komatsu Code of Worldwide Business Conduct (established in 1988), all companies of the Komatsu Group have worked together in pursuit of thorough compliance. Moreover, Komatsu has focused on corporate social responsibility (CSR) in its business management with the aim of coexisting with society and achieving sustainable growth. As part of this effort, Komatsu has participated in the Global Compact, a voluntary principle of action in relation to “human rights, labor, environment and prevention of corruption” advocated by the United Nations, since November 2008 and has also expressed its position as a global enterprise on critical issues confronting international society faces.

Against this backdrop, ISO26000 was officially issued in November 2010 to provide international guidance on social responsibility. Komatsu sincerely reacts to the issues set forth in ISO26000 and will exercise leadership so that social responsibility will be borne throughout the entire value chain.

According to the Komatsu Code of Worldwide Business Conduct, we shall “seek to establish long-lasting stable relationships on the basis of mutual trust” by considering business partners to be important partners of the Komatsu Group. The revision in April 2011 added statements that we shall encourage business partners to follow the spirit of Komatsu Code of Worldwide Business Conduct and that the criteria for the selection of business partners shall include their compliance with rules of business society.

The CSR Procurement Guidelines contain a list of practices recommended for our business partners in line with the basic policy above, covering compliance and CSR. Since its establishment in 2011, we have revised it to address new issues that meet the social needs. Companies of the Komatsu Group are kindly requested to take note of and incorporate the guidelines into their management principles and unfailingly promote CSR. Moreover, we hope that these companies make similar requests to their suppliers.

April 1, 2021

Goro Senda, President of Komatsu Procurement Division

Komatsu group CSR procurement guidelines

(Established on August 30, 2011; Revised on April 1, 2019 and on April 1, 2021)

1. Operations for sound management

- (1) Build a system or operational structure designed to meet various risks.
- (2) Establish legal and transparent decision-making processes concerning management.
- (3) Conduct appropriate accounting procedures, tax filing and settlement of accounts.
- (4) Place importance on communication with stakeholders (customers, shareholders, business partners, employees, etc.).
- (5) Ensure that top management will be notified promptly when any abnormal condition develops and that your company will be able to promptly and accurately respond to the situation(s).
- (6) Fulfill accountability to society through active disclosure of corporate information.
- (7) Properly handle the personal information of customers, business partners and employees. Take appropriate measures for information security to ensure that the confidential business information provided by Komatsu or by business partners will not be leaked, lost or destroyed.
- (8) Create an effective BCP so that, even in the event of large-scale natural disaster, infectious disease pandemic or any other emergency, we can appropriately take initial measures to ensure the safety of employees, quickly restore business operations and fulfill our responsibility to supply customers with products.

2. Thorough enforcement of compliance

- (1) Engage in business operations while complying with the laws and regulations, as well as the rules of the business community in the countries and regions where we conduct business operations. In addition, make efforts to respect internationally accepted standards.
- (2) Define a code of conduct, comprising company rules, under the leadership of senior management, and develop a corporate climate that places top priority on compliance.
- (3) Establish a compliance regime, in accordance with the scale and characteristics of the company, that prevents the company, executives, and employees from engaging in illegal conduct, and promptly addresses situations where issues have occurred (e.g. a whistle-blowing system).

3. Product safety, QCD and technology innovation

- (1) Comply with the laws and regulations concerning product safety and deliver products and services which will offer safety and peace of mind to customers.
- (2) In addition to maintaining the quality and cost competitiveness of products and services which your company delivers to customers, stand by the agreed upon date of delivery and supply your products in a stable manner.
- (3) Establish a quality management system and make efforts to maintain and improve it.
- (4) Constantly engage in technology development and provide innovative, safe and environmental-friendly products and services.

4. Considerations for the environment

- (1) Continue efforts to reduce environmental impact resulting from business operations.
- (2) Appropriately manage chemical substances contained in products.
- (3) Build up environmental management systems such as the ISO14000 series and "Eco Stage."

5. Measures to respect human rights, appropriate labor conditions and occupational safety and health

- (1) Respect human rights including the rights to freedom of association and collective bargaining.
- (2) Never get involved, directly or indirectly, in any child or forced labor.
- (3) Create a work environment where there is no discrimination or harassment in any aspect of employment.
- (4) Respect the rights of workers, through payment of fair wages and proper working hours management.
- (5) Establish a system for occupational labor health and safety, under the leadership of top management, and create a working environment where all employees can work safely and healthily.
- (6) Establish fair and equitable human resource system, and pay attention to human resource development and employee education as well.
- (7) Give consideration to improving communication between top management and employees.

6. Fair business practices

- (1) Comply with all related laws and regulations and engage in free and fair competition and business transactions.
- (2) Respect intellectual properties of other parties and work to prevent infringement thereof.
- (3) Never accept inappropriate cash, gifts or other favors from any civil servant or stakeholder (customer or business partner) either domestically or internationally.<
- (4) Carry out proper foreign trade transactions (goods and technologies) while complying with the related laws and regulations.
- (5) Never have any relationship with antisocial forces or groups.

7. Social contributions and co-existence with the local community

- (1) Engage in social contribution activities based on your company's management principle(s) and support employees' volunteer activities.
- (2) Place importance on co-existence with local communities which is the foundation of your business, and proactively support the growth of local communities.

8. Spread of the guidelines throughout the entire supply chain

- (1) Encourage business partners of the company to observe the items stipulated in the guidelines. Make efforts to encourage the spread of these guidelines into the entire supply chain.

* These guidelines will be revised as needed.

3. Green procurement guidelines

The Green Procurement Guidelines are a compilation of content supplements to the environment-related issues included in the CSR Procurement Guidelines. Komatsu established the Komatsu Earth and Environment Policy in 1992 and declared that they would engage in environmentally conscious business activities to realize a sustainable society.

By using these guidelines, we preferentially promote environmentally-conscious procurement, of the raw materials and procured components/parts, which are important elements in our production. It also prompts business partners to engage in their own environmental management and environmental impact reduction activities.

› [Komatsu green procurement guidelines\(1.25MB\)](#) 

In relation to these guidelines, we have also conducted the following surveys in our supply chain.

(1) Conflict minerals (U.S. Dodd-Frank Act)

In line with our corporate social responsibilities, Komatsu does not condone the use of conflict materials, such as tin, tantalum, tungsten, and gold (3TG), produced by the Democratic Republic of Congo or its neighbors. We have informed our business partners of this policy within the Komatsu Green Procurement Guidelines. Working hand-in-hand with suppliers, we conducted a survey on the content rate of conflict minerals and country of origin (refiner) for each part using the template (JAPIA sheet) of the Japan Auto Parts Industries Association (JAPIA) from 2011 to 2014. We found that some electronic parts and lamp electrodes contained tantalum and tungsten, and solder materials for radiators contained tin. However, the weight of the subject minerals in the relevant parts was very low, and it was determined that no conflict minerals were used. Since this survey, we have continued to refine our CSR SAQ and human rights due diligence surveys to include questions to investigate essential 3TG and similar items in some of our products and confirm no conflict minerals have been used. These inquiries are based on the Responsible Mineral Assurance Process (RMAP). We will continue to investigate these important CSR matters in accordance with the RMAP. In the unlikely event the use of conflict minerals is discovered at our company or any of our business partners, we will work to promptly switch to products procured from smelters certified by RMI.

(2) REACH regulation

The REACH regulation governs the registration, evaluation, authorization and restriction of chemical substances in the EU. Companies that manufacture target chemical substances in the EU or export finished products containing target chemical substances to the EU must comply with this regulation and apply for registration and authorization when the annual use of target chemical substances exceeds certain standards. Substances subject to the regulation, especially those of Very High Concern (SVHC), are additionally designated annually. As with conflict minerals, Komatsu surveys the content of the regulated substances in each component using JAPIA sheets for its business partners and reports the results to the EU authorities. Furthermore, Komatsu is working with its business partners to reduce the use of SVHCs and switch to alternative substances that have been verified as safe.

4. Component category and procurement policy

Komatsu's general production policy is to manufacture products directly within the area of demand. We have 48 of our 60 plants related to construction or mining equipment overseas.

Concerning components, parts, materials and other items, we are promoting local procurement proactively based on production and procurement policies that we set in accordance with the characteristics of each.

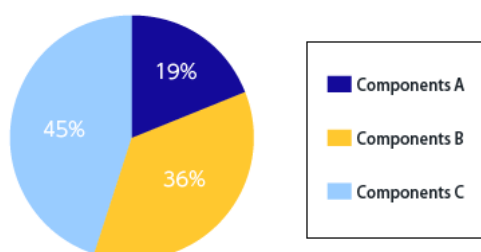
Above all, for Components B and C listed below, we are expanding cross sourcing between regions to respond flexibly to changes in the international trade environment such as exchange rate fluctuations, FTA and EPA, and import/export regulations aiming for globally optimal procurement.

Policy on Production and Procurement of Components and Parts for Construction and Mining Machinery

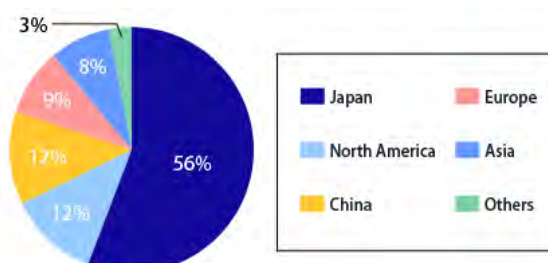
Category	Definition	Production and procurement policy	Examples of parts
Components A	Key components for differentiation that determine product quality and functions	Permanent development and production in Japan (supply from Japan to the world)	Engines, transmissions, axles, hydraulic equipment, and electronic equipment
Components B	Components that we need to purchase intensively from certified suppliers from the viewpoints of functions, quality, and investment	Optimal procurement from 2 or 3 regions in the world	Floor parts of cabin, cooling parts, undercarriage parts, cylinders, high-pressure hoses, tires, rims, and operator's seats
Components C	Parts with relatively low levels of technological difficulty, which should desirably be produced or procured close to the assembly plant	Local procurement	Thick/ thin sheet-metal parts, machined parts, and cast and wrought products as materials

The breakdown of procurement in monetary terms in the construction and mining equipment business of the Komatsu Group in FY2022 is shown below.

Components Types by Percentage of Procurement in Monetary Terms



Origin of components by Percentage of Procurement in Monetary Terms



5. The Komatsu Midori-kai & supply chain

In the construction and mining equipment business, Komatsu has agreements with approx. 2,700 business partners (primary suppliers) all over the world. From amongst them, we have established the Komatsu Midori-kai which consists of particular business partners who are deemed especially important or critical for the Komatsu Group. The members are selected through evaluation from the viewpoint of management culture including the management philosophy of top management, SLQDC* performance including development and proposal capabilities in business transactions with Komatsu, the level of importance of the supplied items in light of our procurement strategies and technologies, the track record and the size of business transactions with Komatsu, and other elements. At present, the Komatsu Midori-kai operates in five regions -- Japan, China, Thailand, North America and Europe. Procurement from members of the Komatsu Midori-kai account for approx. 73% of total procurement in monetary terms. The Komatsu Midori-kai in each region collaborates with Komatsu's manufacturing plants in promoting activities that take advantage of characteristics of the region. It also holds regular meetings to promote understanding of Komatsu's businesses and activate communication between Komatsu's executives and top management of member companies. Many overseas member companies, as well as those in Japan, participate in the general meeting, which is held in November every year. At this meeting, executives of Komatsu give business briefings, and explain our global procurement policy and priority activities. In Japan and China, as a measure to support the improvement of member companies' competitiveness, the Komatsu Midori-kai divides its members into some groups (subcommittees) based on the items they supply, and promotes improvement activities in cooperation with Komatsu by selecting common themes such as safety, the environment and cutting-edge production technology. Information about actual improvements that have been made is shared by companies in the same group to promote the horizontal spread of information.

* SLQDC: abbreviation for Safety, compliance with the Law, Quality, Delivery and Cost



General meeting of Midori-kai (Japan)



Inaugural ceremony of Midori-kai in Thailand

Detail of critical suppliers

Area		Number of Critical Suppliers						
		Total	Sub-contracted* ¹		Proprietary parts* ²			
			Invested by Komatsu	Highly depend on business w/t Komatsu	Invested by Komatsu	Highly depend on business w/t Komatsu	Big enterprise	Trading rm, Material
Midori-kai	Japan	156	6	87	2	7	43	11
	China	60	2	34	1	4	14	5
	Thailand	31		18	1		10	2
	USA	44	1	15		1	19	8
	EU	42		3			37	2
	sub total	333	9	157	4	12	123	28
Non Midori-kai	Japan	1	1					
	USA	1					1	
	EU	1					1	
	Indonesia	4	1	1				2
	India	18		4			14	
	Vietnam	4		3		1		
	Philippines	1					1	
	sub total	30	2	8	0	1	17	2
G.Total		363	11	165	4	13	140	30

*1 Business partners who manufacture goods based on drawings and/or specifications from Komatsu (mostly medium and small enterprises)

*2 Business partners who manufacture goods based on their own drawings and/or specifications (mostly major companies)

Classification of critical suppliers (FY2023)

Category			Number of Company		Annual Purchase amount
1	Total Tier 1 suppliers		2,717	100%	100%
2	Critical suppliers*	Level-3	363	13%	73%
3		Level-2	193	7%	63%
4		Level-1	15	1%	8%

* Number of upper "Level" includes those of lower "Level".

Level-1: Critical suppliers of which shares Komatsu G. invests in.

Level-2: Critical suppliers who depend highly on business with Komatsu.

Level-3: All of Critical suppliers.

Overview of supply chain management processes

1. Prior to commencing a transaction

When determining whether to start a business with a new business partner, we conduct a preliminary evaluation of the company by researching public information, performing interviews, and conducting on-site audits. We also utilize the new supplier evaluation checklist to assess both the basic SLQDC criteria and ESG aspects of the company.

Understanding of the aforementioned CSR Procurement Guidelines and Green Procurement Guidelines are also included in the evaluation items.

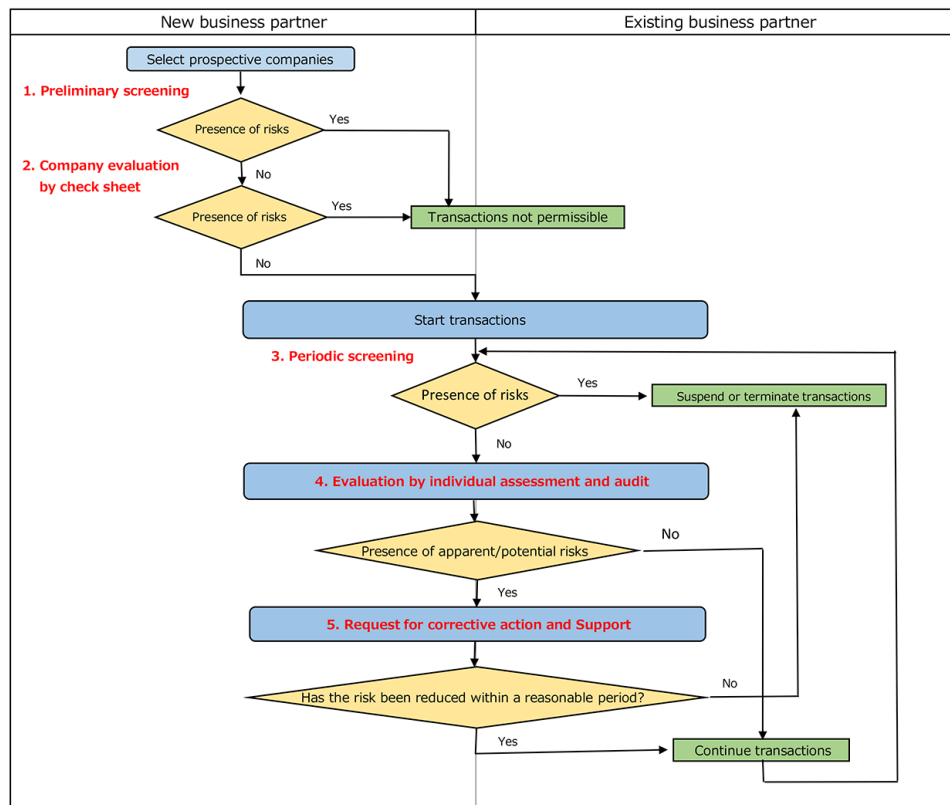
Weight of points for new supplier evaluation by item

Category	Evaluation item	Weight (%)
General management	Management policy, organization, financial structure, employee training	28%
Quality	Assurance system, on-site management, first article management	12%
Production capacity	Planning, progress management, delivery management system, procurement capacity, outsourcing management	24%
Competitiveness	Technological development, cost, facility maintenance capability	8%
ESG	Occupational health and safety, environment, compliance, export control, information security	28%
Total		100%

2. Screening

We conduct regular risk assessments using specialized external databases to screen new and existing business partners for compliance purposes. This process includes verifying whether suppliers are associated with high-risk customers, regulated countries, items, and technologies in terms of export control and whether they have any connections with or involvement in anti-social forces. We utilize public information and quarterly surveys to evaluate the financial and management status of potential suppliers. If companies of concern are identified, we employ credit reporting agencies to conduct further verification. In terms of CSR and ESG, we regularly verify compliance with occupational health, environmental laws and regulations, antimonopoly acts, subcontracting laws, and immigration acts through government agencies and related local authorities' websites. As part of our risk management processes for raw material procurement in the construction machinery industry, we also continue to conduct investigations on the countries of origin of conflict minerals.

Risk assessment process for business partners



Major screening and implementation status for suppliers

Category	No	Objective		Content	Measures to check	Frequency	Target (○ to be implemented)					Implementation status in FY2022*1		
							Critical suppliers (Tier 1 suppliers only)			Other Tier 1 suppliers		Number of companies	Number of companies subject to individual follow-up	Number of companies with completed or planned corrective actions
							Level-1	Level-2	Level-3	Japan	Overseas			
Compliance	1	Determine companies of concern for export control.		Check whether the company falls under or is related to the list of companies of concern published by Japanese and overseas government agencies.	Chaser search in the CISTEC database.	Once a year	○	○	○	○	○	2,176	0	-
	2	Determine association with anti-social forces.		Check whether the company falls under or is related to anti-social forces.	Verify through public information and specialized agencies.	Twice a year	○	○	○	○		2,235	0	-
Management	3	Confirm management status.	Credit investigation	Confirm management and financial status.	Public financial information and reports from private credit investigation agencies.	As needed	○	○	○	○	○	2,235	3	3
	4		Periodic survey of business conditions	Surveys on profit and loss, employment, operation rate, investment, and overall management.	Questionnaires	Quarterly	○	○						
ESG	5	Check for violations of labor, environment, antitrust, subcontracting, immigration, and other laws and regulations.			Search for cases of violations announced by the Labor Standards Bureau, local governments, Japan Fair Trade Commission, Immigration Bureau, etc.	Monthly	○ (Japan)	○ (Japan)	○ (Japan)	○		2,235	2	2
BCP	6	Identify any risk of natural disasters (flooding, tsunami, landslide, etc.) based on business location.			Check hazard maps published by the Ministry of Land, Infrastructure, Transportation and Tourism, and Aqeduct.	Once every 3 years	○	○	○	○	○	1,385 (Japan)	11	11*2

*1 If annual surveys are not performed, the most recent survey results are shown.

*2 Includes our response by stockpiling our inventory.

3. Risk assessment / Audit and support for corrective and improvement activities

To address any potential risks identified in the supply chain, Komatsu's experts conduct risk assessments and audits for individual areas of business activities based on the importance of our business partners. These risk assessments and audits are conducted through desktop surveys such as self-assessment questionnaire, and on-site surveys. The table below shows the content, scope, and implementation status of the assessments and audits in FY2022.

We report to our business partners on the apparent and potential risks identified through these risk assessments and audits and request them to implement appropriate corrective measures within a reasonable period. If it is deemed difficult for the subject company to take corrective measures independently, Komatsu's experts provide guidance and support upon request from the company concerned.

The Procurement Division reports the status and results of the implementation of these processes, especially for risks considered significant, to Komatsu's top management monthly, along with the details of any risks deemed to be particularly important and the progress of corrective measures.

We then feed the results of these assessments and audits back into our actual purchasing policies to maintain consistency between our supplier code of conduct and purchasing activities.

In parallel with these individual corrective activities, we open and provide various in-house education and training programs and e-learning materials to support our business partners in improving their understanding and responsiveness in their CSR activities.

We also encourage them to obtain official certification from external third-party organizations to improve their environmental management and health and safety promotion systems.

Major individual risk assessments and audits of business partners

Category	Form of survey		No.	Content	Measures to check	Frequency	Target (○ to be implemented)					Implementation status in FY2022		
	Desktop	On-site					Critical suppliers (Tier 1 suppliers only)			Other Tier 1 suppliers		Number of companies	Number of companies subject to individual follow-up	Number of companies with completed or planned corrective actions
							Level-1	Level-2	Level-3	Japan	Overseas			
General		○	1	Strengthen interactive communication through Midori-kai activities	(1) Interaction among company leaders at regular meetings. Meeting	Twice a year	○	○	○			333	-	-
				(2) Promote activities to improve productivity, energy conservation, etc. through subcommittees. Plant visit, activity briefing, etc.	all-year							216	-	-
Management and QCD	○		2	Corporate evaluation	Evaluate annual SLQDC performance and factors related to corporate management. KPI result, management interview	Annually	○	○				99	0	0
	○	○	3	Quality audit and heat treatment audit (only for companies with safety parts and heat treatment processes)	Confirm quality assurance system and process control status. Written survey, onsite audit, voucher check, etc.	Annually (designated companies)	○	○	○	○	○	Heat treatment audit 337	Onsite audit 337	0
	○		4	Monthly operation capacity check	Confirm monthly operation capacity forecast and the way to forecast. Written survey, management interview	Monthly	○ Japan	○ Japan				166+a(*1)	7	7
Compliance and ESG	○	○	5	Compliance risk (CR) audit on important process	Identify potential risks in the areas of accounting and finance, labor management, procurement (subcontracting law), and information security. Written survey, onsite audit, voucher check, etc.	Once every 2 years	○					7	2	2
	○		6	Survey on the employment status of overseas workers	Survey on compliance with laws and regulations regarding employment of overseas workers (including trainees). Questionnaire and interview	Annually	○	○				99	9	9
	○	○	7	Occupational health and safety level assessment (including compliance check)	Confirm organizational structure to promote occupational safety and health activities, compliance with labor-related laws and regulations, and evaluation of activities. Onsite audit such as safety patrol, interview with management and safety managers, etc.	Twice a year	○	○				99	15	15

Category	Form of survey		No.	Content	Measures to check	Frequency	Target (○ to be implemented)					Implementation status in FY2022		
	Desktop	On-site					Critical suppliers (Tier 1 suppliers only)			Other Tier 1 suppliers		Number of companies	Number of companies subject to individual follow-up	Number of companies with completed or planned corrective actions
							Level-1	Level-2	Level-3	Japan	Overseas			
Compliance and ESG	○	○	8	Promotion of environmental management system (EMS) acquisition and environmental audits (including legal compliance checks)	Mandate acquisition of third-party certification for environmental management, and check and evaluate the status of compliance with environmental laws and regulations and the status of activities.	Written survey, onsite audit, Interview with management and environmental officers, etc.	Annually	○	○	○	EMS	Environmental audit 2	2	2
	○		9	CSR SAQ survey	Self-assessment of overall CSR using a checklist.		Once every 3 years	○	○	○			156	8
	○		10	Risk survey on human rights	Self-assessment focused on human rights and occupational health and safety using a checklist.	Questionnaire and interview	Once every 2 years	○	○	○		292	8	8
BCP	○	○	11	Information security self-assessment	Self-assessment on the status of cyber security measures		Annually	○	○	○		156	14	14
		○	12	Check the damage & ability of supply in case of occurrence of natural disasters & pandemic	Identify the risk of damage to suppliers through the supply chain risk management system (KS-Link) linked to earthquake and typhoon information, etc. Then, confirm the damage situation by phone or e-mail, conduct onsite inspections, and provide support for restoration.	As needed	○	○	○	○	7,662 Including Tier 2 and subsequent suppliers	Numerous applicable	Restoration support 1	

*1 Check with Tier 2 and subsequent suppliers if risk is anticipated.

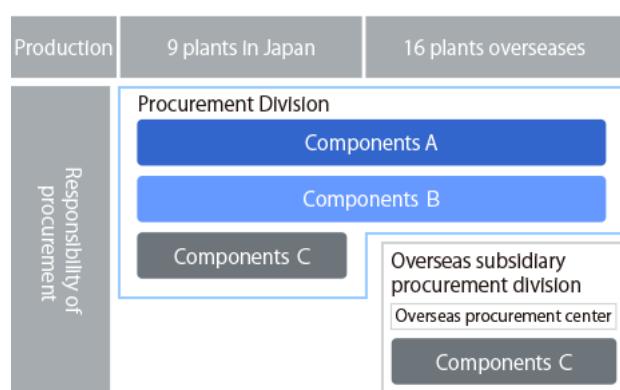
Examples of corrective action support for business partners

Category	No.	Major support	Content
Management	1	Cash management support	Advance payment, cash payment, etc.
			Purchase of excess inventory, advanced ordering & receiving, etc.
			Purchase of production equipment, lending, etc.
	2	Human resource support	Dispatch of managers and technical instructors on secondment, acceptance of training at our company, etc.
	3	Provision of education and training programs	For managers and general employees

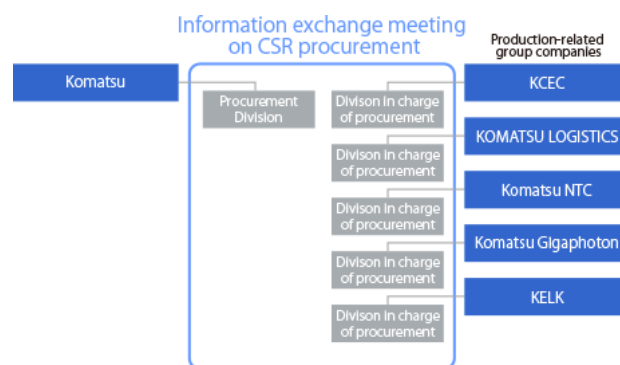
Komatsu group's supply chain management and promotion of CSR procurement

1. Promotion system and human resource development in procurement departments

Komatsu employs a centralized procurement system where the Procurement Division deals with almost all the components and materials used in multiple plants in Japan. For overseas production, A- and B-category components as specified in the component categories described above are dealt with by the Procurement Division, and the C components are dealt with by the procurement departments of overseas subsidiaries. In addition, we have established an overseas procurement center within each site in the U.S., Europe, China, and Asia to ensure the penetration of the policies of the Procurement Division and ensure the consistency of the procurement activities of each overseas subsidiary. We are also using this system for global supply chain management and the promotion of CSR procurement. Furthermore, we hold meetings to exchange information with the procurement departments of production-related group companies on a regular basis to respond to common issues on a group-wide basis.



Categories for the division of roles for procurement departments



Meetings for the exchange of information with group companies

The development of the procurement staff who will be responsible for CSR procurement is also an important issue. We have compiled basic matters that purchasing departments must not forget in promoting global procurement - in particular, the basic philosophy and code of conduct that should be kept in mind when working with business partners -- in the KOMATSU Way (Procurement). In addition, we have been facing significant changes in laws and regulations of Japan and other countries on business transactions, employment and labor, environmental protection, export control and other matters.

Responsible persons from the procurement department are required to understand these trends and reflect them appropriately in their daily procurement activities. In 2022, Komatsu conducted compliance refresher training for a total of 482 managers and other employees in the procurement division to improve their awareness of CSR procurement and to communicate the importance of raising awareness throughout the division. At Komatsu, we strive to inform all employees of the trends by providing group training and e-learning designed for each one of the job classes, from new employees to managers.

KOMATSU Way procurement

1. Relationships with cooperative companies
 - (1) Cooperative companies are equal partners
 - (2) Keep communication
2. Improvement of the level of cooperation with companies
 - (1) Procurement in the style of agricultural peoples
 - (2) Maintain tense relationships with cooperative companies
3. The Mind Set of Buyers
 - (1) The procurement division is a representative of our company and related companies
 - (2) Suppliers shall be selected based on fair-mindedness and competition
 - (3) Do not return externally produced products to the company
 - (4) Do not reduce costs unreasonably
 - (5) Buyer's work sites are within cooperative companies

KOMATSU Way procurement

2. Partnership declaration

The Partnership Declaration is our voluntary code of conduct and states that a large company, or parent enterprise, shall partner and cooperate with small and medium companies with the aim of facilitating their coexistence and coprosperity and shall, in fair dealing with the small and medium companies, enhance the added value of the supply chain overall.

Komatsu announced the declaration in August 2020, expressing its support for the activities implemented by the Cabinet Office, the Small and Medium Enterprise Agency and different economic organizations.

Komatsu complies with the rules and regulations stated in the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and in the promotional standards of the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises. Moreover, Komatsu will continue to help its business partners to become organizationally stronger by providing support for their efforts to enhance productivity and streamline work with the use of ICT and by providing training programs.

In July 2022, the basic principles (Article 3) of the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises were revised. In response, Komatsu has issued a letter to all domestic Tier-1 suppliers, including sub-materials suppliers, encouraging them to reflect fluctuating raw material, energy, and labor costs in product prices, and is actively promoting the optimization of purchasing prices. We will continue to regularly discuss pricing with our business partners in 2023 and beyond.

In January 2023, we launched the "Komatsu Global portal," a website for sharing information with our business partners. This site allows both our employees and business partners to share daily order and production data and utilize tools that facilitate data processing and analysis, allowing for the timely detection of fluctuations in production, orders, and demand for intermittent production parts, and for the monitoring of management indicators such as delivery date achievement rates and defect rates. As of May 2023, approximately 1,122 companies use the website. We will continue to increase the website content and user numbers.



Logo of Partnership Declaration

[> The partnership declaration *only available in Japanese \(221KB\)](#)


Please access the following website to read the Partnership Declaration.

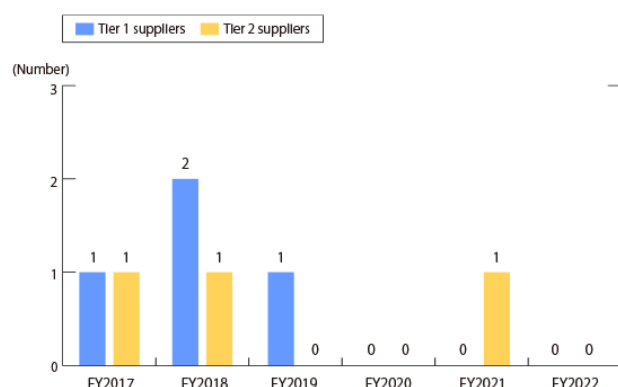
[> National association of small and Medium enterprise promotion organizations *only available in Japanese](#)


3. Komatsu's whistleblowing system for suppliers

At Komatsu, we launched a whistleblowing system for suppliers in March 2017 to accept whistleblowing reports from suppliers on acts in procurement activities of the Komatsu Group which are violating or alleged to be violating laws and regulations. Matters reported via dedicated contacts, which we set up inside the company, are handled by a department in a neutral position. This department investigates and verifies facts to take corrective measures promptly. We have pledged to ensure that business partners who submit whistleblower reports do not receive disadvantageous treatment because the report has been made.

[▶ Komatsu's whistleblowing system for suppliers\(171KB\)](#)

Changes in reported cases



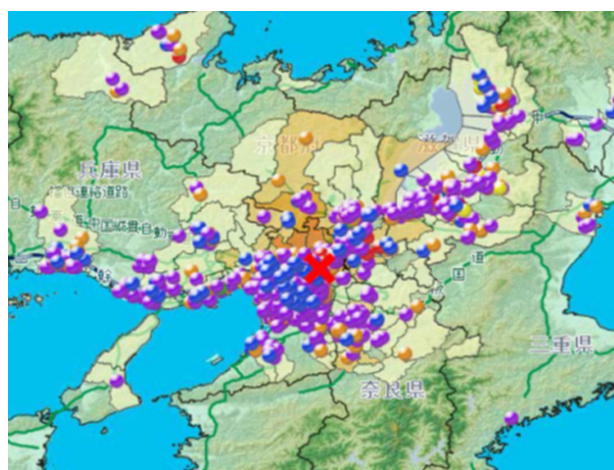
4. Risk Assessment in the supply chain

Procurement from business partners accounts for a substantial percentage of our production costs. It reaches nearly 90% in middle-sized hydraulic shovels, a typical piece of construction machinery. Therefore, for the stable continuation of our business activities, it is essential to identify and respond to risks in our supply chain at an early stage. There are a wide range of risks in the supply chain, including the management of business partners, their SLQDC status, natural disasters, pandemic, international trade conflicts, and import/export regulations. Komatsu visualizes risks through regular risk assessments that we conduct, particularly for critical suppliers, and we are carrying out activities to reduce those risks. In the construction machinery industry, the recovery in demand in the aftermath of the COVID-19 pandemic has been evident in Japan and abroad since the third quarter of 2020, and the production sector continues to operate at high levels. Meanwhile, from April 2020, the overtime work limit regulations have been applied to small and medium-sized enterprises as part of the Work Style Reform in Japan. Komatsu monitors the load status of applicable Midori-kai companies in Japan on a monthly basis. Companies at risk of falling foul of the regulation are identified, and appropriate measures are implemented; for example, leveling production by reviewing production plans and supporting production at other companies. From 2024 onwards, the overtime work limit regulations will apply to the transportation industry as well. It is anticipated these regulations will lead to a nationwide shortage of drivers. In 2020, Komatsu announced its declaration of voluntary action to improve logistics based on mutual understanding and cooperation with suppliers and logistics companies. It also joined the "White Logistics" promotion campaign promoted by the Ministry of Land, Infrastructure, Transport and Tourism. We are working to achieve sustainable logistics by utilizing modal shifts to reduce long-distance transportation, optimizing the layout of loading and unloading areas to reduce driver work hours, and setting appropriate freight rates.

Examples of hearing survey of business partners' overtime status

Company Name	36 Agreement		Number of Overtime		Result by 2020 /3	2021 /4	2021 /5	2021 /6	2021 /7	2021 /8	2021 /9	2021 /10	2021 /11	2021 /12
						Result	Result	Result	Result	Result	Plan	Plan	Plan	Plan
Compnay K	Operation Degree (after measures)			Hr/day		2.1	2.6	2.5	2.4	3.6	3.8	2.5	2.4	2.3
	Number of direct workers				232	236	234	257	252	262	(286)	(286)	(286)	(286)
	Overtime	45H/month	6		2									
	Overtime Max	80H/month	5		1					17				
	Overlimit Count	6 times/year	4	Number of people	11				21	20				
	Consecutive Number	Up to 6 times	3		6			24	27	12				
	Starting Month	April	2		16		25	35	24	24				
			1		34	72	49	42	36	36				
Company T	Operation Degree (after measures)			Hr/day		2.5	2.2	2.5	2.6	2.3	2.4	2.4	2.5	2.5
	Number of direct workers				49	65	64	66	74	79	(81)	(81)	(81)	(81)
	Overtime	42H/month	6						2	2				
	Overtime Max	70H/month	5					3	1	2				
	Overlimit Count	6 times/year	4	Number of people			7	6	8	8				
	Consecutive Number	Up to 6 times	3		15	18	16	16	16	16				
	Starting Month	January	2		13	11	8	8	9	6				
			1		16	15	13	18	15	15				

To respond to natural disasters which recently have occurred frequently and become diversified, we have begun to operate a supply chain management system in Japan linked to disaster information from the Japan Meteorological Agency. This is aimed at quickly inspecting damage to our business partners and assessing the impact on our supply chain after a natural disaster, such as an earthquake, tsunami, or typhoon. We have built a database of locations and production items with over 20,000 sites managed by 7,662 business partners, including secondary and subsequent suppliers, thereby visualizing the risks of interruption in product supply that can be expected to be caused by a disaster. This enables us to take focused countermeasures promptly. In the event of a disaster, we first check the damage to our suppliers at high risk which have been assessed through the system. Where necessary, we dispatch security maintenance personnel to the companies to support their activities for the prompt recovery of production. In 2019, our supply chain was greatly impacted by the flooding of rivers caused by Typhoon Hagibis (No. 19), which damaged multiple business partners. In light of this, we linked the Komatsu supply chain management system to the hazard maps released by the Ministry of Land, Infrastructure, Transport and Tourism to understand in advance the potential location-related risks faced by our business partners. We have taken



Epicenter of the Northern Osaka Earthquake in June 2018 and the Cooperative Company Distribution Map

measures for our business partners with location-related risks; for example, backing up to store welding and processing programs and important production data (BOM, tooling lists, production drawings, jig and tool drawings, etc.), and building up safety stock and securing alternative suppliers in response to the BCP status of each company. In addition, since 2020, the global supply chain has been severely disrupted due to the shortage of semiconductors in a wide range of industries, COVID-19 lockdown, US-China decoupling and disruptions in international logistics. Moreover, the reduction in model changeover periods in automobiles and home appliances has increased the risk of sudden production discontinuation of construction machinery parts, especially electrical and electronic parts. We have addressed these emerging risks by strengthening inventory management including at the distribution stage, promoting replacement with stably available general-purpose semiconductors and parts, expanding the scope of pre-orders and forecasts for critical parts, and accumulating inventory. We are expanding our Asian Procurement Center to further increase local procurement in ASEAN member countries and South Asia in Spring 2023. We are also promoting multi-sourcing policy, even in cross-sourcing activity (placing concurrent orders with suppliers in multiple regions), to reduce the risk of over-reliance on procurement from a specific region.



Disaster recovery support (lending electric generators)



Disaster recovery support (assisting the centering of working machines)

Information security measures in the supply chain are also an urgent issue. In 2021, Komatsu established information security guidelines for business partners to clarify the standards we require of our suppliers. We also provided e-learning education to 156 Midori-kai companies in Japan. We are strengthening security measures throughout the supply chain by asking suppliers to conduct security surveys using self-check sheets and following up on any supplier issues that are identified during this exercise.

Implementation status of information security self-check

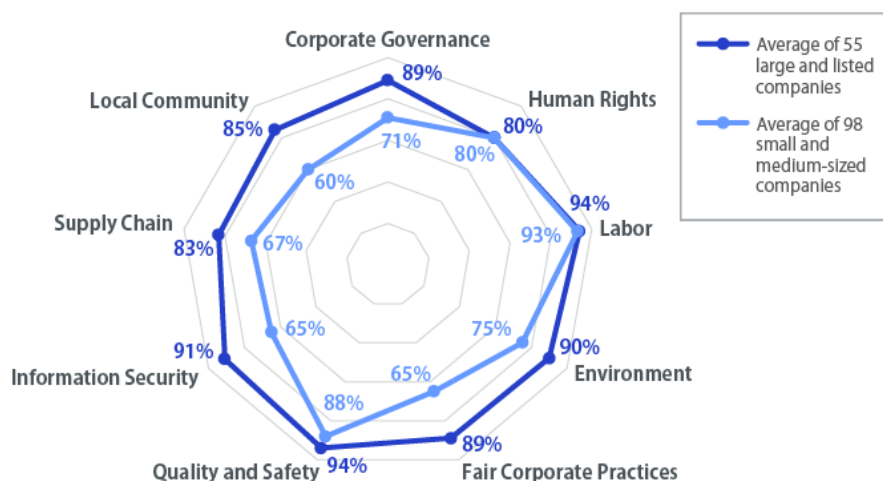
	FY2021	FY2022
Number of companies implementing self-check sheets	156	156
Number of people engaging in e-learning	120	117
Number of companies subject to individual follow-up	12	14

5. Awareness building activities to ensure the penetration of CSR into the supply chain

To raise our business partners' awareness of Komatsu's CSR procurement guidelines, we are carrying out awareness building activities around Compliance and BCP at the Komatsu Midori-kai meetings and monthly business meeting held in each office. In addition, "CSR Report" issued for Midori-kai member companies shares CSR-related "Everybody's Compliance" articles which are published for the employees of the Komatsu Group, and information regarding the revision of related laws and regulations in Japan and other countries. To ensure the further penetration of CSR in the supply chain, in FY2021, we conducted an SAQ survey on CSR activities using the standard survey tool released by the Global Compact Network Japan (GCNJ), of which Komatsu is a participant. The survey was designed to gather data from 156 Midori-kai companies. To date, 153 companies have submitted their responses. From this data, we can confirm that 95% of the respondent companies are aware of our CSR procurement guidelines.

Moreover, in FY2022, as part of our human rights due diligence, we conducted a human rights risk survey across a total of 292 Midori-kai companies in Japan and overseas. Based on the UN Guiding Principles on Business and Human Rights and other international norms, we collected responses on a dedicated website regarding the status of human rights initiatives in 11 categories, including human rights management, occupational safety and health, and working conditions. To ensure objectivity, the entire survey process from question formulation to results analysis was conducted and overseen by outside experts. We then translated the survey results into various languages and issued a report to each company to provide them with personalized feedback on issues and responses. Based on the results of this survey, we will provide individual follow-up support to business partners that need to increase their awareness of CSR and human rights issues.

Japan Midori-kai CSR SAQ self-evaluation results



Implementation status of human rights due diligence

Category			Number of companies surveyed	Responses received	
Supplier Midori-kai *excluding Europe	Japan		156	143	91.70%
	Overseas	Thailand	29	18	62.10%
		North America	44	21	47.70%
		China	63	31	49.20%
			136	70	51.50%
			292	213	72.90%

Question content

	Survey items		Number of questions
1	Human rights management	Policy, monitoring, and communication	11
2	Grievance resolution	Reporting and consultation system	4
3	Discrimination and inhumane treatment	Inhumane treatment and discrimination	8
4	Child labor	Child labor, young workers, and student workers	7
5	Forced labor	Forced labor (e.g., retaining workers' passports)	5
6	Employment and employment relationships	Employment regulations, employment contracts, and personal data protection	7
7	Working conditions and social security	Working hours, leave, breaks, maternity and childcare protections, benefits, wages, and retirement restrictions	21
8	Social dialogue	Labor unions, collective bargaining, collective agreements, and labor disputes	10
9	Occupational health and safety	Policies (guidelines, rules and regulations, and management procedures), risk assessments and responses, monitoring, communication, occupational accidents, etc.	29
10	Human resource development and training	Education and training	2
11	Community impact	Local communities and conflict minerals	2

Support for member companies of the Komatsu Midori-kai (management and society)

Komatsu supports Midori-Kai member companies in a variety of ways. Main support activities that we have carried out are described below.

1. Safety

Komatsu provides support for the establishment of systems for safety activities and improvement of the activity level to 99 companies, the majority of which are custom goods suppliers out of the Midori-kai in Japan. The support includes continuous safety patrols by specialists from Komatsu, sharing information and horizontal application of occupational safety measures conducted by other companies, the introduction of management system, and so on. These activities are also carried out at the Midori-kai in China. In addition, due to our business partners' labor shortages, there has been an increase in the number of foreigners, older adults, and women working onsite. Some of the workers from these groups have sustained injuries. In response, we have continued to provide support by making safety and health-related documents, such as work standards, available in multiple languages and creating a workplace environment that is less physically demanding for the elderly and female employees.

(1) Komatsu experts conducting safety patrols

Using check sheets and on-site patrols we conduct surveys to ensure compliance, particularly with laws (e.g. reports and inspections), unsafe locations on site, and the existence of unsafe actions. If anything problematic is found, we request the submission of a countermeasure report, which describes the measures to prevent recurrence, as a follow-up. In FY2017, we reviewed the check sheets and evaluation criteria so that we would be able to use the same standards to evaluate the activities of Midori-kai members company-wide and follow-up (One-rank-up Activities) with them to improve the level of each company every year. In the follow-up, we also train on-site supervisors of business partners through fixed-point observation of work cycles on site and joint implementation of risk assessments. To eliminate serious accidents, we regularly conduct comprehensive inspections of the safety devices installed on automated lines and machines and the operation of these devices, forklift and crane operations, and the status of the standards established for working in high places, using a unified check sheet. In particular, we are promoting safety measures for automated lines and machines, due to the policy to secure safety, not only by operators' caution but by machines' function and/or mechanism.

(2) Encouraging business partners to implement mutual safety patrols

One of the Midori-kai committee activities is the implementation of mutual safety patrols by business partners with similar business standpoints. We also put a lot of weight on inspecting from perspectives specific to each business category (e.g. the handling of heavy goods or the risks of touching hot surfaces).

(3) Connecting and information sharing through safety activities in Komatsu

Executives from the Midori-kai member companies in Japan participate in the Komatsu Group Safety and Health Conference, which is held in June every year. Excellent Zero Accident circles selected from Japanese and Chinese Midori-kai member companies provide presentations about their activities. In addition, we open the Safety Dojo (Safety Training Hall), a facility included in each Komatsu plant, to our business partners, aiming to improve the safety awareness of the employees of each company through danger simulation experiences and danger prediction training.

(4) Focused guidance for companies with repeated accidents

We select companies that have had repeated accidents as target companies for Special Safety Activities and provide special support and guidance according to the unique situation of each company.

(5) Introducing labor safety and health management systems

To increase the level of the activities at each company, we support them in their establishment of their own occupational safety and health management systems, including ISO and OSHMS certification. In 2015, we supported 97 companies that implemented Japan Industrial Safety and Health Association (JISHA)'s Workplace Safety Health Impact Project for small and medium-sized businesses, and they are using the project to objectively evaluate their own activities.



Risk assessment training



Group performing a mutual safety patrol

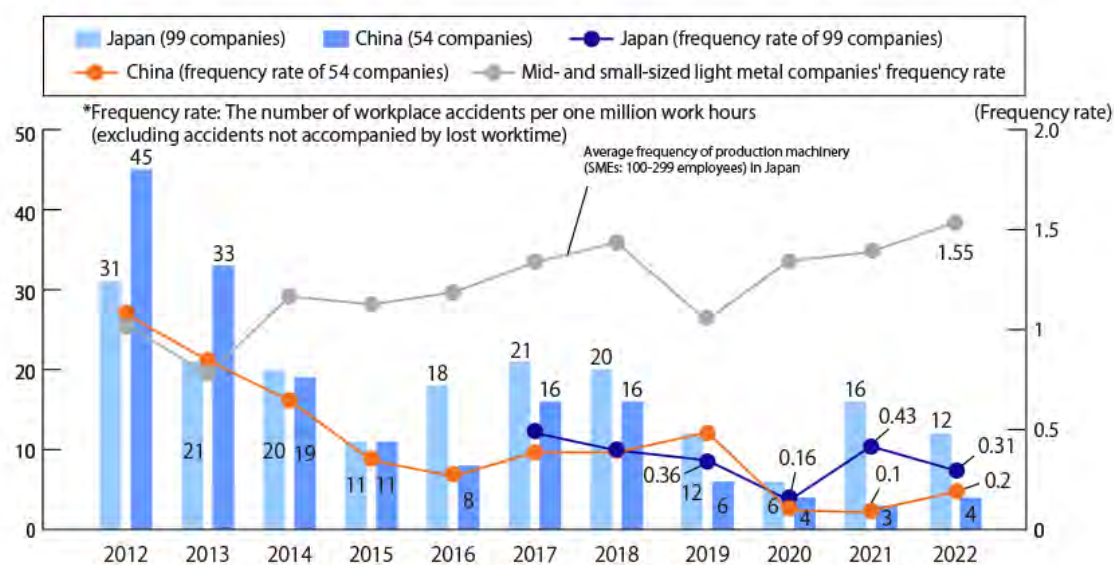


Presentation by Sekigahara factory at a Komatsu safety meeting

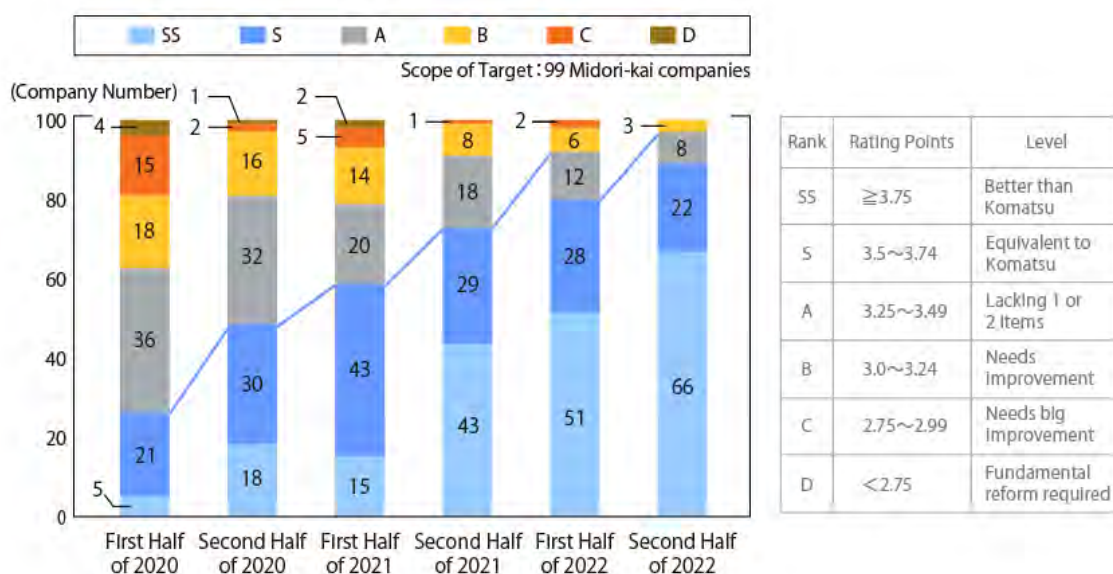
Changes in the results of safety activity evaluations from 2018 to 2022 (99 Midori-kai member companies, 116 offices)



Changes in the number of accidents at Midori-kai member companies in Japan and China Table 1



Status of one-rank-up activities



2. Compliance

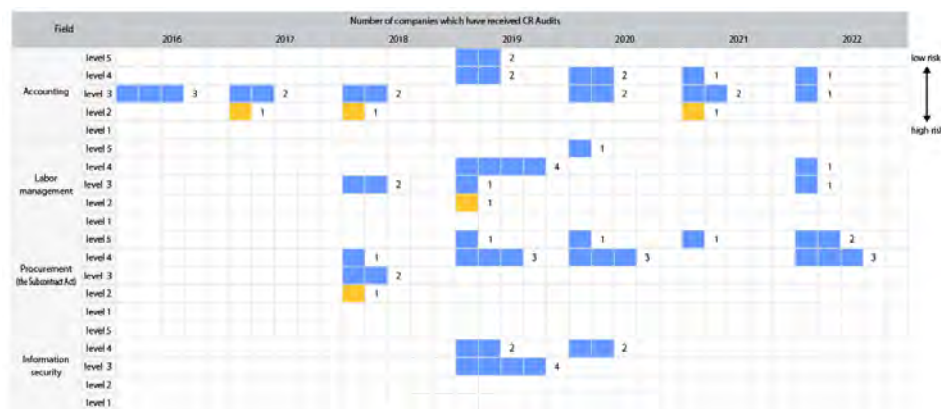
The Komatsu Group conducts compliance and risk audits (CR audits). In 2016, we began to conduct the CR audits even for 9 out of the 15 business partners in which Komatsu has made minority investments and which are located in Japan. The audit is conducted in four fields -- accounting, labor management, procurement (the Subcontract Act) and information security. It is aimed at identifying potential risks and taking corrective measures at an early stage. The risks are identified mainly by checking the status of compliance with relevant laws and regulations, confirming business rules, segregation of business and decision-making authorities, inspecting relevant business documents and conducting on-site examinations. Voluntary establishment of compliance systems by business partners is essential for promoting CSR procurement. We believe that such a system should desirably be established by 1) formulating rules (establishing codes of conduct of each company), 2) building a structure for promoting CSR procurement (including the appointment of persons in charge of CSR procurement and practical affairs), 3) introducing a whistleblowing system, and then 4) providing employees with awareness training. Under this policy, we provided support to 99 companies, mainly custom goods suppliers belonging to the Midori-kai, for their establishment of compliance systems by providing practical examples at Komatsu and employee training materials, etc. As of the end of FY2021, we have completed support activities for all of the companies. The follow-up after completion of the support activities and the inspection of the status of the activities of major business partners will involve a SAQ survey.

In FY2022, no serious violations of Japanese labor-related laws and regulations or environmental violations were reported by any of Japan Midori-kai's 156 companies.

The problems found by CR audit and countermeasures

Items	Problem found by audit	Countermeasures
Finance & Accounting	Missing/Insufficient operation flow, rules	Review flow and rules Instruct the manner of inventory check
	Missing/Insufficient periodical inventory check	
	Insufficient rule for disposition of absolute stock	Separate approvers and applicants
	Inadequate control on company official seals/password/authority management	
Labor Control	Inadequate labor contract	Change to direct employment Review timecard system
	Inadequate working time management	
Subcontract Law	Missing/Insufficient description on purchase order sheet	Review format Review operational flow
	Risk for delayed payment	
	Risk for advanced offset of supplied materials	
	Risk for irrational discount	
	Insufficient rule to get written acceptance from suppliers in case of order cancellation.	

Result of CR audit to Level-1 Critical Suppliers



3. Personnel development

We believe that the greatest support that we can provide to the Midori-kai is human resource development. Based on this belief, we provide various job-level training programs as listed below. Since 2020, it was necessary to cancel most of the face-to-face training programs due to the COVID-19 pandemic. In their place, a remote education curriculum using an online meeting system was provided to the Midori-kai companies to provide materials for employee training. In FY2022, we were once again able to hold in-person production engineer training.

Among the support activities, we have particularly been committed to Management Salons and skills transfer activities in recent years. Management Salons are aimed at developing young individuals in management positions, who have recently taken on new business responsibilities. Through these events, Komatsu executives analyze the current strengths and weaknesses of each company and exchange views on the medium-term management visions of the companies with their counterparts to align and share management policies and ideas. The skills transfer activities are aimed at facilitating the improvement and succession of the on-site skills of each company. In these activities, we help each company build systems for promoting skills transfer and skills evaluation and develop instructors in core skill fields by disseminating our own knowledge and skills.

Training and Other Programs for Midori-kai Member Companies

Target job level	Program	Outline	Major achievements	FY2022 results
Management	Commissioned training	Komatsu accepts sons and daughters of corporate managers of member companies and provides them with on-the-job training for up to five years.	56 trainees have been accepted since 1972.	1 person
	Middle management training	Komatsu's training program for its executive candidates is open to candidates for member company successor. Duration of the training is seven months.	29 people have participated since 2005.	1 person
	Management Salons	Young corporate managers of member companies make presentations on medium-term management visions of their respective companies, which are discussed and shared with Komatsu.	Provided to a total of 28 companies since 2014	2 companies
Employees in managerial positions	Managerial training	For newly appointed managers and on-site job leaders (e.g. general managers of centers and team leaders)	Around 40 people participate every year.	32 people
	Leader training (for field managers)	Exclusive training programs for the Midori-kai. The training is provided two times a year.	Around 60 people participate every year.	35 people

Target job level	Program	Outline	Major achievements	FY2022 results
Representatives	Komatsu Technical Institute	Intended for leader candidates related to production engineering and manufacturing who are aged 30 or younger. It is a boarding school which provides a two-year program.	30 people have entered since 2008.	1 company
	Production engineer training	It is an exclusive training program for the Midori-kai on sheet metal processing and mechanical engineering. Five-day training is provided once a year.	Around 40 people participate every year.	25 people
Skilled workers	Instructor training	A 30-day program for candidates for skilled instructors of each company	141 people have participated since 2015.	14 people
	Inspection training school	Inspection skills training and classroom lectures	Held as needed	40 companies
Others	All Komatsu QC competition	Participants are selected from among the Midori-kai members.	Around 20 companies participate every year.	6 companies
	All Komatsu skills competition (Advanced Technique Contest)	Participants are selected from among the Midori-kai members.		13 companies, 18 people
	All Komatsu Safety Competition	Participants are selected from among the Midori-kai members (report on Excellent Zero Accident circles' activities).	Around 5 companies participate every year.	6 reports (including 2 from overseas)



Instructor training

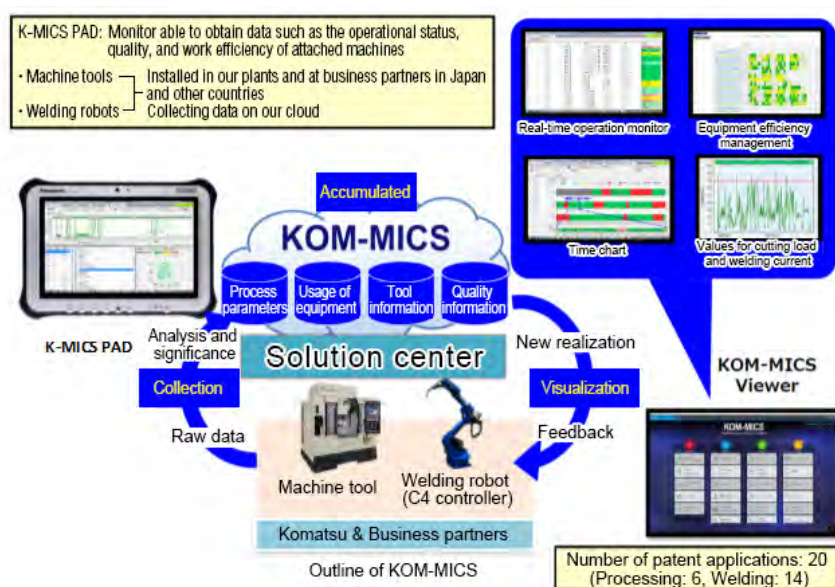


An online meeting system is used to provide remote education.

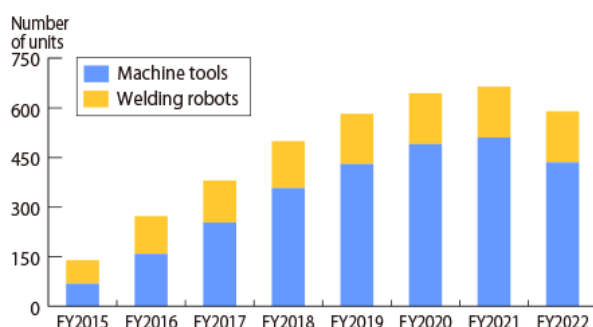
4. Supporting productivity improvement activities by using ICT

Addressing the issue of the labor shortage, which has been growing more seriously in recent years, is an urgent task for Komatsu and members of the Midori-kai as well. We promote the networking of production sites and facilities by making effective use of ICT (Kom-mics) and using the network to improve productivity and save human resources. As a countermeasure against the labor shortage, we are expanding these activities to members of the Midori-kai proactively. Tools such as ones for monitoring operating rates that we developed on our own (K-MICS PAD) automatically collect data, including operational status and operating conditions, from the controllers of machine tools and welding robots of each company. These data are accumulated on the network, and processed and edited on a PC with application prepared for each purpose. We thus visualize the issues that need to be overcome to improve the operating rate, leading to collaborative analysis and implementation of measures.

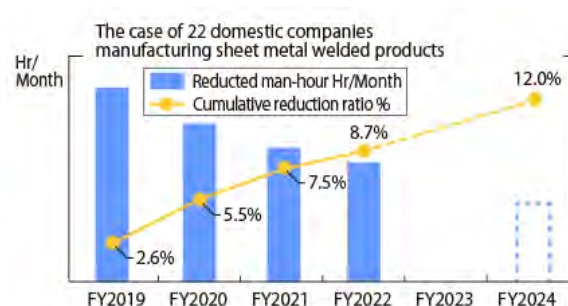
Outline of Kom-mics



Changes in the number of K-MICS PAD units installed at suppliers' site



The situation of productivity improvement through the utilization of K-MICS PAD



5. BCP to prepare for natural disasters

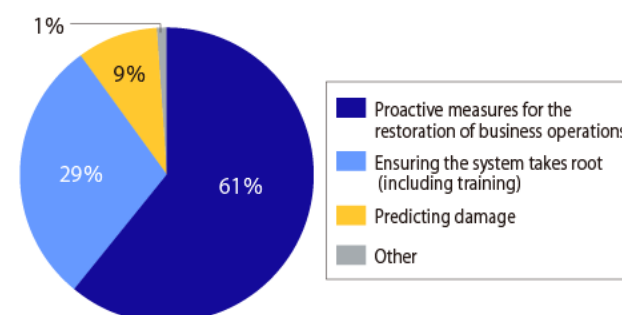
Natural disasters such as earthquakes, heavy rains and typhoons have frequently occurred in recent years. Worse, there are new clear risks such as the COVID-19 pandemic, cyberattacks. The importance of establishing a BCP system for the supply chain is increasing. Starting after the Great East Japan Earthquake in 2011, Komatsu has provided support by implementing measures to withstand earthquakes and water damage, etc. at the buildings and facilities of 104 companies, mainly custom goods suppliers belonging to the Midori-kai. In addition to these tangible measures, it is also necessary to strengthen intangible measures, including the establishment of an initial response system by creating a BCP manual, etc., and a system for facilitating early restoration of business operations. Since FY 2019, we have held BCP workshops for 104 Midori-kai member companies, mainly focusing on support for the establishment of their own initial response systems.

In the future, we will extend our support to activities to enable the system take root through simulations and other activities, something that many of our business partners believe necessary for the promotion of BCP, and to proactively prepare to restore business operations (e.g. the sharing of information, dispersion of in-house production capacity, consideration of collaboration with other companies in the same industry).



BCP workshops

Issues to consider when advancing the company's BCP (responses obtained from 87 Midori-kai companies)



Issues to consider when creating BCP

Support for member companies of the Komatsu Midori-kai (environment)

1. Support for those obtaining environmental management certifications

We have requested all member companies of the Midori-kai in Japan and China to obtain certifications for environmental management systems (EMS), such as ISO14001 and Eco-Stage, and provided them with instructions and support for obtaining the certifications. In Japan, all 156 member companies have obtained the certifications, and we began to check the renewal status of the certifications in 2018. In China, a total of 60 companies have already obtained the certifications. We encourage Midori-kai companies in U.S., Europe and Thailand to obtain similar certifications, aiming to ensure that 95% of these suppliers (including all manufacturers and excluding trade companies) have been certified by the end of FY2024.

Over ten years have already passed since the Midori-kai members in Japan obtained the certifications. Like in the case of the safety and health activities, it is important to follow-up the status of the certifications in each company's business activities. To realize this, we started environmental audits for the outsourcing companies of the Midori-kai from 2021, and 4 companies were audited by 2022. Through written surveys on compliance with environment-related laws and regulations, etc. and on-site inspections at each company's offices, we will inspect how EMS has taken root on site and link the results to our support for their improvement in the future. Since FY2022, we have expanded check sheet-based voluntary verification to all Midori-kai outsourcing companies in Japan and have held study sessions on environmental laws and regulations. We will continue to increase the number of onsite audits, especially for companies bearing anticipated risks.

Environmental audits



Onsite audit



Documents screening

Number of Midori-kai member companies with EMS certifications (as of the end of April 2022)

Region	Number of member companies	Number of companies which have obtained certification							Percentage of companies with certification	
		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2024 Target	FY2024 Target	FY2022 Progress
Japan	156	156	156	156	156	156	156	156	100%	100%
China	60	53	55	57	58	60	60	60	100%	100%
Thailand	31	N/A			16	16	18	20	65%	58%
North America	44	19	19	19	19	27	27	40	91%	61%
Europe	42	29	29	32	34	34	35	39	93%	83%
Total	333	257	259	264	283	293	296	315	95%	89%

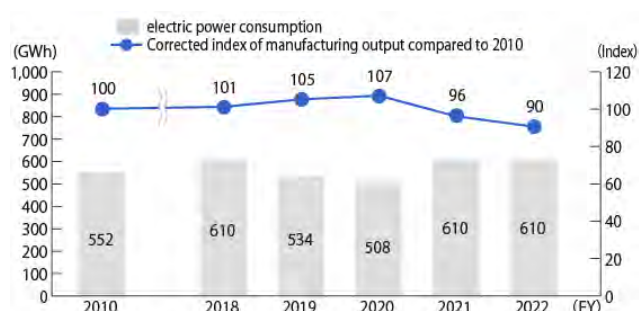
2. Responding to climate change: reducing greenhouse gas emissions in the supply chain

Komatsu has set a mid-term ESG target of 50% reduction in CO₂ emissions in products and production (compared to 2010) by FY2030 and promotes improvement activities. In recent years, we have emphasized the importance of reducing CO₂ emissions in the entire supply chain related to its own business, and worked to reduce CO₂ emissions from manufacturing process of purchased parts and materials, which account for about 10% of indirect CO₂ emissions (Scope 3) other than Scope 1 and 2.

From 2012 to 2016, in response to tight power supply and demand and the steep increase in electricity costs following the Great East Japan Earthquake, we began to roll out activities to reduce the power consumption of 96 Midori-kai companies in Japan by setting a target reduction in electricity consumption of at least 15% compared to 2010. Despite comparative obstacles due to large fluctuations in production volumes and new capital investments, we almost achieved our target by the end of FY2016. As a result of the expansion of these activities across all our suppliers, some suppliers won the ECCJ Energy Conservation Grand Prize Award. Since 2017, we have worked to maintain and improve the level of reduction through independent improvements at each company. Since FY2019, we have also been providing concrete support for the reduction of CO₂ emissions in all kinds of energy use, including electricity, heavy oil, and gas, targeting the top ten highest-emitting casting, forging, and heat treatment companies. From FY2023, we have requested that all of 156 Midori-kai companies set mid- and long-term reduction targets in accordance with the SBT and implement tangible improvement activities. In particular, for 93 Midori-kai companies that serve as sub-contracted suppliers, we have set a common target of reducing CO₂ emissions by 20% from the FY2022 level on a basic unit basis by FY2030 and have begun CO₂ emissions reduction activities. With the start of activities in FY2022, we introduced our latest case studies of improvements. We will continue to promote CO₂ reduction through technical exchange meetings and other activities in which our improvement promotion division and the Midori-kai committee collaborate. Progress of each activity is monitored through periodic CO₂ emissions surveys and SAQ questionnaires.

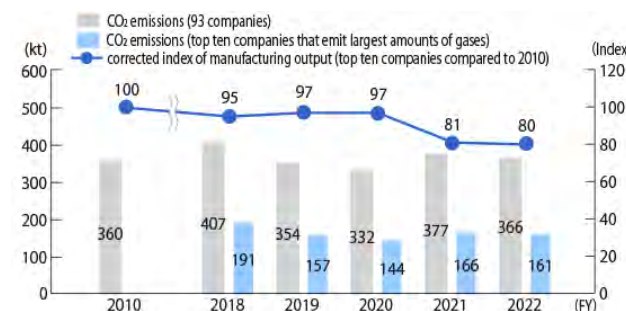
Changes in electric power consumption (Midori-kai 93 companies)

Independent practitioner's assurance



Change in CO₂ emissions (Midori-kai 93 companies)

Independent practitioner's assurance



Status of setting of targets for the reduction of GHG emissions (156 companies in the Midori-kai)

	Already set	Not set/not answered yet
Short-term target	124	32
Medium- and long-term target	39	117

3. Addressing water risks

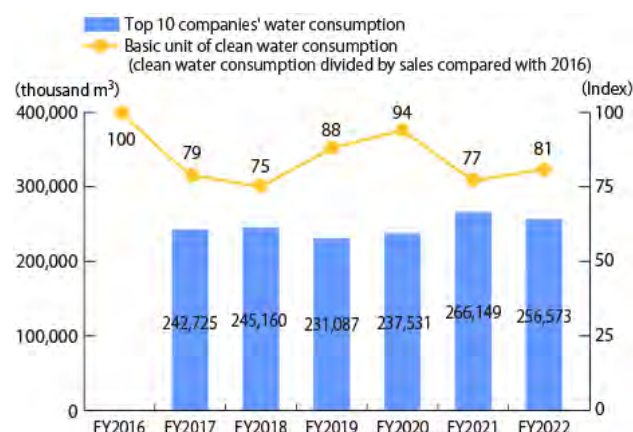
We are inspecting 135 offices of 96 Midori-kai members in Japan to understand their general water risks, including the above-mentioned flood and tsunami risks, location environments, potential and actual water intake/discharge capacities, water quality, and how they address these issues. We also use Aqueduct in these analyses.

In response to these investigations, we have been conducting activities to reduce water consumption since FY2017. In these activities, the top ten companies in the consumption of clean water are considered to be model companies and we present Komatsu improvement examples and provide guidance on improvement through on-site visits, with a target of 15% reduction of water consumption by FY2021. In FY2018, the target was achieved. Since then, we have voluntarily stayed aware of the amount of water used and have extended the activities to other Midori-kai companies through the distribution of improvement examples from Komatsu and ten other companies. We have also conducted environmental audits and confirmed compliance with the Water Pollution Control Act and other water-related laws and regulations since FY2020.



On-site investigation of water risks

Changes in clean water consumption by the top 10 largest water users in the Midori-kai



4. Responding to environmental regulations in China

The basic goal of the environmental regulations in China is the elimination of three things: exhaust gases, discharged water, and solid waste. However, when operating under those regulations, the regulations and standards set forth by each local government have priority. Regarding discharged water from plants, to address the aggravated water pollution in rivers and lakes, the standards for BOD/COD (Biochemical Oxygen Demand/Chemical Oxygen Demand), which are indexes of amounts of organic substances in discharged water, are especially strict when compared to the country-wide standards in Japan, and there is an increasing number of cases where centralized water treatment systems for discharged water, etc. need to be installed.

Komatsu checks the regulatory compliance status of the Midori-kai members in China on a regular basis.

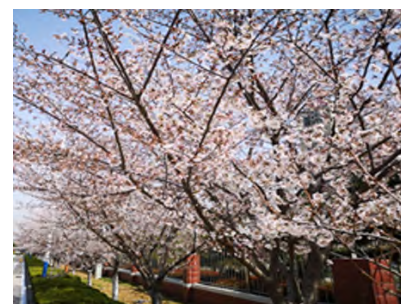


An example of measures to meet regulations in China (Daikyo Machinery Shandong Co., Ltd.: Installation of a welding fume dust collector and exhaust air ducts)

In addition, in China, extremely tough environmental regulations were imposed in 2015, mainly in the coastal areas, aiming to improve air pollution issues (PM2.5) drastically. As a result, companies engaging in businesses such as painting, welding, casting and plating are required to take thorough measures to reduce exhaust air, smoke and soot (including VOCs). Working together with member companies of the Midori-kai in China, we provide support for complying with the regulations, including the installation of facilities. As a result of measures taken by the companies, 18 companies had been certified as exempt from the regulations (as green companies) as of March 31, 2022. We will continue to work with each company to reduce risks to our business continuity.

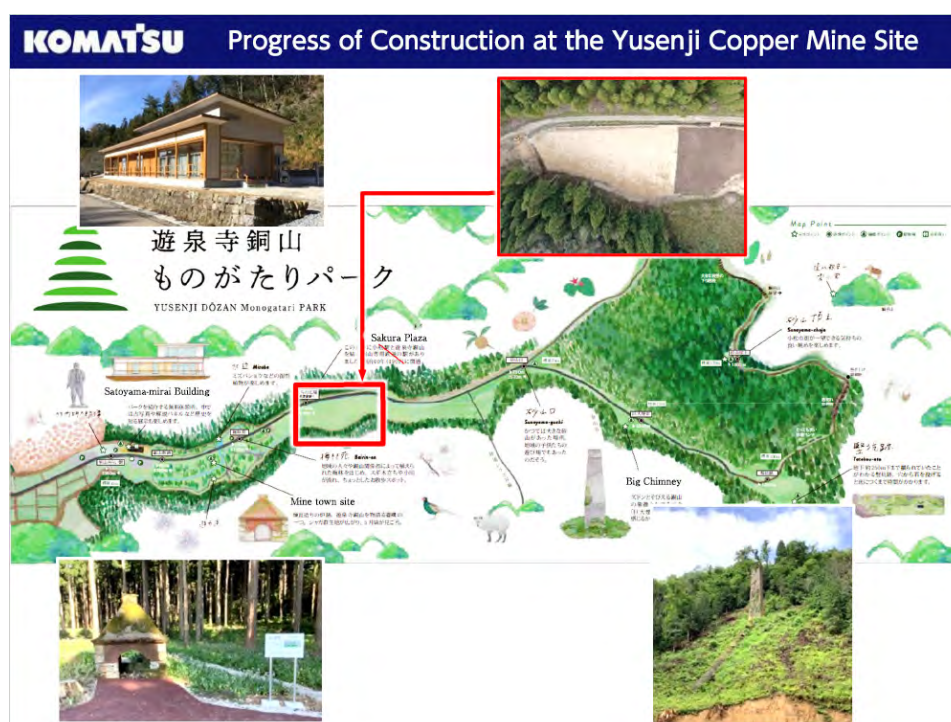
5. Dealing with biodiversity

In 2011, Komatsu established “the Declaration of Biodiversity by Komatsu”, a declaration that we will work for the reduction of environmental impact through our business activities and for the conservation of biodiversity through our social contribution activities. Receiving support for our policies from Midori-kai members in Japan and other countries, we are conducting community contribution activities in cooperation with them, such as environmental conservation. We have also provided educational programs and encouraged the companies to implement their own endeavors in accordance with their unique situations and geographical locations since FY2021. We request each company to report on the details of their efforts annually.



Cherry tree planting activity in China
(Jining, Shandong Province)

■ Support for construction and environmental conservation of the Yusen-ji copper mine in Komatsu City, Ishikawa prefecture



Corporate governance

Basic stance on corporate governance

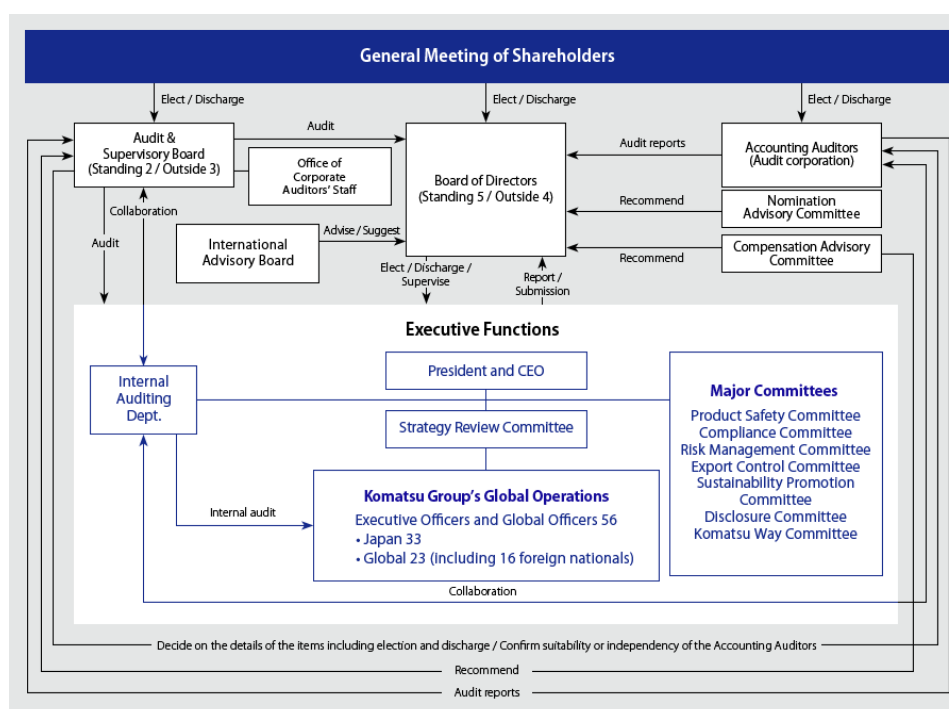
Komatsu believes its corporate value is the total sum of trust given to the Company by society and all stakeholders. To become a company which enjoys more trust from shareholders and all other stakeholders, the Company is working to strengthen corporate governance, improve management efficiency, advocate corporate ethics and ensure sound management on a group-wide basis.

To further improve the transparency of management for its shareholders and investors, the Company discloses information in a fair and timely manner and actively engages in investor relations' activities by holding meetings with shareholders and investors.

Corporate governance framework

At the Company, the Board of Directors is positioned as the core of corporate governance, and to improve the effectiveness of discussions at meetings of the Board of Directors, the Company has worked to put in place a system to ensure thorough discussions of important management matters and prompt decision making, and reform their operational aspect. Having introduced the Executive Officer (Shikko Yakuin) System in 1999, the Company has separated management decision making and supervisory functions from executive functions to the extent permitted by laws and regulations, and while appointing both Outside Directors and Outside Audit & Supervisory Board Members, limits the Board of Directors to a small number of members.

Corporate governance of the company (As of June 30, 2023)



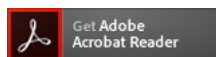
For further information, please refer to the following links.

[> Corporate Governance Report \(593KB\)](#) 

Disclosure based on each principle of the Corporate Governance Code, status of corporate governance (directors, auditors, independent directors, incentives, directors' remuneration), etc.

[> Komatsu Report](#) 

Message from outside directors, activities of the board of directors, summary of results of the board of the directors effectiveness assessment, corporate governance reform, activities of outside directors, advisory committee activities, succession plan, executive compensation system, etc.



Installing [Adobe Acrobat Reader](#)  is required to open PDF file data.

Corporate governance indicators

* As of March 31, Fiscal-Year end

Corporate Governance											
			Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	
Number of Directors *Entering the number of people after the ordinary general meeting of shareholders	Number of Internal Directors	Women	Members	0	0	1	1	1	0	0	
		Men		7	5	4	4	4	5	5	
		Total		7	5	5	5	5	5	5	
	Number of Independent Directors	Women		0	0	0	0	0	1	1	
		Men		3	3	3	3	3	3	3	
		Total		3	3	3	3	3	4	4	
	Total			10	8	8	8	8	9	9	
	Number of Corporate Executive Officers on the Board			Members	6	4	4	4	4	4	4
% of Corporate Executive Officers on the Board		%	60	50	50	50	50	44	44		
% of Independent Directors on the Board			30	38	38	38	38	44	44		
% of Women on the Board			0	0	13	13	13	11	11		
Number of Audit & Supervisory Board Members	Number of Internal Members	Women	Members	0	0	0	0	0	0	0	
		Men		2	2	2	2	2	2	2	
		Total		2	2	2	2	2	2	2	
	Number of Independent Members	Women		1	1	1	1	1	1	1	
		Men		2	2	2	2	2	2	2	
		Total		3	3	3	3	3	3	3	
	Total			5	5	5	5	5	5	5	
	% of Independent Audit & Supervisory Board Members			%	60	60	60	60	60	60	60
% of Female Audit & Supervisory Board Members		20	20		20	20	20	20	20		
Average Age of Board Members		Age	61.8	63.2	63.2	60.6	61.6	61.6	62.6		
Term Limits for Board Members		Years	1	1	1	1	1	1	1		
Number of Board Meetings		Times	17	15	15	15	15	15	15		
Board Meeting Attendance		%	99	100	100	99	100	100	99		
Attendance of Independent Directors at Board Meetings		%	98	100	100	100	100	100	97		
Number of Directors Attending Less Than 75% of Board Meetings		Members	0	0	0	0	0	0	0		
Number of Audit Committee Meetings		Times	15	15	15	15	15	15	15		
Audit Committee Meeting Attendance		%	97	100	99	100	100	100	97		
Attendance of Independent Auditors at Board Meetings		%	96	100	98	100	100	100	98		
Number of Auditors Attending Less Than 75% of Board Meetings		Members	0	0	0	0	0	0	0		

Corporate Governance										
			Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Number of Executive Officers *Excl. Board Members	Women		Members	2	2	1	2	2	2	2
	Men			32	30	29	31	26	25	28
	Total			34	32	30	33	28	27	30
Ratio of Female Executive Officers			%	6	6	3	6	7	7	7
Number of Executive Officers (Global Officers)	Women		Members	0	0	0	0	0	0	0
	Men			26	27	29	26	28	27	27
	Total			26	27	29	26	28	27	27
Human Resource Advisory Committee Members	Number of Internal Members	Women	Members	0	0	0	0	0	0	0
		Men		2	2	2	2	2	2	2
		Total		2	2	2	2	2	2	2
	Number of Independent Members	Women		0	0	0	0	0	1	1
		Men		3	3	3	3	3	3	3
		Total		3	3	3	3	3	4	4
	Total			5	5	5	5	5	6	6
	Number of Human Resource Advisory Committee Meetings			Times	1	1	2	3	2	5
Human Resource Advisory Committee Meeting Attendance			%	100	100	100	100	100	100	100
Number of Compensation Advisory Committee Mem bers	Number of Internal Members	Women	Members	0	0	0	0	0	0	0
		Men		1	1	1	1	1	1	1
		Total		1	1	1	1	1	1	1
	Number of Independent Members	Women		1	1	1	1	1	2	2
		Men		3	3	3	3	6	6	6
		Total		4	4	4	4	7	8	8
	Total			5	5	5	5	8	9	9
Number of Compensation Advisory Committee Meetings			Times	2	2	1	1	1	1	4
Compensation Advisory Committee Meeting Attendance			%	100	100	100	100	100	100	100

Compensation									
		Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Compensation of Chief Executive Officer	Basic Remuneration	Millions of Yen	100	100	102	103	103	103	116
	Performance-Based Bonus in Cash		36	73	93	41	28	65	120
	Performance-Based Remuneration (Stock-Based)		19	19	99	46	35	57	87
	Total		155	192	294	190	166	224	323
Compensation of Directors *Excluding External Directors *Including those who retired during the term	Basic Remunerations		427	357	357	345	331	331	359
	Stock Options		0	0	0	0	0	0	0
	Performance-Based Bonuses in Cash		154	246	310	130	88	207	369
	Performance-Based Remunerations (Stock-Based)		83	68	300	147	108	182	249
	Total		664	671	967	622	527	720	977
Compensation of Audit & Supervisory Board Members *Excluding External Audit & Supervisory Board Members *Including those who retired during the term	Basic Remunerations		86	86	87	87	87	87	90
	Stock Options		0	0	0	0	0	0	0
	Performance-Based Bonuses in Cash		0	0	0	0	0	0	0
	Performance-Based Remunerations (Stock-Based)		0	0	0	0	0	0	0
	Total		86	86	87	87	87	87	90
Compensation of External Directors and External Audit & Supervisory Board Members	Basic Remunerations		85	85	103	108	109	122	146
	Stock Options		0	0	0	0	0	0	0
	Performance-Based Bonuses in Cash		9	9	0	0	0	0	0
	Performance-Based Remunerations (Stock-Based)		4	5	0	0	0	0	0
	Total		98	99	103	108	109	122	146

Shareholder Rights	
Anti-Takeover Measures	None

Compliance		
Malus and clawback system	Yes	In the event of a significant revision of financial statements or an event that has a significant impact on the reputation of the Company due to the execution of business by Directors, the performance-based remuneration paid to the Internal Directors could be required to be reduced, confiscated or refunded. In principle, the content of the refund request, etc. will be decided by the Board of Directors after the deliberation by the Compensation Advisory Committee according to each event.

	Unit	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Political Contributions	Millions of Yen			8	8	8	8

Compliance

Promoting compliance

Komatsu considers the maximization of corporate value with the pursuit of Quality and Reliability as a core component of our management principles. The Company believes its corporate value is the total sum of trust given to the Company by society and all our stakeholders.

In order to raise the total sum of reliability, it is necessary not only to improve business performance and to enhance the soundness and transparency of management, but to also become a company that has acquired societal trust. Thus, it is increasingly important for any company to comply with the rules of business society.

Frameworks for promoting compliance

To make certain that the entire Komatsu Group complies with the rules of the business community, Komatsu has appointed an executive officer at the head office in charge of compliance, and established the Compliance Department to handle this issue exclusively. The Compliance Committee, chaired by the president and CEO, deliberates the Group's action policies and important issues while regularly reporting the state of compliance-related activities to the board of directors.

Komatsu's Worldwide Code of Business Conduct

The company has formulated Komatsu's Worldwide Code of Business Conduct (established in 1998 and revised ten times to date) as a compilation of best business practices to be observed by officers and employees of Komatsu Group companies around the globe.

While Komatsu is expected to achieve its own sound and sustainable growth as a global corporation, a growing number of stakeholders also expect Komatsu to give due consideration to the environmental and social impacts of its business activities, products and services, and to make positive contributions to the sustainable development of society. Komatsu believes that meeting these expectations is our social responsibility as a good corporate citizen, while we seek to find solutions for ESG (Environmental, Social and Governance) issues through our core business activities. In addition, a positive cycle of solving ESG issues and improving our earnings is expected to facilitate sustainable growth for Komatsu. Part 1 of "Komatsu's Worldwide Code of Business Conduct" (the "Code") provides principles and standards for responsible business conduct that Komatsu follows to fulfill its social responsibilities. For Komatsu to continue to earn the trust of society, each and every employee of Komatsu is required to act in good faith, ethically and in compliance with laws, regulations and other rules generally recognized and respected by society (the "Rules"). Accompanied by examples, Part 2 of the Code contains select universally applicable rules which set the code of conduct that must be followed by all employees of Komatsu.

If any actions are discovered to be in violation of "Komatsu's Worldwide Code of Business Conduct," disciplinary measures such as salary reduction and suspension of pay raises will be taken according to the employment regulations. Such actions will also be taken into consideration in performance evaluations.

Komatsu considers CSR as a key responsibility, which is shown by Komatsu's Worldwide Code of Business Conduct clearly focusing on the importance of CSR. Turning a PDCA cycle of (1) formulating a code of conduct, (2) implementing the code, (3) determining whether and how the code is following and (4) reacting to contingencies for corrections and preventing recurrences of problems is the pillar of Komatsu's compliance activities.

The compliance system for the Code of Conduct is regularly audited by an auditing company.

Komatsu's Worldwide Code of Business Conduct is available at:

[> Komatsu's Worldwide Code of Business Conduct !\[\]\(c444627dab9fee9a1550c053ffaaaae2_img.jpg\)](#)

Process for compliance activities

1. Formulate the Code:
Formulate the Code and the Five Principles of Compliance as a foundation for compliance activities and revise the Code (currently in its 11th edition) as required to reflect social change.
2. Implement the Code:
Implement the Code through education that corresponds to employee rank and their respective duties, and by communicating information in accordance with the Code.
3. Determine the current status:
Determine whether we comply with rules of business society by having all business units regularly report on their use of the Code, implementing compliance and risk audits, conducting "visualization survey" of potential risks and enhancing Komatsu's internal reporting system.
4. Reacting to contingencies:
Any issues identified during the above activities or otherwise will be addressed in accordance with the Code and be rectified through implemented preventive measures.

Upholding thorough compliance

So that employees remain acutely aware of compliance all the time, the Group is working to cultivate their consciousness of best business practices by displaying business unit posters in every Komatsu Group listing The Five Principles of Compliance (a condensed version of Komatsu's Code of Worldwide Business Conduct). For employee education, we have been expanding global e-learning since the 10th edition of Komatsu's Code of Worldwide Business Conduct to help employees around the world understand the Code, and the 11th edition of the revised education started in April 2021. In Japan, group training on compliance is conducted for managers and general employees by job level. In addition, we are expanding business-specific compliance training, and individual training in response to requests from departments. Furthermore, as training for risks for overseas operations, education on anti-corruption, antitrust laws, export control and more is provided to prospective employees to be based abroad.

We have established a "Compliance Portal" on our intranet to ensure wide-spread awareness. The monthly magazine "Everybody's Compliance" provides explanations of important laws, lessons learned from other companies, and articles on human rights, harassment prevention and traffic rules for general business-related practices. Articles on anti-corruption, antitrust laws, and export control have been repeatedly published as particularly important fields. By issuing compliance-related journals, we also expand

awareness-raising activities for our overseas affiliates. In this way, we are committed on a global scale.

The Group strives to detect risks early and implement reforms at Komatsu business units and Group companies through monitoring during financial audits and compliance and risk audits. The monitoring covers compliance in highly important areas such as safety and environmental practices.

Internal reporting system

Komatsu has established the Global Compliance Hotline in its HQ to offer counselling to and handle reports from employees of Komatsu Group companies pertaining to the rules in the business world. In this way, we strive to detect and correct problems early. In addition, Komatsu companies establish and maintain Regional Compliance Hotline that properly handles compliance of alleged or suspected violation of the Rules so that whistleblowers can raise claims in their native languages. Please note that reports directed to Global Compliance Hotline will be forwarded to the corresponding Regional Compliance Hotline for investigation and application of the Rules. The Global Compliance Hotline will monitor how the report is handled by the employee in charge of the Regional Compliance Hotline, with the goal of assuring global possess across the globe. The Group actively encourages consultations and reporting through Komatsu's Worldwide Code of Business Conduct, the Five Principles of Compliance, and Group companies' workplace rules, making it clear that employees who use the system for appropriate reporting will not be treated unfairly in any way as a result of their action.

The contact persons on the Global Compliance Hotline discuss the handling of all consultations and reports to ensure they are handled appropriately. They also participate in training sessions and workshops to improve their skills in handling reports.

Status in FY2022

No incidents of note occurred during 2022.

DATA

1. Number of internal reports

	FY2020	FY2021	FY2022
Number of internal reports (number of serious cases)	89 (0)	126(0)	141 (0)

2. About Komatsu's Worldwide Code of Business Conduct

Established	January 1, 1998
Last revised	April 1, 2021 (11th edition)
Languages	20 languages Japanese, English, Chinese, Spanish, Portuguese, German, Dutch, Italian, Polish, French, Swedish, Finnish, Indonesian, Thai, Russian, Turkish, Persian, Tamil, Taiwanese, Korean

3. Compliance education in FY2022

Global training on the code of conduct (e-learning and group training)	Approx. 45,930 people
<Group training (in Japan)> • Level-based training • Individual training by request (offices and related companies in Japan)	Approx. 1,480 people Approx. 22,380 people
<Group training (overseas)> • Individual training by request (overseas subsidiaries)	45 people

4. Compliance violation in FY2022

0 compliance violation had a significant impact on the management of the company.

5. With regards to anti-corruption

Number of employees who were dismissed because of conflict with Komatsu's anti-corruption policy (global)	Fiscal Year 2022: Zero
Fines imposed on Komatsu related to corruption / amount of penalties (global)	Fiscal Year 2022: Zero

Number of employee training sessions on anti-corruption prevention (in Japan)	Fiscal year 2022: 12 times Approx. 110 people (planned overseas assignment)
Establishment of internal reporting system related to corruption (global)	Prevention of corruption is specified in "Komatsu's Worldwide Code of Business Conduct" as a key priority issue. If there is any suspicion or concern involving corruption or the violation of business society rules, concerned parties are invited to use the Global Compliance Hotlines established at the Komatsu Head Office or within each region to report the problem.

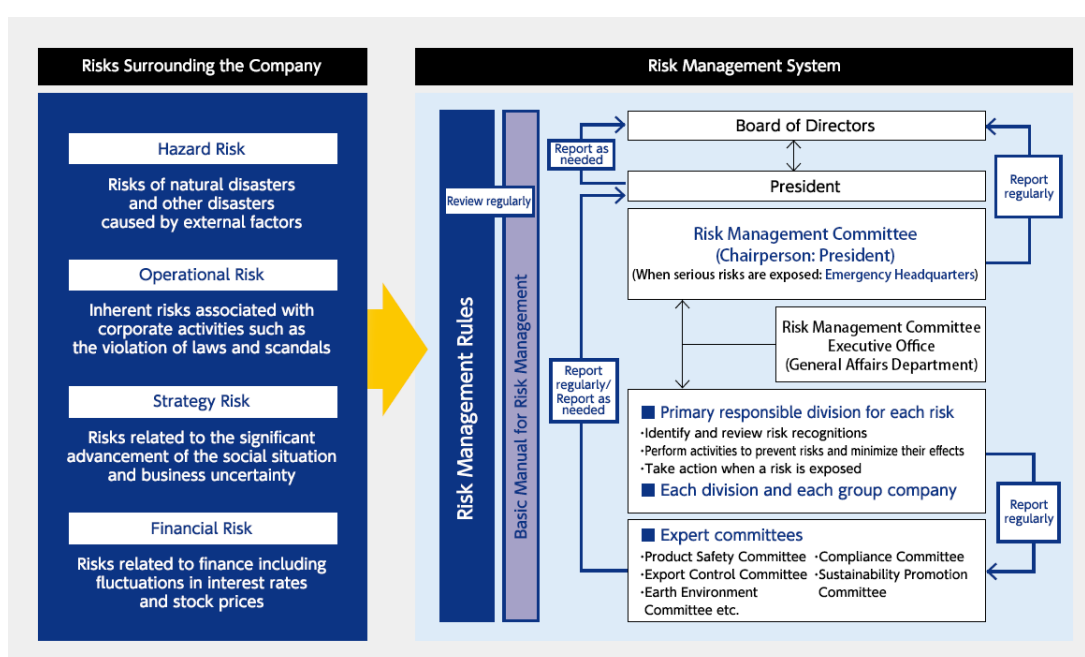
Risk management

The Komatsu Group recognizes all uncertainties that could threaten the Group's sustainable growth to be major risks, particularly compliance, environmental issues including climate change, product quality concerns, accidents, infectious diseases, information security issues and anti-social forces. The company has adopted the following measures to counter these risks.

1. Basic principles and structure for risk management

- In addition to the basic policy for risk management to ensure business continuity and stable development, Komatsu has established Risk Management Rules to correctly recognize and manage risks.
- Komatsu has established a Risk Management Committee to devise relevant policies for the entire Group, review the risk management system, and evaluate and improve upon response measures in place for each risk, as well as to take control of risks when they arise. In addition to the regular once-a-year meeting, further meetings are held as needed; in FY2022, the regular meeting was held in February, then other meetings were held in June and October. The Chairperson of the Risk Management Committee is the President of the company, and the Vice Chairperson is the Executive Officer in charge of General Affairs. The secretariat of the Risk Management Committee is managed by the Risk Management Group within the General Affairs Department, which specializes in risk management activities.
- The committee regularly reports on its deliberations and activities to the board of directors. During FY2022, we have discussed risk management and received suggestions from advisers of the International Advisory Board (IAB), as we aim to incorporate the objective advice and suggestions of external experts.
- Komatsu will establish an emergency headquarters when serious risks occur and implement appropriate measures to minimize damage.
- We are developing risk reporting lines, preparing related manuals and making other efforts to further improve the risk management system of the entire Group, including overseas subsidiaries.

■ Risk management structure



2. Business and other risks

We recognize the following business and other risks as described in the Annual Securities Report.

1. Economic and market risks
2. Exchange rate fluctuations risks
3. Risks related to fluctuations in the financial markets
4. National regulations risks
5. Risks related to environmental regulations, climate change, etc.
6. Product and quality liability risks
7. Risks related to alliances, cooperation, acquisitions, etc.
8. Risks related to procurement, production, etc.
9. Risks related to information security, intellectual property, etc.
10. Risks related to natural disasters, accidents, infectious diseases, etc.
11. War, terrorism, geopolitical risks

3. Emerging risks

The emerging risks that may affect us in the medium term (3-5 years) and are of high significance are as follows.

Risk title	Risks and business background	Business impact	Risk-reduction actions
Geopolitical Risk	<p>Komatsu operates 239 global bases (32 in Japan and 207 overseas) and conducts business in over 150 countries and regions. As a result, escalating social, political, or military tensions in specific areas can adversely affect our supply chain, which includes production, sales, and services.</p> <p>Additionally, the tightening of export regulations related to advanced technologies also impacts certain segments of our business.</p> <p>The geopolitical landscape is increasingly uncertain, with the Russia-Ukraine situation being a notable example. Should tensions escalate to the point of war or other conflicts, we may be compelled to scale back operations in the affected areas. Such a scenario could lead to a decrease in sales, asset devaluation, and market loss due to customer attrition, all of which could potentially impact our future business.</p>	<p>In light of the situation in Russia and Ukraine, Komatsu has suspended shipments of its primary products, as well as parts and components, to Russia. We have also halted operations at our production facilities within the country. The business environment in the CIS—which includes Russia, Belarus, and six other non-sanctioned nations—remains unstable. Should this state of affairs persist, particularly our inability to provide customer support in the resource-rich countries of Central Asia among the non-sanctioned nations, it could have potential implications for our future business.</p> <p>Moreover, our products related to electronics feature advanced technologies, some of which fall under export controls governed by export trade regulations. Although the impact is minimal at present, any future tightening of these regulations could result in lost sales opportunities and hinder our service support, thereby potentially affecting our overall business.</p>	<p>Among the CIS countries, the six non-sanctioned nations are important markets situated in resource-rich Central Asia. To capitalize on this, we have established Komatsu Central Asia LLP, a wholly-owned subsidiary in the Republic of Kazakhstan. This new entity is tasked with handling sales and service operations in the Central Asian region, with the aim of further expanding both sales and revenue.</p> <p>In light of amendments to the Export Trade Control Order, we have instituted a specialized department within the company to swiftly gather relevant information. This department collaborates with related business units to ensure timely and appropriate action is taken. Regarding the export controls on advanced technologies, we are proactively working to mitigate potential revenue losses. Our strategy involves diversifying and broadening our revenue streams by venturing into markets outside regulated regions, enhancing product differentiation features, elevating capabilities through long-lasting modules, and boosting the profitability of our parts business.</p>

Risk title	Risks and business background	Business impact	Risk-reduction actions
Risks related to the development of low-carbon/low-emission products	<p>We have set a mid-term management plan target of reducing CO₂ emissions by 50% from the 2010 level by 2030 and have declared our goal of becoming carbon neutral by 2050. To verify our progress, we compared the product performance in the base year (FY2010) and in FY2022 and calculated the resulting reduction in CO₂ emissions from improvements in fuel consumption and work efficiency. We found that in FY2022, products achieved a 21% reduction in CO₂ emissions compared with the base year.</p> <p>However, our products and solutions may not be adopted within the low-carbon/low-emission product market in the future if the development of low-carbon/low-emission products and solutions does not proceed as planned, if rival products are launched by our competitors, or if we do not have sufficiently established procurement, production, and service systems when we bring EVs, hydrogen and other products to market.</p>	<p>Low-carbon/low-emission products are expected to be in demand in the European, North American, and Japanese markets in the future. The construction, mining and utility equipment segments account for 93% of Komatsu's total sales, with the European, North American, and Japanese markets accounting for 46% (in FY2022) of the total sales by region.</p> <p>Additionally, major resource companies that are mine machinery customers are accelerating their efforts to decarbonize their operations and take an environment-conscious management stance. If such risks materialize in the future, our products and solutions may lose their competitiveness, which may have a significant and prolonged impact on our business plan.</p>	<p>We have worked to improve the operating efficiency of our machines, reduce fuel consumption, and transition from internal combustion engines such as diesel engines to cleaner power sources such as hybrids, electrification, and fuel cells. We introduced to the Japanese market the PC30E-5 electric excavator in April 2020 and the PC01E-1 in March 2022 through joint development with the Honda Motor Co., Ltd. (hereinafter Honda). Furthermore, we and Honda have jointly developed the PC05E-1, an expansion of the PC01E-1 model, and plan to introduce it to the domestic Japanese market in FY2023.</p> <p>In December 2022, we also launched the FE25G-2 and FE30G-2 electric forklift trucks, which are 2.5-ton and 3.0-ton-class electric forklift trucks equipped with high-capacity lithium-ion batteries. This will further help customers to reduce their CO₂ emissions.</p> <p>We will further contribute to climate change mitigation and carbon neutrality by promoting the mechanization of all processes relating to afforestation, silviculture, forest growth, and logging, and by supporting the reforestation cycle as a recycle-oriented business.</p> <p>We will also strengthen our remanufacturing business, in which components are recycled and reused, by positioning it as a recycle-oriented business that contributes to CO₂ reduction.</p> <p>Regarding CO₂ reduction in mining operations, in 2021, Komatsu formed the Komatsu Greenhouse Gas (GHG) Alliance with four of the world's leading resource companies, Rio Tinto, BHP, Codelco, and Boliden. The alliance's initial target is the roll-out of a super-large dump truck that can run on a variety of power sources.</p> <p>Moreover, starting in 2024, Komatsu has agreed to collaborate with Codelco to trial a new environmentally friendly tunnel excavation method using Komatsu's newly developed Mining Tunnel Boring Machine (TBM) for underground hard rock mining. This method has been developed with a focus on "No Blasting," "No Batch," and "No Diesel." We aim to introduce this innovative technology as soon as possible to help improve environmental performance at our customers' sites.</p>

Risk title	Risks and business background	Business impact	Risk-reduction actions
Risks related to providing solutions to customers	Komatsu promotes solutions businesses in smart construction, automation in mining (e.g., AHS), and data-driven business (e.g., KOMTRAX); however, Komatsu may lose competitiveness in new markets if it is unable to develop solutions that meet customer needs by the time required by the market or if technologies developed and provided by Komatsu are not well received by customers.	If we are unable to provide solutions that maintain our competitive advantage, our business performance may be affected and the impact may be prolonged.	<p>In April 2021, Komatsu, NTT DOCOMO, Sony Semiconductor Solutions, and Nomura Research Institute launched a new company named EARTHBRAIN Ltd. to grow their solutions businesses. In response to the demand for workstyle reform at construction sites around the world, we are working to promote DX in the construction industry to improve safety, productivity, and environmental friendliness.</p> <p>As an example, Komatsu and EARTHBRAIN have jointly developed a remote control system for construction machinery, which they began offering to customers in March 2023. This system can also be linked with the Smart Construction Fleet and Smart Construction Retrofit, and when linked with these services, we can expect to maximize dump truck loading efficiency and further improve safety in construction machinery operations.</p> <p>Komatsu has begun installing an Autonomous Haulage System (AHS) at Los Bronces, a Chilean open-pit copper mine operated by the global mining company Anglo American. We plan to deploy a total of 62 930E ultra-class haul trucks by 2024. This will be Komatsu's first AHS installation for Anglo American.</p> <p>Komatsu has acquired Mine Site Technologies Pty Ltd, a provider of operational optimization platforms for underground mining that leverages communication devices and position-tracking systems. Through this acquisition, we aim to enhance the speed of advanced technology solutions, including the automation and teleoperation of underground mining machinery, and further improve the safety and productivity of our customers' sites.</p> <p>Furthermore, starting in 2022, we have expanded the number of models equipped with the KomVision Human Detection & Collision Mitigation System. This system recognizes humans around the excavator and controls the motion of the excavator when people are detected as the excavator starts to travel or swing.</p>

4. Specific initiatives in FY2022

(1) Response to geopolitical risks

The Komatsu Group has established development, production, sales, and other bases around the world and conducts business globally. Therefore, heightened social, political, or military tensions in a particular region may affect our business. To minimize the impact of diversified geopolitical risks on resource price fluctuations, import/export regulations, supply chains, and so on, the Group is continuously assessing the political and economic situations and trends in laws and regulations worldwide and taking appropriate measures in response to this assessment. Regarding the situation in Ukraine in particular, in line with our crisis management policy, we have established an emergency taskforce headed by the president to ensure the safety of our employees and their families and to comply with export regulations in all jurisdictions.

(2) Response to the COVID-19

To fulfill its responsibilities to its customers engaged in essential businesses supporting social infrastructure, the Komatsu Group takes thorough measures to prevent infection as it continues to supply of products, parts and services to its customers. In FY2022, we continued to monitor the employees' infection status globally and responded to the situation according to the government policy in each country. In Japan, in accordance with government and prefectural policies, we worked to prevent infection among employees and monitored the operational status of production sites and partner companies to curb the impact of the pandemic on production.

(3) Establishing a business continuity plan (BCP) and providing training

Komatsu has established a BCP to continue or quickly restore important operations. We implemented initial response training at each base in Japan to improve their risk management level and their ability to respond to disasters. We have introduced the safety check system to promptly check the safety of employees and their families when a disaster or accident occurs as well as wide-area wireless devices and other tools at each base of the group. Through regular safety reporting and communication training, we are enhancing the emergency communication capabilities of the entire group. Each of our domestic sites conducts annual BCP roleplays to ensure that employees can act appropriately and promptly in the event of a disaster by independently assuming duties based on hazard maps.

Furthermore, considering the recent frequent occurrence of large natural disasters, each of our bases has reinforced the seismic resistance of their buildings and facilities and enhancing countermeasures to concentrated heavy rains based on their own plans. We are focused on not only strengthening the BCP of each base of the Komatsu Group but also strengthening the supply chain system through our support of our business partners as they establish and improve their BCPs.

We will continue to promote and strengthen BCPs and related activities to build a flexible and sustainable supply chain that can respond to diverse risks.

<Examples of Initiatives in FY2022>

Previously, each domestic site had conducted training on a theme of its choice, such as earthquakes and typhoons; however, in FY2022, BCP training was conducted on the company-wide common theme of the eruption of Mt. Fuji. This training, conducted based on the assumption of specific disaster scenarios, was designed to strengthen cooperation between sites and enhance response capabilities. Below are examples of the training conducted at the head office in Tokyo and the Shonan Plant in Kanagawa Prefecture, where ash fall is expected as a result of the eruption of Mt. Fuji.

① Shonan Plant (Hiratsuka-shi, Kanagawa)

We are considering measures to prevent ash fall at the production site, hold strategic inventory, and transfer production to other plants.

② Head Office (Minato-ku, Tokyo)

We are considering measures to maintain building utilities. Additionally, we are identifying critical operations that must continue even in the event of a disaster and examining countermeasures.

(4) Response to economic security issues

Greater political divisions globally may lead to tighter regulations in some countries. In response to the Economic Security Promotion Act and other trends in economic security-related regulation, the Komatsu Group has appointed an executive officer in charge of economic security to collect and analyze information.

5. Conducting compliance and risk audits

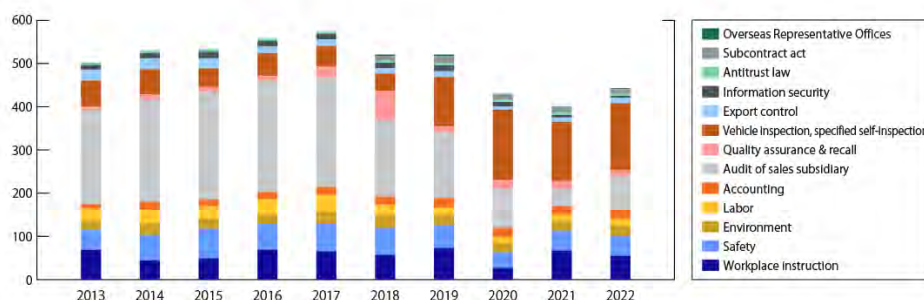
As a part of its risk management activities, Komatsu has been conducting compliance and risk audits (CR audits) since FY2008. These covered areas are not included in J-SOX audits, which are conducted in accordance with the Financial Instruments and Exchange Act of Japan to evaluate the internal controls related to financial reporting, and identify potential compliance risks within the company, with a particular focus on confirming and evaluating the status of legal compliance. Our internal specialist team conducts the internal audits at Komatsu and its Japanese/overseas affiliates, as well as at independently owned distributors and business partners. Through these audits, we strive to raise control and compliance awareness levels at each company and in every department. We are improving our audit method according to changes in the business environment and raising the operational level of CR audits as a part of our risk management functions.

The audited items in FY2022 are:

1. Safety, 2. Environment, 3. Labor, 4. Finance and Treasury, 5. Quality Assurance and Recall, 6. Vehicle Inspections and Specific Voluntary Inspections (inspections required by law), 7. Export Control, 8. Information Security, 9. the Anti-monopoly Act, 10. the Subcontract Act

In addition, as CR audits that cover areas across the above items, we implement field instructor audits (Safety, Environment) and audits of sales office bases (Finance and Treasury, Labor, Information Security), which are implemented at each distributor base, as well as audits of overseas representative offices (Finance and Treasury, Labor, Information Security), which are implemented for overseas offices.

Implementation of compliance and risk audits



Information security

Recognizing that threats to information security are becoming more advanced and sophisticated every year, Komatsu is promoting activities to improve information security across the entire Komatsu Group.

Given that cyberattacks have a significant impact on business, Komatsu has established the Computer Security Incident Response Team (CSIRT) to respond to this threat.

1. Risk management and its promotion

Komatsu has established and is operating the CSIRT for its worldwide sites to develop and operate an organizational structure for information security, including the ability to respond to cyberattacks, etc. The role of the CSIRT is to prevent information security incidents from occurring through data gathering, various system-level measures, employee education, and so on. Should an information security incident occur, the CSIRT will take the lead in minimizing damage and restoring the impacted system as soon as possible.

The activities of the CSIRT are reported regularly to the Risk Management Committee, which manages company-wide risks. This is done to share issues with the Committee members, including the president and directors, and thus ensure appropriate operations.

2. Protection of personal data

Komatsu believes that appropriately protecting the personal data of its customers, business partners, employees and others is a social responsibility it bears. Komatsu formulates and publishes its principles for the protection of personal data. Through the e-learning opportunities, internal audits and other activities, we thoroughly ensure the appropriate handling of personal data. Overseas, we adapt our efforts to protect personal data to national and regional laws such as the EU's General Data Protection Regulation (GDPR) and the expectations of society.

3. System measures

Komatsu has built a multilayer defense system combining many system measures to protect information from unauthorized access, virus infection and other threats and to prevent the leakage of data resulting from these threats. For example, we have multiple required processes whenever a person accesses the system from the outside to telework to strictly authenticate individual users.

4. Education and training

All Komatsu employees must take regular e-learning courses to increase the knowledge and awareness of all employees handling data and to ensure they are able to handle data properly.

To address the risk of suspicious emails, we organize multiple drills every year where employees simulate the handling of targeted email attacks. Suspicious email drills are also conducted at some affiliates both in Japan and overseas. We are working globally to raise the level of our information security.

5. Information security auditing

The information security of Komatsu Group companies is audited to increase the level of information security throughout the Komatsu Group. Komatsu employees with specialized knowledge audit and advise to increase the effectiveness of these efforts. Conducting audits as a third party with no direct interests helps to ensure independence and impartiality.

In principle, the information security of each group company is audited every three years and Komatsu stays updated on the status of the information security of the group companies.

6. Efforts to improve information security throughout the supply chain

Komatsu asks its employees, Komatsu Group companies, its distributors and business partners with whom we share confidential business information to follow Komatsu's information security principles as we continue to effectively support them.

We also encourage our distributors and business partners to conduct periodic checks and meetings on information equipment measures and information management methods and to use our designated information security materials. These activities allow us to communicate the vital importance of appropriate information system management to the safe handling of confidential business information and the achievement of stable business operations and to reduce risks.

With the planet

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Our concept of environmental activities and promotion system

We, at the Komatsu Group clearly defines the basic policies of environmental conservation, which will be the guidelines of business activities, when engaging in business activities while working to realize a sustainable society, and promotes environmental conservation activities.

Komatsu Earth and Environment Policy (June 2022 revision)

Corporate Principles

■ 1. Contributions to Realization of a Sustainable Society

Humankind must not only promote the further development of a prosperous and comfortable society but also pass down our planet earth and its indispensable environment to future generations in a sound and healthy condition.

We at the Komatsu Group define environmental conservation efforts as one of the highest priority management tasks, and endeavor to contribute to the sustainable growth of society by integrating advanced technologies into environmental conservation efforts in all our business activities. We also aim to achieve carbon neutrality with net zero CO₂ emissions by 2050, and contribute to sustainable development through efforts to reduce CO₂ emissions from products and in our manufacturing, and to establish a recycling-oriented society.

■ 2. Simultaneous Realization of Environmental and Economic Performance

As a group of companies working to improve our manufacturing for the satisfaction of our customers, we at the Komatsu Group are committed to improving both our environmental performance and economic efficiency. To this end, we are constantly engaged in technology innovation to provide economical products, services and solutions through improving fuel efficiency at our customers' workplaces and strengthening their cyclical businesses, while striving to minimize the environmental impacts related to the entire lifecycle of products from production to disposal.

■ 3. Observance of Corporate Social Responsibility

We at the Komatsu Group promote environmental conservation by not only complying with the applicable laws and regulations of our host communities, regions and countries but also by establishing our own voluntary standards addressing global and local environmental concerns. Each company of the Group also strives to fulfill our collective corporate social responsibility and create value toward a sustainable planet and future through participating in environmental conservation activities in each region, disclosing environment-related information to society, and maintaining close communications with our stakeholders.

Guidelines for Corporate Activity

■ 1. Initiatives for the Earth and Environment

We at the Komatsu Group contribute to sustainable development and climate change mitigation and adaptation through the following initiatives.

– 1)Response to Climate Change

We will reduce the amount of energy used and greenhouse gas emissions generated across the entire lifecycle of our business. We do not limit ourselves to cutting emissions from our bases and from the use of our products. Rather, we broaden the target to include customer workplaces in their entirety.

– 2)Establishment of a Recycling-oriented Society

Through our business processes, we work to minimize the use of natural resources such as materials and water, promote their reuse, or recycle them as much as possible. At the same time, we ensure the comprehensive reduction of waste in all business areas. We also contribute to the establishment of a recycling-oriented society by strengthening our forestry machinery business, which supports a sustainable forest management cycle of planting, cultivating and harvesting, as well as our remanufacturing (Reman) operations, which involve the refurbishment and reuse of components.

– 3)Conservation of Air, Water and Other Natural Systems as well as Management of Chemical Substances

We comply with not only local laws and regulations but also with our own established standards concerning the conservation of water quality and the prevention of air pollution, noise and vibrations.

As much as possible, we also ensure the comprehensive management of chemical substances used in our business activities, while continuously working to reduce the use of potentially harmful chemical substances or replace them with alternatives for the discontinuation of their use.

– 4)Response to Biodiversity

We recognize biodiversity as an important environmental issue, evaluate, understand and analyze impacts on it in all our business areas, and work on our tasks according to the criteria of highest impact and/or most effective actions.

■ 2. Framework of Global, Group-wide Environmental Management System

Komatsu and major companies of the Komatsu Group will establish an Environmental Management System, and will work to maintain and improve environmental activities. Other group companies and suppliers will also work to establish environmental management systems that help to maintain and improve environmental activities.

Each company or business unit of the Komatsu Group will set its own mid- and long-term targets in accordance with the mid- and long-term targets set based on the Komatsu mid-term management plan, and will develop and implement specific activity plans. Top management will regularly review targets, activity plans and status, and work on continuous improvement.

■ 3. Environmental Education and Communication

We at the Komatsu Group believe that it is important to enhance the environmental awareness of each employee. To this end, we will actively promote environmental awareness and education programs among all employees.

We will gather environment-related information from each company or business unit of the Komatsu Group, and strive to disclose information concerning all business activities. We will also facilitate proactive dialogues with all our stakeholders, such as customers, employees, local communities and suppliers, thereby further improving the content of our environmental communication.

* This policy has been approved by the Sustainability Promotion Committee, chaired by the president.

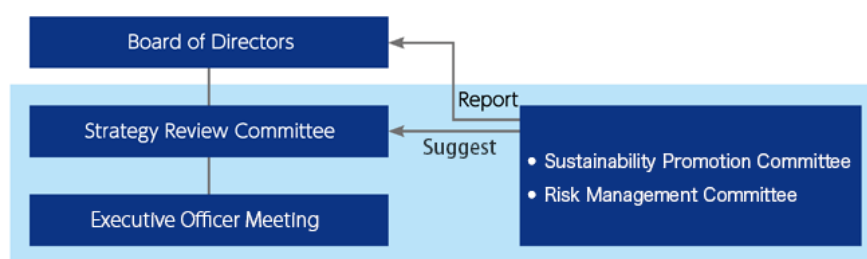
Organizational chart of the environmental management structure

Among our important business challenges, the Komatsu Group includes climate change in the objectives of our business strategies.

The Sustainability Promotion Committee and the Risk Management Committee all discuss climate change and provide advice to the Strategy Review Committee and reports to the Board of Directors, who establish a system that realizes appropriate supervision.

In addition, the Executive Officer Meeting controls progress in the achievement of the objectives.

System for reporting and reviewing environment-related issues, including climate change



Main themes regarding the environment, including climate change

Body	Chairperson	Major discussion items related to climate change
Board of Directors	Chairman of the Board	<ul style="list-style-type: none"> Discussions regarding goal of achieving carbon neutrality by 2050 Establishment of Sustainability Policy Formulation of new mid-term management plan Report from the Sustainability Promotion Committee Reports from research, development, and product planning divisions and the Chief Technology Officer Reports from production and procurement divisions Mid-term management plan progress report
Strategy Review Committee	President	<ul style="list-style-type: none"> Low-carbon product development strategies Mining business growth strategies Forestry machinery business growth strategies Smart Construction growth strategies Growth strategies for major production bases Report from the Sustainability Promotion Committee Reports from the Risk Management Committee
The Executive Officer Meeting	President	<ul style="list-style-type: none"> Progress in product development (including climate change-related KPIs)

Body	Chairperson	Major discussion items related to climate change
Sustainability Promotion Committee	President	<ul style="list-style-type: none"> Initiatives for addressing ESG issues CSR activity reports Deliberations and reports regarding important environmental matters and key performance indicators (KPIs) Revision of environmental policies
Risk Management Committee	Executive officer supervising general affairs	<ul style="list-style-type: none"> Report on responses to natural disaster risks

Setting mid- and long-term targets and progress

Komatsu has been moving forward under the new mid-term management plan from 2022. We set new ESG targets and expressed our commitment to sustainable growth through a positive cycle of profit improvement through growth strategies and initiatives for ESG issues.

Our 2030 target is to reduce CO₂ emissions from product operation and production by 50%. In addition, as a new indicator, we decided to aim for a ratio of 50% of renewable energy power (RE ratio) by 2030.

The 2030 target, including other indicators, is as follows:

Mid- and long-term targets

Area	Application	Object	Index	Base Year	2030 Targets	FY2022 Achievements and Progress
Products	Construction Equipment Mining Equipment Forest machines etc.	CO ₂	Fuel consumption reduction	2010	50% reduction	21% reduction
Production	Domestic and overseas production bases	CO ₂	Improvement rate of basic unit	2010	50% reduction	43% reduction
		Electricity	Ratio of renewable energy in total electricity usage	-	50%	17%
		Water	Improvement rate of basic unit	2010	2024 target: 70% reduction 2030 target: under consideration	69% reduction
		Waste	Improvement rate of basic unit	2010	40% reduction	38% reduction

Area	Application	Object	Index	Base Year	2030 Targets	FY2022 Achievements and Progress
Logistics	Japan	CO ₂	Improvement rate of basic unit	2006	39% reduction	39% reduction
	Overseas	CO ₂	Improvement rate of basic unit	2011	22% reduction	17% reduction
External evaluation	-	-	External evaluation	-	CDP A List (Climate, Water) DJSI World	CDP Climate : A Water : A DJSI World: Selected

* We have achieved our previous 2030 target for water input volume (i.e. a 60% reduction in water input intensity compared with 2010) and are now considering a new target.

Acquiring ISO14001

Komatsu has implemented a Group-wide initiative to acquire ISO14001 certification, an international standard for environmental management systems. The objective is to enhance management quality by strengthening systematic steps towards environmental conservation.

ISO14001:2015 Domestic Integrated Certification

《Komatsu ISO Certification Status》 *Except KMC	
From 1997	Production sites in Japan and other countries began to acquire certifications individually.
2008	The Komatsu Group in Japan acquires integrated certification.
2015	Main production sites in overseas countries achieve 100% certification.
From 2018	<p>Sales and service divisions are added to integrated certification in Japan.</p> <p>2018: Komatsu Customer Support Japan Ltd.</p> <p>2019: Four bases (Nagoya, Osaka, Hiroshima, Fukuoka) of Komatsu Industries Corp.</p> <p>2022: One base (Kantou) of Komatsu Industries Corp.</p>



* Except KMC: KMC has been carrying out internal audits by specialists from KMC or Komatsu headquarters.

Scope of the integrated certification in Japan

› [Scope of the Integrated Certification in Japan \(216KB\)](#)

Global operations list of certified sites

› [Global Operations List of certified sites \(125KB\)](#)

Environmental policies of plants in Japan

› Awazu Plant (212KB)

› Kanazawa Plant (212KB)

› Osaka Plant (212KB)

› Oyama Plant (264KB)

› Ibaraki Plant (160KB)

› Koriyama Plant (212KB)

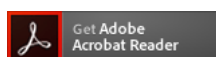
› Himi Plant (212KB)

› Shiga Plant (164KB)

› Hiratsuka district (112KB)

› Techno Center (208KB)

› Test Engineering Center (82KB)



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Relationship between business activities and the environment

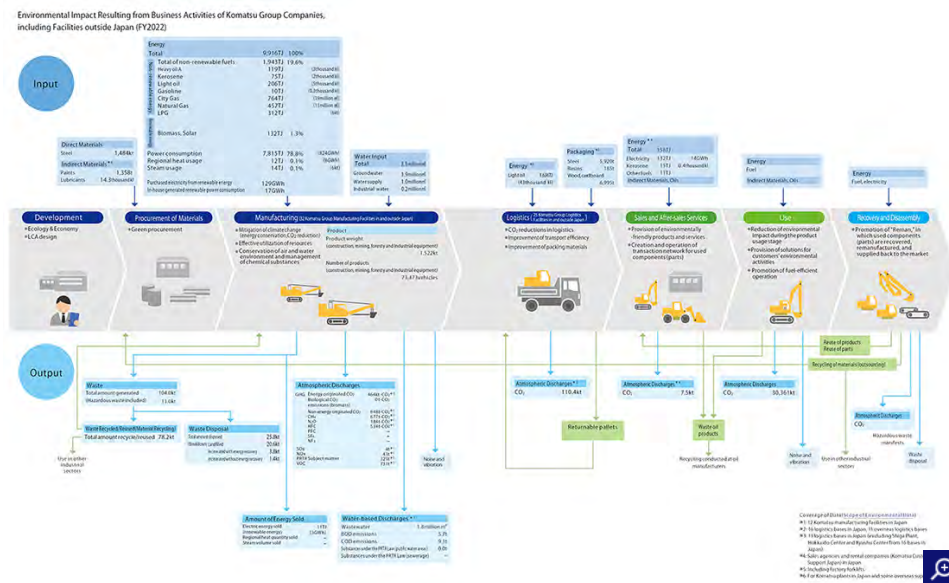
Inputs and outputs in the product life cycle

The Komatsu Group procures various parts and materials and, through the manufacturing process, utilizes the earth's resources, including raw materials, water, energy, and chemical substances, among others, to provide products to customers. Such business activities have the potential to impact the environment at each stage in the process.

The Komatsu Group will continue to provide high value-added products and services while assessing the environmental impacts resulting from its business activities, formulating medium- and long-term objectives, and introducing measures to reduce such impacts.

Environmental Impact Resulting from Business Activities of Komatsu Group Companies, including Facilities outside Japan (FY2022)

Independent Practitioner's Assurance

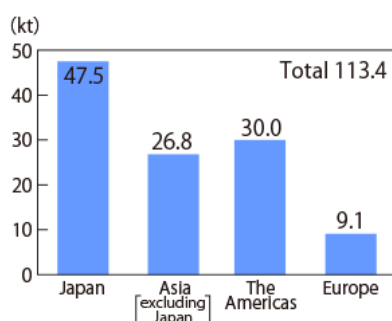


Environmental Impact Resulting from Business Activities of Komatsu Group Companies, including Facilities outside Japan (FY2022)(516KB)

Environmental impact indicators by region

Scope1 : CO₂ emitted directly by manufacturing facilities

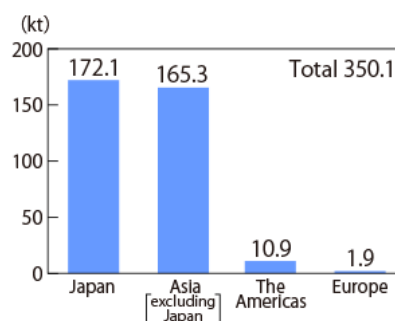
Independent Practitioner's Assurance



(by using generators, boilers, etc.)

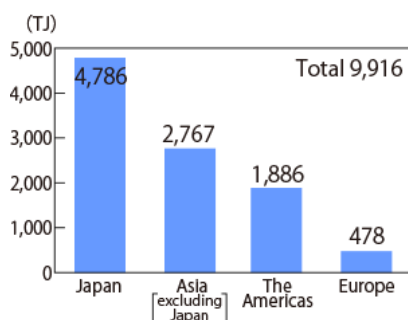
Scope2: CO₂ emitted indirectly by manufacturing facilities

Independent Practitioner's Assurance

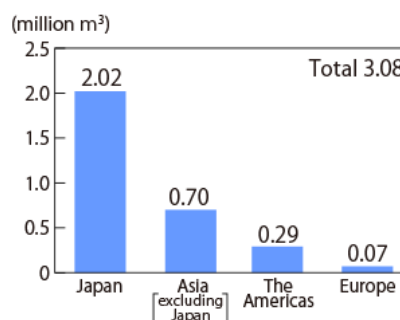


(by purchasing electricity, steam and hot water)

Energy Independent Practitioner's Assurance

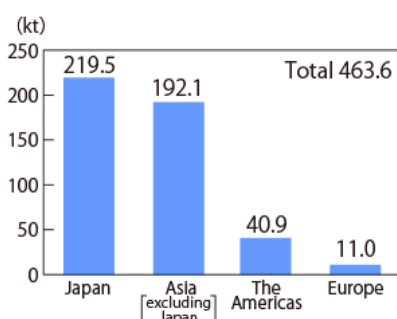


Water Input Independent Practitioner's Assurance



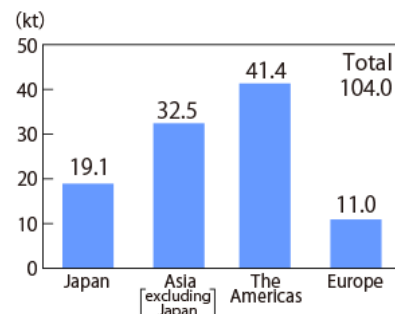
CO₂ (Scope1 and Scope2)

Independent Practitioner's Assurance



Amount of generated waste

Independent Practitioner's Assurance



Climate change

Mitigating climate change through products and service

Reducing CO₂ emissions from construction equipment

The main bulk of CO₂ emissions produced throughout the lifecycle of our construction equipment is centered on product operation, during which approximately 80 to 90% of emissions are produced. We have acknowledged this fact, and are working to reduce these operational emissions through three different initiatives: “DANTOTSU Products”, “DANTOTSU Service”, and “DANTOTSU Solutions”.

Step1: reduction of CO₂ emissions through DANTOTSU Products

We provide products which have been designed to operate with great fuel efficiency while reducing gross CO₂ emissions. Komatsu pioneered the creation and introduction of the hybrid hydraulic excavator, marked as the first of its kind to be introduced into the market.

These hybrid construction machines have been certified by the Ministry of Land, Infrastructure, Transport and Tourism of Japan as a “Low Carbon Type Construction Equipment.”

As of April 2023, a total of 16 of our hybrid models have received such certification, such as the HB215-3, HB205-3, HB335-3, and HB365-3.

In addition to this, another 24 of our product models (including the bulldozer D71PX-24, the hydraulic excavator PC78US-11, the wheel loader WA150-8) have been certified to meet the Ministry of Land, Infrastructure, Transport and Tourism's “Construction Machines Fulfilling Fuel Economy Standards” signifying these products as construction equipment with great fuel efficiency.



HB335-3

Step2: reduction of CO₂ emission by products through DANTOTSU Service (Komtrax)

The Komatsu Tracking System “Komtrax” is a system developed by Komatsu that automatically gathers the operational information/health information of our construction vehicles that operate all over the world, making it possible to then monitor/manage/analyze the vehicles remotely. Information with regards to operation times, fuel consumption, and other such relevant data is communicated to our customers via the internet, which is then analyzed to create opportunities for improvement. This enhanced operational efficiency helps to reduce fuel consumption, which results in a reduction in overall CO₂ emissions.

Step3: reduction of CO₂ emissions for overall construction work through DANTOTSU Solutions (providing solutions with Smart Construction)

In 2013, Komatsu introduced the world’s first automatic blade control ICT bulldozer, D61PXi-23, to the North American, European, and Japanese markets. Following this, in 2014, Komatsu developed and released a hydraulic excavator with semiautomatic control functions (PC210LCi-10 for North America and Europe, and PC200i-10 for Japan). Preliminary calculations based on in-house testing were promising, with construction data for ICT hydraulic excavators showing that fore-slope shaping work using the PC200i-10 resulted in an approximate reduction of 30% in fuel consumption. In addition, the same testing showed that ICT bulldozers (like the D61DXi-23) used in land preparation work resulted in an approximate reduction of 25% in fuel consumption. Our testing with hydraulic excavators also showcased a significant decrease in CO₂ emissions. To consolidate our efforts in this sector, Komatsu is implementing “Smart Construction”, a system that uses ICT-type construction machines alongside drones and 3D scanners to take real-time topography measurements. This initiative helps showcase the efficiency of our machines by recording progress in construction sites and other relevant performance indicators.

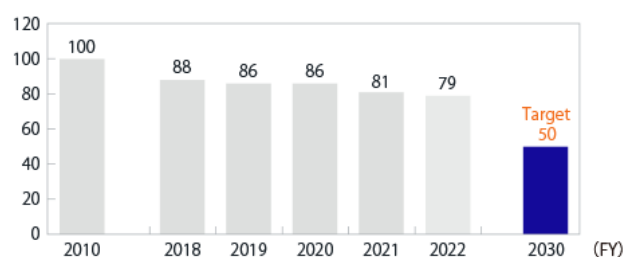
Reducing CO₂ emissions from product operation

Komatsu has set the target of reducing the CO₂ emissions from the operation of products (such as construction, mine, and forestry equipment) by 50% by FY2030 (compared to FY2010).

To evaluate progress toward this goal, we compared the performance of the current year’s products to the products of the reference year (FY2010) and estimated CO₂ reductions through the improvement of fuel consumption and work efficiency. The products of FY2022 achieved a CO₂ reduction of 21%, compared to the reference year.

CO₂ emission index for product operations

Independent Practitioner's Assurance



-Expanding the use of electric forklift trucks at worksites to achieve carbon neutrality-
Komatsu launched the FE25G-2 and FE30G-2 electric forklift trucks equipped with lithium-ion batteries

To achieve carbon neutrality, in December 2022, Komatsu launched the FE25G-2 and FE30G-2 for the Japanese market. These models are equipped with high-capacity lithium-ion batteries in the FE Series of 2.5-ton and 3.0-ton class electric forklifts that help reduce CO₂ emissions.

The new models inherit the FE Series truck dimensions and other features (FE25-2 and FE30-2) while adopting high-capacity, fast-charging lithium-ion batteries and the newly-developed stationary fast chargers. These batteries expand the scope of application of electric forklifts. This makes them suitable for sites where extended operation times (with no recharging time available) are required and/or heavy attachments are used in heavy-duty applications; domains previously served only by engine-powered forklift trucks. By increasing battery capacity by 35% (compared with the FE25-2) for 2.5-ton models and 22% (compared with the FE30-2) for 3.0-ton models, operating times have been extended by approximately 20-30% (*1). Additionally, the charging time to reach 100% charge has been reduced from more than 8 hours to 1 hour and 50 minutes, about a quarter of the charging time of Komatsu's conventional electric forklift trucks (*2). A fast battery replenishment feature enables recharging during downtime. Furthermore, the optional dual fast charger enables full recharging in less than one hour, contributing to continuous operation at sites where finding time for recharging equipment is challenging.

By expanding the FE series lineup, we will further increase the number of sites where electric forklifts are operated and help to reduce our environmental impact and achieve carbon neutrality.



FE25G-2 electric forklift truck with lithium-ion battery introduced to the market.

*1 Based on in-house test results.

*2 FE series and other vehicles with lead-acid batteries.

Development of an electronic hydraulic system for PC950-11 large hydraulic excavator -Significant improvement in environmental performance through the renewal of the hydraulic system-

Komatsu introduced a new 90-ton-class large hydraulic excavator, model PC950-11 (bucket capacity: 4.0 m³), to the market in July 2022. The machine is equipped with an electronic control closed-loop swing system, newly developed by Komatsu, which regenerates energy during swing deceleration using hydraulic pressure, thereby realizing fuel savings. Additionally, a high-efficiency oil flow recycle system has been introduced for arm IN and boom RAISE functions to achieve both higher equipment speed and reduced fuel consumption. The hydraulic system is electronically controlled to optimize the control of the hydraulic equipment per the operating conditions of the vehicle body, achieving good operability and significantly reducing hydraulic losses. The renewal of the hydraulic system and the installation of a new engine have resulted in a 40% improvement in the fuel efficiency of the entire vehicle body compared with the conventional PC850-8E0. All of this machine's major components, such as control valves, main pumps, swing motors, traveling motors, and hydraulic cylinders, are developed and manufactured in-house. The hydraulic equipment pursues "quality and reliability," the basis of Komatsu's management policy, and thus reduces machine downtime and helps customers improve productivity at their sites.



PC950-11 hydraulic excavator

Reducing CO₂ emissions in manufacturing operations

As a part of our efforts to mitigate climate change, Komatsu promotes activities to reduce the amount of CO₂ emissions per unit, using CO₂ emissions per unit of manufacturing value as our main indicator for the amount of electricity, gas, oil and other types of energy used in research/development at our offices and in manufacturing operations.

In FY2022, CO₂ emissions from production activities increased both in Japan and overseas due to the expansion of production volume. However, new photovoltaic and bioenergy facilities, green electricity purchases overseas, and energy-saving activities, mainly at plants with high loads (such as those that perform casting, forging, heat treatment, and machining processes) have enabled a 6% reduction in the CO₂ emissions basic unit per internal manufacturing value over the previous year's figure, which indicates a 43% reduction compared with FY2010.

We also increased the proportion of our renewable electricity use to 17%. We will continue to actively promote the introduction of new production technologies and improvement activities to reduce our CO₂ emissions basic unit.

Item	FY2021	FY2022	Target of FY2030
CO ₂ emissions basic unit (compared to FY2010)	63	57	50
The rate of renewable energy use	14%	17%	50%

Major achievements in FY2022

Japan

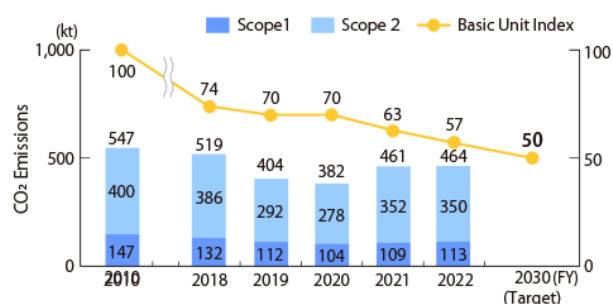
- Improved productivity and energy efficiency of utility facilities
- Expansion of photovoltaic facilities and biomass power generation

Overseas

- Improved power factor of electric power facilities and forging methods
- Expansion of photovoltaic facilities and green electricity purchases

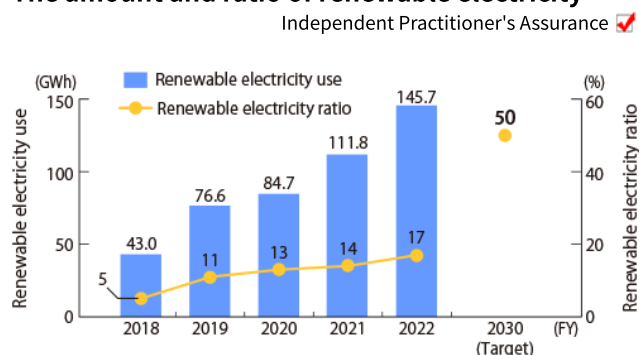
CO₂ emissions, energy indicators in production activities

CO₂ emissions Independent Practitioner's Assurance



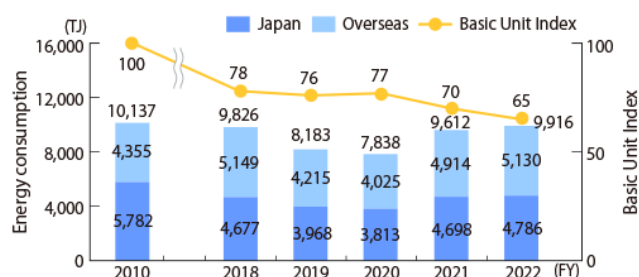
Note: The breakdown of emissions was changed to Scope 1 and 2.

The amount and ratio of renewable electricity Independent Practitioner's Assurance



Note: Partially revised as a result of revisions to past data.

Energy consumption Independent Practitioner's Assurance



Note: Partially revised as a result of revisions to past data.

Environmental advancements implemented in the new campus – Komatsu Mining, Milwaukee, U.S.

In 2022, Komatsu completed construction of a new corporate campus in Milwaukee, Wisconsin, U.S., called South Harbor. The campus, which includes an office building and a manufacturing facility, engages in the manufacture and sale of surface mining equipment used around the globe. South Harbor was designed with a focus on reducing energy and water consumption and creating areas of biodiversity. The campus's office building has been certified LEED Gold, a globally recognized symbol of excellence in green building. South Harbor incorporates many innovative features designed to help the company reach its goal of reducing energy consumption by 75% compared to usage at legacy Milwaukee facilities. Solar panel arrays and wind spires are used to help power the buildings and parking structure. Other features include LED lights with occupancy sensors, and daylight harvesting technology that automatically adjusts interior lights based on the amount of sunlight entering the buildings' windows. For the remaining energy consumed, renewable energy credits are purchased equal to 100% of electricity used. To reduce water consumption, the campus installed a rainwater collection system for non-potable reuse in facility lavatories. All manufacturing processes use closed loop water cooling systems. These improvements and others will help Komatsu reach its goal of reducing the amount of water consumed by approximately 80% compared to legacy facility usage. Biodiversity is encouraged on the campus grounds with planting hardy perennial varieties that provide natural habitats and require no watering. The environmental advancements implemented at South Harbor will have a significant benefit in reducing energy consumption, reducing water consumption and increasing biodiversity throughout the site.



South Harbor aerial view



Expandable solar panel array

Reduction CO₂ emissions in logistics

CO₂ emissions reduction conditions in global transport

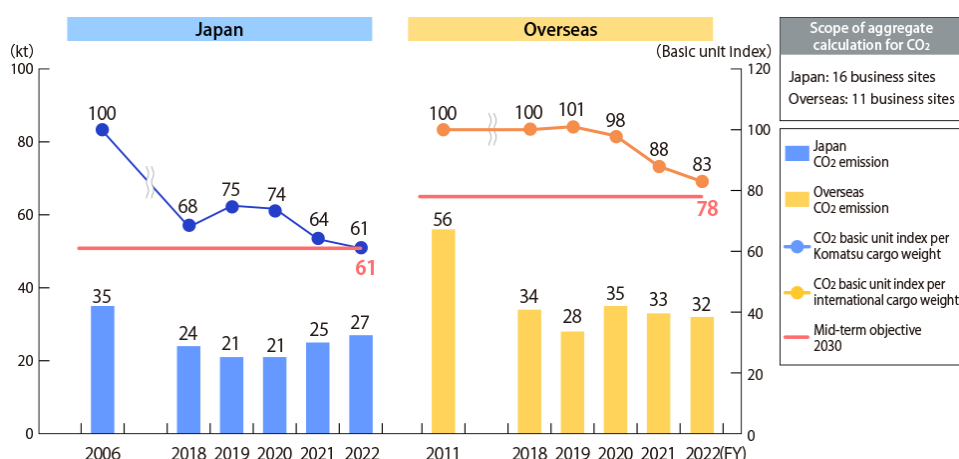
(Basic unit of CO₂ emissions per cargo weight)

In domestic transportation, we have focused on reducing transportation distances through the effective use of Kanazawa and Hitachinaka ports adjacent to manufacturing plants, improving long-distance and overland transportation by actively utilizing coastal vessels and railways (modal shift), and improving the loading ratio. Although the increase in production volume in FY2022 led to an increase in transportation volume, the CO₂ emissions basic unit index (per cargo weight) for transportation improved compared to the previous year both in Japan and overseas, with domestic improving by 3 points and overseas by 5 points in the basic unit index.

We will continue our efforts to reduce CO₂ emissions by promoting more efficient transportation.

CO₂ emissions in transport

Independent Practitioner's Assurance



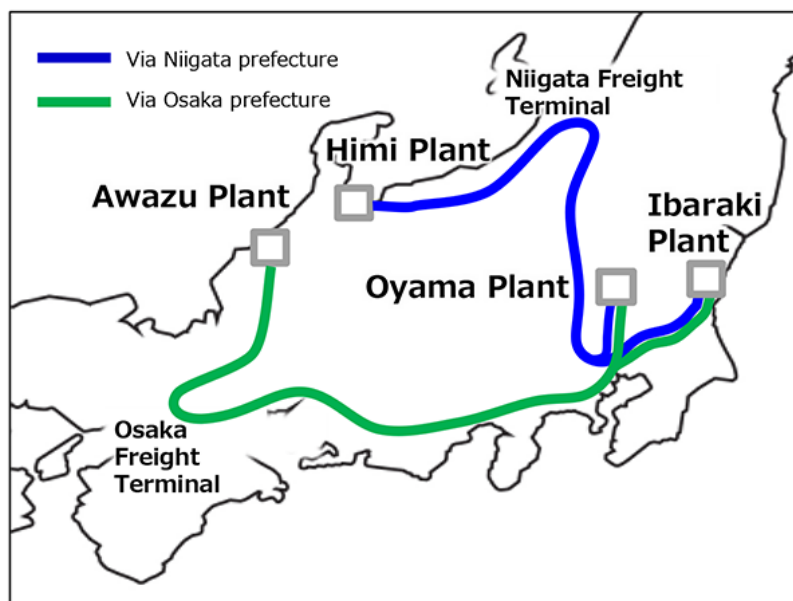
* A basic unit index is an index relative to the CO₂ emissions per cargo weight in a reference year (2006 for Japan, 2011 for Overseas) as 100.

Reduction of CO₂ emissions in domestic transportation

Using the railway to transport components and parts (from the Hokuriku region to the Kanto region in Japan)

Komatsu is promoting a modal shift to reduce CO₂ emissions generated by domestic transportation. In FY2022, we focused on improving transportation between our plants in the Hokuriku and Kanto regions. Specifically, we switched from conventional overland transportation by truck to rail transportation using JR containers to transport components and parts from the Hokuriku region (Himi Plant and Awazu Plant) to the Kanto region (Oyama Plant and Ibaraki Plant). As a result of this improvement, we have reduced CO₂ emissions by 150 tons per year.

Japanese rail transportation route



Our challenge to establish recycling-based society

Development of our “Reman” remanufacturing business

Komatsu promotes the “Reman (remanufacturing) business” at our Reman plants/centers in 11 countries worldwide. “Reman business” involves remanufacturing the used engines, transmissions, and other components removed from construction and mining machinery that have been in operation at customer sites for a long period. We engage in various processes involving the collection, disassembly, cleaning, salvage or replacement, reassembly. We subsequently conduct performance tests, paint, and conduct shipping inspections before supplying the parts back to the market as newly manufactured components. Each plant/center not only functions independently but is also connected to each other through a network to share technical information necessary for Reman Business on a global basis. In addition, we obtain the durability information of Reman components operating in the market and provide important feedback to develop components with an optimum lifetime. With the Reman business, approximately 43,600 tons of CO₂ reduction effect in FY2021 was estimated compared to the case of making new products.

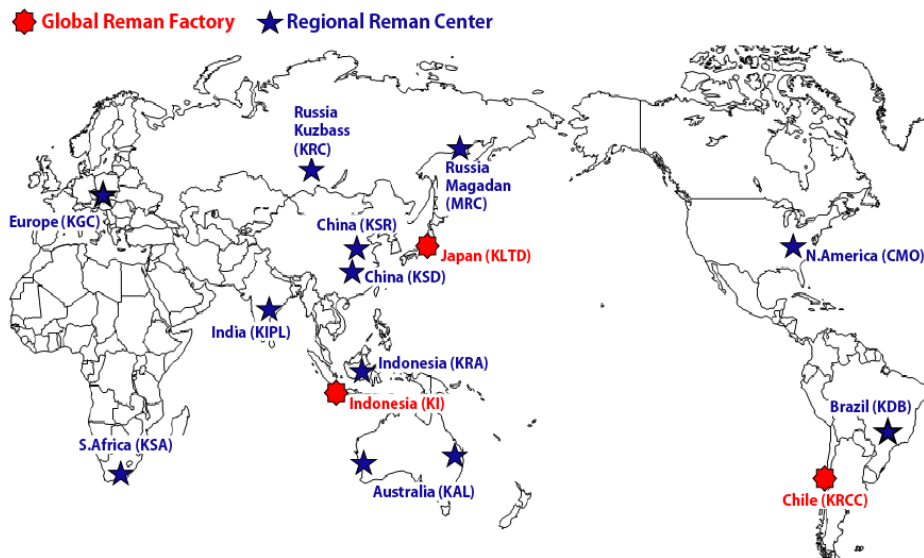
We offer the following benefits to customers.

- Quality and performance that matches new components
- Lower cost for "remanned" components
- Reduced idle time for construction equipment because of adequate inventory of "remanned" components
- Resource conservation and waste reduction through reuse and recycling of components

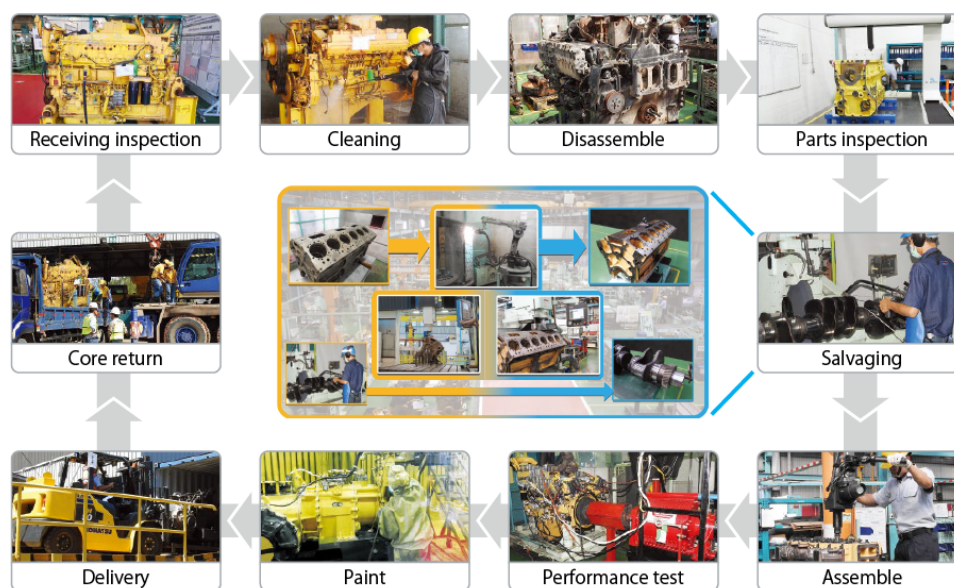
Changes in Reman sales (base FY 2010 = 100)



Reman factories and centers map



Reman process



Promoting resource recycling activities by Reman -Reinforcing recycled component operations with the launch of the new Reman plant in Chile-

Komatsu has opened a new Reman (remanufacturing) plant at Komatsu Chile (Santiago, Republic of Chile) in La Negra in the Antofagasta region. The plant manufactures and supplies high-quality, high-efficiency Reman components to support the supersized electric dump trucks operating in mines in the northern region of Chile. This Reman plant has improved area productivity and the work environment by consolidating functions and optimizing processes based on the Komatsu Group's production technology. Furthermore, the parts warehouse has been consolidated and streamlined to provide customers with 9,000 tons of prompt, high-quality Reman components per year, contributing to waste reduction and resource recycling. We will promote the following activities to further reduce our environmental impact and make the plant cleaner.

1. Introduction of solar power generation and operation with 100% renewable energy from green energy providers.
2. Introduction of a plant water reuse system and green irrigation system.



Effective use of critical materials in products

Komatsu is working on the conservation and effective use of limited resources by reusing critical materials used in products, etc.

An increasing number of diesel engines, which are used in construction machines, are now equipped with exhaust gas processing devices to reduce the density of NOx (nitrogen oxide) and PM (particulate matter) in exhaust gases. The exhaust gas processing devices use noble metals as a catalyst to reduce the density of NOx and PM. To effectively use these resources, Oyama Plant in Japan, for example, collects the exhaust gas processing devices of construction machines that have been replaced and recycles the noble metals in them. They are also recycling other critical materials to make them reusable, ensuring their effective use and aiming to reduce the consumption of new critical materials.

Activities to effectively utilize resources in production (1. waste)

Komatsu promotes activities to reduce waste discharge while also implementing "zero emission" activities to recycle and effectively use the generated waste.

At our manufacturing sites, we are mainly working to convert waste plastic into valuable resources, reduce wood waste by improving packaging methods, and reuse packaging materials. These improvements led to a reduction of the waste emissions basic unit by 38% in FY2022 compared with FY2010.

We will promote the effective use of resources at our plants in Japan and overseas to reduce waste emissions.

Item	FY2021	FY2022	Target of FY2030
Index of waste generated per unit (Reference year: 2010)	61	62	60

Major achievements in FY2022

《Japan》

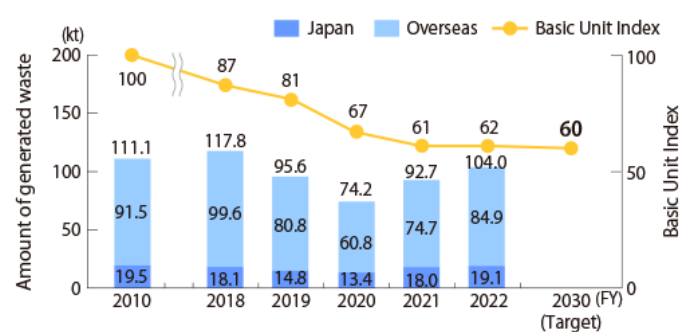
- Reduction of wood chips through packing mode improvements for items procured overseas
- Promotion of waste sorting to turn waste plastics into valuable commodities

《Overseas》

- Reuse of packaging materials for transportation

Amount of generated waste

Independent Practitioner's Assurance



Efforts to convert biomass combustion ash into fertilizer (Awazu Plant)

Komatsu has operated wood biomass boilers using woodchips as fuel, predominantly made of unused left-over wood after forest thinning, at its Awazu Plant in the Kaga area of Ishikawa Prefecture since 2015. This has promoted energy savings, energy generation, and environmental impact reduction. Komatsu supports the sound management of forests by using about 6,000 tons of woodchips annually, while disposing of approximately 20 tons of wood ash (biomass combustion ash) as industrial waste annually. Since this biomass combustion ash contains potassium and phosphorus, necessary nutrients of agricultural products, Komatsu has been conducting research and development for fertilizer production in collaboration with the Ishikawa Agriculture and Forestry Research Center and ASAHI AGRIA CO., LTD. since 2016. Komatsu registered fertilizer as biomass combustion ash-based fertilizer with the Ministry of Agriculture, Forestry and Fisheries in April 2022 as a promising raw material for a fertilizer that is accessible in Japan. Currently, the Awazu Plant delivers almost all of the biomass combustion ash to ASAHI AGRIA as a raw fertilizer material, and ASAHI AGRIA promotes sales of the fertilizer made from biomass combustion ash to farmers in Ishikawa Prefecture and other customers.



Wood biomass boiler



Fertilizer made from biomass combustion ash

Activities to effectively utilize resources in production (2. water resources)

Given that our plants in the Hokuriku area of Japan use particularly large amounts of water, Komatsu optimizes water use for snow melting purposes in winter and also reduces the amount of new water input in production processes by recycling cooling water for facilities and the air-cooling of water-cooling facilities. In FY 2022, we reduced the basic unit of water input by 69% compared with FY 2010. Having achieved our previous 2030 target (60% reduction of water input basic unit compared with FY 2010), we have set a new target in our new mid-term management plan. We will continue to optimize water use and promote water usage reduction activities in production and daily operations.

Item	FY2021	FY2022	Target of FY2024
Index of water input volume per unit (Reference year: 2010)	36	31	30

* New target for 2030 is under consideration.

Major achievements in FY2022

《Japan》

- Recycling cooling water for heat treatment facilities and air-cooling compressors
- Optimization of water use for snow melting; installation of water-saving nozzles in welfare buildings

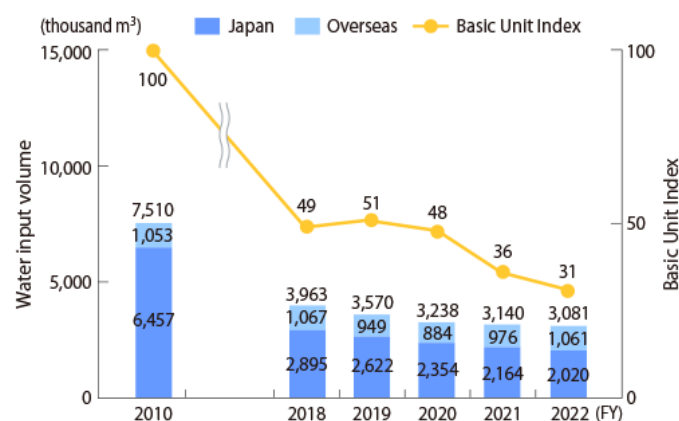
《Overseas》

- Use of rainwater and recycled water for sprinklers

Water input in production activities

Water input volume

Independent Practitioner's Assurance



Activities to reduce water consumption for air compressors, etc. (Komatsu NTC Ltd.)

Komatsu NTC is working to reduce water consumption by using groundwater for cooling air compressors and air conditioners and melting snow in winter. Historically, the water-cooled air compressors used to supply air to the plant were often turned on, even when air was not being used, resulting in unnecessary water and electricity consumption. However, the air compressor was remote from the work site and challenging to operate, making it difficult for workers to stop the compressor easily. Therefore, Komatsu NTC installed a remote ON/OFF one-touch button to enable workers to easily operate the air compressor directly from the work site. This made it easier to cease the operation of the air compressor at night and before holidays, reducing water consumption by approximately 15,000 m³/year. When replacing the water-cooled air compressors long since installed, the plant adopted an air-cooling system requiring no water, and to reduce CO₂ emissions, it adopted inverters, downsizing, and switched from an oil-free system to a water-lubricated system. Furthermore, Komatsu NTC achieved a 60% reduction in water consumption in FY2021 compared to FY2010 by sequentially replacing water-cooled air conditioners with air-cooled versions and changing the cooling water for heat treatment equipment from a pouring system to a circulating system. Komatsu NTC will continue its water-saving activities to coexist with nature.

Environmental initiatives at sales and service companies

Support for sales and service divisions in developing environmental management systems

Komatsu also continues to be committed to safety and the environment in the sales activities of Komatsu Group construction machinery. To raise awareness about environmental management, in FY2022, we supported the development of environment management systems and improvements of our worksites. We also took further steps to provide support, such as conducting on-site compliance checks and following up on improvement measures, as well as providing extensive remote study sessions and other educational opportunities.

Item	FY2021	FY2022	Year-on-year
CO ₂ (kt-CO ₂)	8.1	7.54	7.0% decrease

Acquisition of ISO14001 certification

Komatsu Customer Support Co., Ltd. ("KCSJ") has implemented activities in FY2022 to renew ISO 14001 certification, an international standard. We promoted environmental improvement activities mainly at our certified sites, including at the Head Office of each company, implemented standardized environmental improvement initiatives at other sites, and successively renewed the certification of all companies, including Head Offices, as planned.

Activities based on the environmental guidelines

We distribute our "Environmental Guidelines" to all of our sales sites, and follow the guidelines in pushing forward with our environmental activities. The guidelines summarize the rules and standards that should be observed at the workplaces of our sales and rental companies in compliance with the law and also to avoid negatively impacting neighbors in terms of waste disposal, wastewater treatment, control of noise and vibration and other problems deeply related to the environment. Representatives of Komatsu and a relevant company jointly visit our sites (including on-site checks partly performed on a remote basis), provide guidance to on-site workers and develop proposals for improvement so that the environmental guidelines can be consistently complied with.



Facilities Confirmation Status at Sales Sites

Proper discharge of waste

The waste discharge compliance management system (which centralizes the management of electronic manifests, consignment contracts, permits, and more) has been introduced and has implemented unified operations in all KCSJ companies and some Komatsu Group sales companies. This has enabled all divisions to visualize the management control status of the waste generated at each site and to manage the system properly.

Reduction of environmental impact in our regular operations

- Supporting the sale of environmentally friendly products -

Komatsu has focused on the sales promotion of eco-friendly machines such as machines equipped with Tier 4 Final which satisfies emission regulations, ICT construction machines and battery forklifts, and has aimed to reduce environmental impact through our operations (sales and service). Moreover, we have introduced electric power excavators into the market since FY2021 and have made proposals to environmentally conscious users.

Additionally, Komatsu Group sales companies are promoting the Smart Construction Retrofit Kit, which retrofits conventional construction machinery with ICT functions, are actively promoting Smart Construction methods, and are working to reduce their environmental impact by improving on-site work efficiency. KCSJ has established IoT Centers throughout Japan where users can explore the functions of ICT construction machines and experience the Smart Construction method and is striving to increase awareness of construction methods with a reduced environmental impact.



A demonstration held at an IoT center

Environmental risk management

Promoting legal compliance, and pollution mitigation and prevention

Komatsu complies with national and local laws and regulations and ensures that it periodically reports and maintains measurement results.

In FY2022, there were three violations of environmental regulations in Japan, and each of them minor. No fines are imposed and they have all been resolved.

At overseas sites, there were exceedances of effluent standards in North Europe (KFAB) and mismanagement of hazardous waste in Latin America (KCH). A fine of US\$1,500 was imposed in Latin America; however, they have since been resolved.

Addressing soil and groundwater contamination

Komatsu has established guidelines for testing soil and groundwater, inspects any business unit that is scheduled to be sold, closed, or removed pursuant to laws and regulations, and takes purification measures upon confirmation by local authorities if contamination is discovered.

We voluntarily investigate business units in operation in order to test for contamination stemming from VOCs in cleaning solvents, etc. used in the past.

We have been surveying soil and groundwater for VOC contamination at domestic business units since 2005, and have implemented countermeasures at any sites that have been found to be contaminated. We use methods that facilitate the cleaning process in the shortest period of time possible.

We will continue to thoroughly clean-up and regularly monitor groundwater at site boundaries to ensure that there is no outflow of groundwater that has exceeded the standard outside the premises.

Managing PCB (Polychlorinated Biphenyl) waste

Komatsu stores and disposes of PCB-containing waste (such as transformers and fluorescent stabilizers) in accordance with the "Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes" and the "Waste Management and Public Cleansing Law".

Appropriate measures were taken for high-concentration PCB waste by the disposal deadline (end of March 2023). We intend to continue our appropriate treatment of PCB waste, including low-concentration PCB waste, according to our plan.

Management of chemical substances and pollution prevention

Reducing the amount of PRTR-related substances

In FY2022, the number of PRTR* substances with a handling volume of 1 ton or more (0.5 tons or more for Class I Designated Chemical Substances) was 25, unchanged from the previous fiscal year.

The PRTR substances xylene, ethyl benzene and toluene account for approximately 90% of the emissions from Komatsu and Komatsu Group production sites. Most of these emissions are released into the atmosphere.

In FY2022, each business site made progress in switching to paint thinner, which contains less PRTR Class 1 substances, but emissions increased with the rise in production volume.

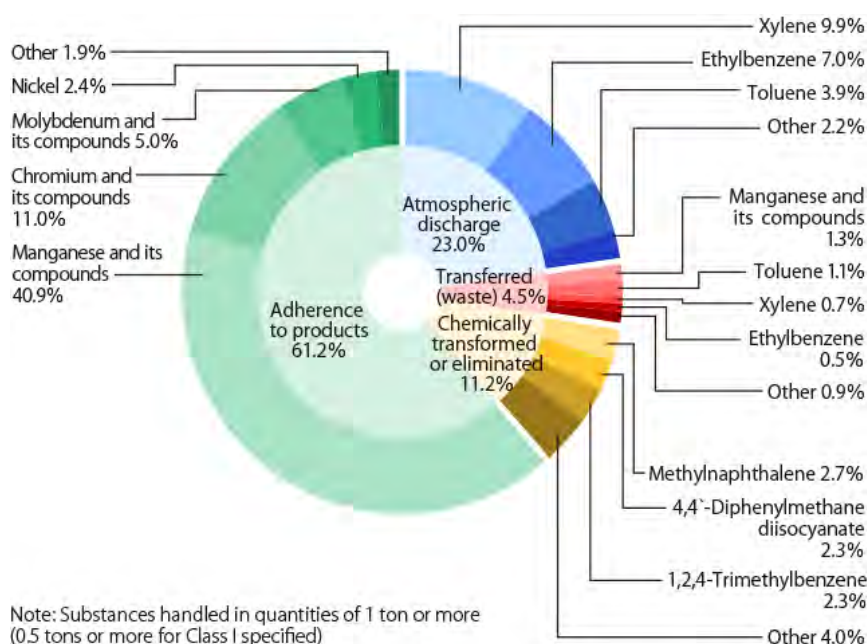
In FY2023, we will continue to make efforts to switch to paints containing less PRTR Class 1 substances, introduce high solids thinners and paints, improve coating efficiency, reduce coating film thickness, and recycle paint thinner.

* PRTR: Law designed to mandate the disclosure of the amount of specific chemical substances released into the environment to promote the management of such substances (The notification system based on the PRTR Law)

Breakdown of the amount of PRTR-related substances released and transferred from Komatsu group manufacturing facilities in Japan

Komatsu Group Manufacturing Facilities in Japan

Independent Practitioner's Assurance

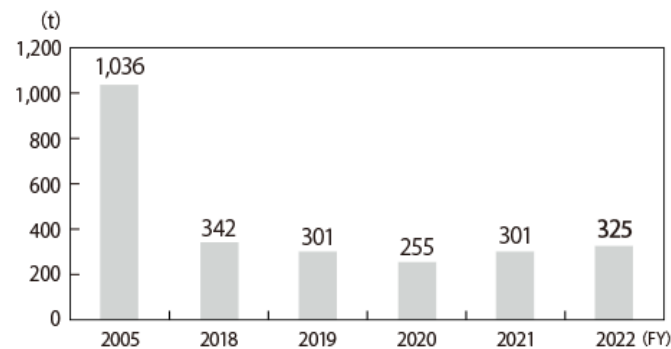


* Totals may not match exactly due to rounded decimals in individual categories.

Amount of PRTR-related substances released into the atmosphere

Komatsu Group Manufacturing Facilities in Japan

Independent Practitioner's Assurance



NOTE: Substances handled in quantities 1 ton or more (0.5 tons or more for Class 1 specified)

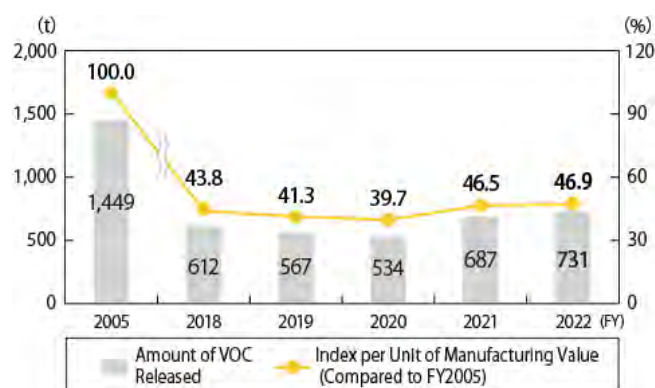
Reducing VOC Emissions

The majority of VOC emissions are from VOCs contained in paint such as xylene and ethyl benzene. Although emissions in FY2022 increased slightly compared to the previous year due to the rise in production volume, we successfully maintained a 50% reduction in the amount of VOC emissions per unit of manufacturing value (compared to FY2005).

Amount of VOC Released

Komatsu Group Manufacturing Facilities in Japan

Independent Practitioner's Assurance



Reducing the use of substances of environmental concern and complying with the EU REACH and SCIP regulation

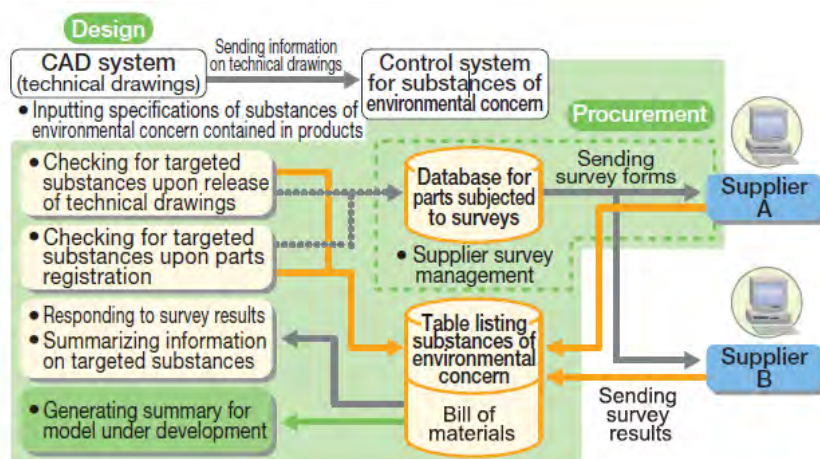
Komatsu is aware of the harmful environmental impacts that certain materials possess, and has made continuous efforts from an early stage to reduce the use of a number of such substances. These included asbestos, lead, and other such items. In FY 1999, we created our own list of banned and limited-use substances ([Refer to “Substances of Environmental Concern Banned or to Be Reduced for Use in Products”](#)), which was based in part on Japanese legislation (Japanese Law Concerning the Examination and Regulation of Manufacture of Chemical Substances Control) that banned a number of chemical materials as well as regulatory measures in other countries.

We have also implemented more stringent measures in the control of substances that raise environmental concerns. In compliance with REACH^{*1} and SCIP^{*2}, we began revisions of our FY 1999 listing of banned and limited-use substances. We have also collaborated with suppliers to create a regulatory system that strengthens control of potentially harmful materials being used for production. We have rolled this system out in Japan and Europe, with plans to continue implementation in other areas of operation.

Through the use of this system, we identify SVHC (substances of very high concern) in not only vehicles for export to the EU or produced at local EU companies, but also in vehicles currently in production and in newly developed vehicles. Furthermore, we also regularly check for new SVHCs to be added to the list.

As of 2023, there are 233 SVHCs registered, with the list being revised every six months. We expect this number to increase to about 1,500 in the future. We have also devised a workflow to monitor control of these substances.

Control system for substances of environmental concern



Substances of environmental concern that are banned, or are to see reduced use in production

Rank	Number	Chemical Substance		
Banned	21	<ul style="list-style-type: none"> Hexavalent Chromium PBB/PBDE/DBDE ^{*4}/HBCDD PCB Trichloroethylene PFOS (Perfluorooctane sulfonate) Pentachlorothiophenol ^{*4} 	<ul style="list-style-type: none"> Cadmium Tri-substituted Organostannic Compounds Asbestos Triethanolamine RCF (Fire-Resistant Ceramic Fibers) (Alumina and Silica Types) ^{*4} Hexachlorobutadiene ^{*4} 	<ul style="list-style-type: none"> Mercury Sulfur Hexafluoride ^{*4} Specified CFCs/Alternative CFCs (HCFC) Hexachlorobenzene 2,4,6-Tri-tert-butylphenol ^{*4}
To be reduced (Subject to limited use)	15	<ul style="list-style-type: none"> Lead Alternative CFCs (HFC) Polycyclic Aromatic Hydrocarbons (PAH) BNST 	<ul style="list-style-type: none"> Arsenic Specified phthalate ester (DEHP/DBP/BBP/DIBP) ^{*3} Methanol DOTe 	<ul style="list-style-type: none"> Selenium Specified Chlorinated Flame Retardants (TCEP) DZ UV327
Substances of Very High Concern (SVHC) under EU REACH Regulations	(233) ^{*5}	Komatsu controls the use of the following substances, which might be used in Komatsu products. <ul style="list-style-type: none"> DEHP/DBP/BBP/DIBP etc (5 substances) Specified Lead Compounds (4 substances) HBCDD/DBDE/Trisphosphates (2-Chloroethyl) DOTe RCF UV327 		

*1 REACH: EU regulations for the Registration, Evaluation, Authorization and Restriction of Chemicals

*2 SCIP (Substances of Concern In articles as such or in complex objects (Products))

*3 Diethylhexyl phthalate, dibutyl phthalate, benzyl butyl phthalate, diisobutyl phthalate

*4 Review for stricter limits due to regulatory trends.

*5 The number of substances registered up until May, 2023 (progressively updated). Includes materials that are not contained in Komatsu construction equipment

We are reducing and ending our use of substances of environmental concern. One of our efforts to achieve this is our plan to replace components containing specific phthalate esters with alternatives by 2024.

NOx and PM emitted from products

To reduce the NOx (nitrogen oxide) and PM (particulate matter) contained in the exhaust gases of diesel engines, which are used in construction equipment and other machinery, new emission control regulations have been established, and we have been developing products that emit cleaner exhaust gasses. About 78% of the construction machinery manufactured in FY2022 complies with regulations equal to or more stringent than U.S. Tier 3 and EU Stage IIIA regulations. As a result, the average NOx and PM emitted by the construction equipment products produced by Komatsu are shown below:

Average emission value of NOx and PM Independent Practitioner's Assurance

	FY2020	FY2021	FY2022
NOx(g/kWh)	3.1	3.5	3.5
PM(g/kWh)	0.16	0.18	0.17

Komatsu's efforts regarding water

Due to climate change, population growth and other phenomena brought by global warming, risks of river flooding, droughts, water shortages and other water-related problems have surfaced all over the world and are becoming more serious every year.

The Komatsu Group believes that everyone has the right to access to safe and sanitary water, and we respect it as one of the most important rights. We also fully understands that we depend on that water and our business operations are influenced by and exert influence on the quantity and quality of that water.

Therefore, we engage in production activities that minimize environmental impact, provide good products and services and take appropriate actions to mitigate water-related risks in an effort to conserve local water resources and ensure that the water stays safe. It is our goal to promote these activities at All Komatsu and lead to the conservation of the global environment.

Basic initiatives

1. In our production activities, to reduce water consumption in cleaning and other processes, we set objectives and are continually carrying out water reduction activities. In addition, we promote the introduction of water circulation systems that collect used water for recycling at selected bases to increase the efficiency of water use. When returning the water discharged from production and sales bases to nature, we dispose of it in compliance with national and regional laws and regulations and also the management standards we have established.
2. Using construction machines equipped with ICT and other advanced technologies, we contribute to measures mitigating water-related risks such as safe and efficient shore protection work and disaster-relief work.
3. We regularly carry out water-related risk surveys at our production bases, sales bases, and suppliers and take appropriate measures to mitigate risk.
4. We provide quality drinking water and sanitary services to those involved in our business, including the local community.

5. We learn about water together with stakeholders to raise our awareness of water and our responsibilities and aim to realize better planet and future.
6. We carry out water-related initiatives and proactively disclose achievements.

Through these initiatives, we contribute to the SDGs, a set of common goals for the world.

Actions against water-related risks

Based on the Komatsu Earth Environment Charter, the Komatsu Group has promoted the reduction of water usage and recycling and has carried out activities, mainly for the protection of water quality. In 2020, we conducted a water-related risk survey at our 76 main offices in Japan and other countries, irrespective of whether they handle production. In this survey, we conducted (1) versatile and objective identifications of water-related risks using WRI Aqueduct, and (2) subjective awareness surveys of water-related risks that Komatsu considers to be important. Combining these two surveys, we expanded the scope of the water-related risk survey and increased its accuracy. The water-related risk survey showed that Komatsu Group had some areas facing risks of disasters such as heavy rains, river flooding and tsunami (including risk awareness to the supply chain).

Going forward, we will conduct a water-related risk survey on a regular basis to keep updated on the water-related issues of the Komatsu Group.

Water stress risk survey by area

Using WRI Aqueduct, we surveyed 34 main production bases of the Komatsu Group about water stress risks in the water resource usage required for their production activities, such as clean water (tap water/city water), industrial water (clean water for industrial use), and well water. We corrected the results from WRI Aqueduct based on unique evaluations of the specific business locations.

As of 2020, the business locations whose water stress risks were rated as high or middle-to-high account for 9% of our water usage. While approximately 64% of the water used by Komatsu as a whole was well water, we found that all of the water used in the business locations with high or middle-to-high water stress risks was clean water and that water usage reduction and water recycling are important for securing water resources in these areas.

The table below presents the results of the water risk assessment of production sites aggregated by personnel ratio.

Water Risk Survey of Global Production Sites (Percentages are personnel ratios)

Survey cover ratio	100%
Water stress high risk ratio	8%
Flood high risk ratio	8%

We will effectively use these survey results for activities we have conventionally engaged in, such as the promotion of water usage (input volume) reduction and recycling, adaptation to physical risks of heavy rain and flood, aiming to reduce the water-related risks the Komatsu Group is exposed to. In addition, when planning the construction of a new business base or the transfer of a base, we will survey water stress in that area to identify the risk level.

Domestic case studies (Oyama and Tochigi plants)

We have initiated the construction of multiple safety measures against the risks imposed by heavy rain. These include the building of three reservoirs (capable of holding up to an hour's worth of 100mm/h rainfall), installation of heavy rainfall water pipes, the construction of underground reservoirs, and the widening of rainwater drainage ways. In addition to this, we have installed water block walls and stop bars to prevent water from flowing outside of the premises.

* Our reservoirs also serve to alleviate the surrounding district's lack of drainage capacity.

Current Status of Reservoirs:

1. Oyama Plant 20,000 ton 10,000 ton and 4,000 ton reservoirs
2. Tochigi Plant 12,000 ton reservoir

International case studies (KIPL: Komatsu India Pvt. Ltd.; and KRA: Komatsu Remanufacturing Asia)

KIPL: Flooding from rivers may enter the parts warehouse and remanufacturing store during heavy rainfall. The following measures have been taken to prevent the entry of river flood water:

1. Installation of a rainwater drainage ditch outside the parts warehouse and remanufacturing store;
2. Installation of a rainwater drainage ditch around the test track and water treatment facility (by 2024).

KRA: This area receives heavy rainfall and is located in a canyon, so large amounts of water may enter the site. The following measures have been taken to prevent the entry of water:

1. Installation of a protective wall to prevent the entry of water from the plant entrance;
2. Installation of a concrete wall and drainage ditch.

Our water-related risk survey was conducted at the operations of one of our main supply chain companies (Midori-kai), and Midori-kai has made collaborative efforts in our water-related risk reduction activities since FY2017.

Compliance and risk audit at overseas group companies

Komatsu has been conducting planned compliance and risk audits (CR audits) since FY 2007 for risk prevention at overseas group companies with the support of environmental managers at mother plants in Japan.

In FY2022, we conducted audits in Southeast Asia and the United States. We conducted remote audits in Southeast Asia, where the time difference is minor, and the effects of the new coronavirus were not yet completely eradicated, and on-site audits in North America, where the risk of infection began to subside. The results showed that none of the companies had any major problems that could lead to environmental risks, and they were all actively engaged in activities to reduce their environmental footprint. Remote auditing does not enable us to see what is happening at the site. We used the check sheet in our fact finding about the sites, as is done in a typical audit. In addition, we gathered many different documents about the results of water tests and the administrative procedures of local affiliates before beginning the audit. We also conducted a paper audit. We plan to mainly conduct on-site audits, but will continue to carry out follow-ups checks using a web conference system as needed at areas where audits have already been completed, and plan to conduct further environmental audits of our group companies in other regions.

■ Past Environment Audits

Year	Area	Year	Area
2007	China	2015	Thailand
2008	—	2016	India and Indonesia
2009	Thailand and Indonesia	2017	Russia and China
2010	India	2018	Indonesia and Brazil
2011	Brazil	2019	China and the United States
2012	Russia and Czech Republic	2020	Europe
2013	United State	2021	China and Europe
2014	United States and Brazil	2022	Southeast Asia and the United States

Holding regional environment meetings

At overseas business units, employees in charge of the environment and safety in each region have gathered to hold regional meetings since FY2019. By exchanging information of and discussing common issues in the region, they aim to improve compliance and the level of the environmental impact reduction activities at each business unit. Meetings in FY2022 were held in North America, Latin America, Europe, Southeast Asia, South Africa and China, with the exception of Oceania. In these regions, meetings were held online due to COVID-19. These meetings were all attended by many participants who reported on their companies' environmental activities. Through activities like this, we would like to further revitalize the environmental activities of the Komatsu Group.

Biodiversity Initiatives

Recognizing the potential impact of our business activities on our ecosystem, we have taken steps to maintaining our commitment to protect biodiversity in our areas of operation.

Initiatives that deal with biodiversity

With the establishment of Komatsu's "Declaration of Biodiversity" and "Biodiversity Guideline" in January 2011, Komatsu business units worldwide began activities designed to preserve biodiversity.

Komatsu promotes initiatives to preserve biodiversity on two levels.

First, the Company continues to promote ongoing efforts to reduce the environmental impact of Komatsu's business activities. Komatsu also considers biodiversity when deciding how land is to be used, such as when building factories.

Second, Komatsu is becoming directly involved in the preservation of biodiversity, and at the same time expanding our "one-site, one-theme activities" to raise employee's awareness of the need to preserve local ecosystems.

Komatsu Declaration on Biodiversity (Revised June 2023)

Komatsu recognizes that its business activities are dependent on and influence the biodiversity of ecosystems.

Based on this understanding, Komatsu strives to take actions in accordance with the guiding principles described below, as it shares a sense of responsibility regarding the biodiversity crisis, and strives to conserve diverse resources and promote their sustainable use.

I (Recognition by Management)

Komatsu recognizes that the conservation and maintenance of biodiversity are important management tasks.

II (Initiatives)

Komatsu shall promote its biodiversity activities integrally with those to address climate change issues from the following two perspectives.

1. Komatsu shall reduce the environmental impact of its business activities which are affecting biodiversity.
 - (1) Reduction of environmental impact of products
 - (2) Reduction of direct environmental impact from products throughout their lifecycle.
 - (3) Contribution to sustainable forestry management by promoting mechanization of all processes from planting, cultivating, and harvesting trees.

(4) Consideration for biodiversity in land use

In particular, avoid operational activities in areas and near sites of containing globally or nationally important biodiversity.

2. Komatsu shall work for the conservation and maintenance of biodiversity through its social contribution activities.

III(Operation)

Komatsu shall promote activities by means of a step-by-step approach, taking feasibility into consideration.

IV(Working with the external partners)

In order to protect biodiversity in the regions in which we operate, Komatsu will undertake activities together with administrative agencies, local citizens, NGOs and other entities; by doing so we aim to become a corporation local communities can be proud of.

V (Full participation activities)

Komatsu will promulgate the importance of biodiversity to all employees and undertake activities with their full participation. We will involve our suppliers and dealers as well as customers related to the lifecycle of Komatsu products in these activities and promote our initiatives on a global group-wide scale.

VI(Communication)

Komatsu will educate and disclose related information to employees. In addition, Komatsu will actively disclose information on activities being undertaken and work to contribute to heightening the level of societal awareness of the importance of biodiversity.

*Sites containing globally or nationally important biodiversity:

- Species classified as Critically Endangered, Endangered, or Vulnerable on the IUCN Red List, endemic species
- Internationally recognized areas: World Heritage sites, Ramsar Wetlands, UNESCO MAB
- Nationally important biodiversity can include legally protected areas, habitats, and species.

Biodiversity activities

Komatsu established its Declaration of Biodiversity and Biodiversity Guideline in January 2011. For the 10 years since then, we have continued to perform One-site, one-theme activities at each base (plant and office) globally.

2020 is a landmark year as 10 years have passed since the Conference of the Parties (COP10) was held and the Aichi targets were selected. 2021 is a milestone as it marks the tenth anniversary of Komatsu's Declaration of Biodiversity. Coinciding with this, we distributed a questionnaire to the Komatsu Group and surveyed their biodiversity conservation activities to identify future subjects and policies to implement in the future. The results of the survey, showing the status of each base, are below.

- The management of each base recognizes and understands the biodiversity conservation activities to be an important management task, and all employees participate in the activities.

- Because the activities also serve as environmental education for the next generation (e.g. the children of the employees and the community) and are promoted in cooperation with the government and local communities, the activities have gained the understanding of the community and are also a source of pride for the community.
- Recognizing that biodiversity conservation activities are closely associated with the establishment of a society in harmony with nature, they have set not only goals for the biodiversity conservation activities in a restricted sense but also improvement goals for CO₂ and water consumption and waste reduction in our operations (throughout the life cycle) and are implementing activities to achieve them.

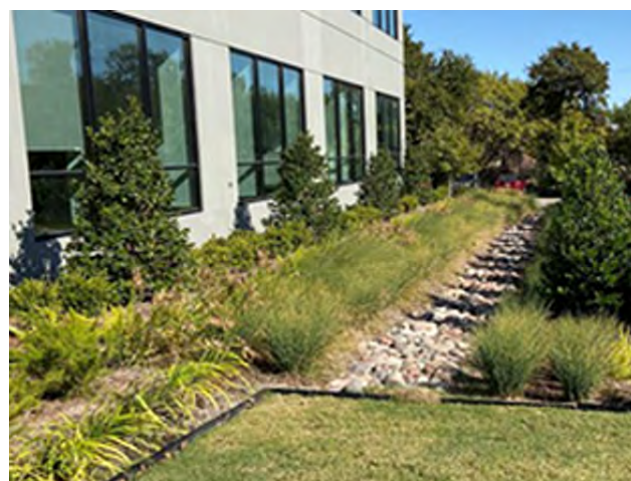
In the future, to expand biodiversity conservation activities to the entire life cycle, we will explain these activities to the supply chain and motivate them to proactively participate in activities.

[Examples in Japan and other countries]

1. Land use consideration



Koriyama Plant: Biotope on the premises



Hensley's Dallas facility : Bioswale

2. Community contribution



Oyama site: Tide prevention forest restoration volunteer project in Iwaki



Planting a tree in Inner Mongolia (China)

3. Ecosystem conservation



Oyama Plant: Around the Manabi-no Mori



Rare vegetation preserve on the plant's premises (Indonesia)

4. An example of activities at our business sites (PT Komatsu Indonesia)

PT Komatsu Indonesia is working to conserve biodiversity to realize a sustainable society as a manufacturing company. The company has been promoting a reforestation project in a forest reserve in West Java, Indonesia, to cultivate different species of trees in an area of approximately 268 hectares. In addition to enriching the existing ecosystem, these activities have also helped to conserve various species of flora and fauna. In addition, Komatsu has enriched the ecosystem at its Indonesian site to grow about 40 different species of trees and plants, coexist with plants and animals in reservoirs and encourage birds to settle in the area. Recognizing that Komatsu's business activities depend on and affect biodiversity, the company will continue its efforts to contribute to biodiversity conservation.



Improvement of the riparian environment in PT Komatsu Indonesia

Data

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Environmental data

1.Changes in major environmental data

Independent Practitioner's Assurance 

Item	FY2018	FY2019	FY2020	FY2021	FY2022	Unit
Scope1 CO ₂ emission	132	112	104	109	113	kt
Scope2 CO ₂ emission	386	292	278	352	350	kt
Scope1+2 emission	519	404	382	461	464	kt
Scope3 CO ₂ emission	29,769	22,125	21,729	30,893	34,271	kt
Energy consumption	9,826	8,183	7,838	9,612	9,916	TJ
Renewable electricity use	43.0	76.6	84.7	111.8	145.7	GW h
Renewable electricity ratio	5	11	13	14	17	%
Generated waste	117.8	95.6	74.2	92.7	104.0	kt
Water input	3,963	3,570	3,238	3,140	3,081	thousand m ³

Note: The above data show total data for manufacturing sites

Note: Partially revised as a result of revisions to past data.

2. Manufacturing sites

Independent Practitioner's Assurance 

■ Total of Manufacturing Sites

	Item	Actual value
Energy consumption	Purchased electricity	824 GWh
	Light oil,Gasoline, et al.	10,826 k ℓ
	Gas	29,907 thousand m ³
	LPG	6,239 t
	District heating	8 GWh
	Steam	5,606 t
	Total energy consumption	9,916 TJ
	CO ₂	464 kt-CO ₂
	Private Power generation	22 GWh
Water input		3,081 thousand m ³
Total emissions of waste		103,978 t

Japan

Independent Practitioner's Assurance

Environmental impact	Item	Actual value
	Total CO ₂ emissions	220 kt-CO ₂
	NOx total amount	43 t
	SOx total amount	4 t
	Total emissions of waste	19,071 t
	BOD emissions	6 t
	COD emissions	9 t
	Wastewater	1,828 thousand m ³
	Output of in-house power generation	14 GWh

Energy consumption	Item	Actual consumption	Converted to calorie equivalents (TJ)
	Purchased electricity	414 GWh	3,923
	Heavy oil A	3,065 k ℓ	119
	Kerosene	2,065 k ℓ	75
	Light oil	3,736 k ℓ	142
	City gas	4,110 thousand m ³	169
	LPG	4,971 t	249
	Gasoline	129 k ℓ	4
	Biomass, Solar	-	104
	Total		4,786

Water input	Groundwater	1,796 thousand m ³	
	Industrial water	0 thousand m ³	
	Supply water	225 thousand m ³	
	Total	2,020 thousand m ³	

*1) Total emissions of waste are expressed as a composite of the amount recycled and the amount disposed.

*2) Output of in-house power generation includes electricity sold.

■ The Americas

Independent Practitioner's Assurance

Energy consumption	Item	Actual value
	Purchased electricity	142 GWh
	Light oil,Gasoline, et al.	768 k ℓ
	Gas	12,278 thousand m ³
	LPG	244 t
	District heating	- GWh
	Steam	- t
	Total energy consumption	1,886 TJ
	CO ₂	41 kt-CO ₂
	Private Power generation	1 GWh
Water input	294 thousand m ³	
Total emissions of waste	41,418 t	

■ Europe

Independent Practitioner's Assurance

Energy consumption	Item	Actual value
	Purchased electricity	31 GWh
	Light oil,Gasoline, et al.	138 k ℓ
	Gas	3,944 thousand m ³
	LPG	1 t
	District heating	8 GWh
	Steam	- GWh
	Total energy consumption	478 TJ
	CO ₂	11 kt-CO ₂
	Private Power generation	1 GWh
Water input	66 thousand m ³	
Total emissions of waste	10,982 t	

Independent Practitioner's Assurance

Asia

Energy consumption	Item	Actual value
	Purchased electricity	238 GWh
	Light oil,Gasoline, et al.	925 k ℓ
	Gas	9,575 thousand m ³
	LPG	1,023 t
	District heating	- GWh
	Steam	5,606 t
	Total energy consumption	2,767 TJ
	CO ₂	192 kt-CO ₂
	Private Power generation	6 GWh
Water input		701 thousand m ³
Total emissions of waste		32,507 t

*1) Total emissions of waste are expressed as a composite of the amount recycled and the amount disposed.

*2) Output of in-house power generation includes electricity sold.

Independent Practitioner's Assurance

Scope-2 CO₂ emissions (Total of production sites)

Standard	CO ₂ (kt)
Location-based	424
Market-based	363

3. Sales and after-sales sites

Independent Practitioner's Assurance

FY2022 Komatsu Customer Support Japan Ltd. Environmental performance data

Company Name	Komatsu Customer Support Japan Ltd.
Location	Shirokane, Minato-ku, Tokyo
Activities	Sale, service and rental of construction equipment and forklift trucks
Number of bases	214
Number of employees	4,598
Data of ISO14001 certification acquisition	May 2018

Environmental impact	Item	Actual value
	Total CO ₂ emissions	7.5 kt-CO ₂
	Total emissions of waste	12,020 t
	Amount recycled	10,071 t
	Recycling rate	83.8 %

Energy consumption	Item	Actual consumption	Converted to calorie equivalents (TJ)
	Electricity	13.9 GWh	132.2
	Heavy oil A	120 k ℓ	4.7
	Kerosene	406 k ℓ	14.8
	Light oil	87 k ℓ	3.3
	Gasoline	7 k ℓ	0.2
	LPG	18 t	0.9
	City gas	50 thousand m ³	2.1
	Total		158.2

4. Other sites

Independent Practitioner's Assurance

	Site data of non-manufacturing divisions		
Manufacturing facility included	Head Office, Advanced and Core Technology Center, Field Testing Department, Techno Center, General Education Center, Shinomiya Building T, Recreation Facilities (5 sites)		
Environmental impact	Item	Actual value	
	Total CO ₂ emissions	4.1 kt	
Energy consumption	Item	Actual consumption	Converted to calorie equivalents (TJ)
	Purchased electricity	6.4 GWh	61.0
	Heavy oil A	87 k ℓ	3.4
	Kerosene	78 k ℓ	2.8
	Light oil	304 k ℓ	11.6
	City gas	9 thousand m ³	0.4
	LPG	68 t	3.4
	Gasoline	2 k ℓ	0.1
	Total		82.6

Amount of CO₂ emissions by scope3

Independent Practitioner's Assurance

Category	Rate (%)	Summary Data kt-CO ₂
Scope3 (1)Manufacturing of Purchasable Goods	9.9	3,382
Scope3 (2)Capital Goods Construction and others	0.4	127
Scope3 (3)Fuel Procurement	0.4	122
Scope3 (4)Upstream Transportation disposal	0.3	110
Scope3 (5)Waste Transportation	0.0	13
Scope3 (6)Business Trips	0.3	93
Scope3 (7)Commuting	0.1	44
Scope3 (8)Upstream Leased Assets Operation	-	-
Scope3 (9)Downstream Transportation	-	-
Scope3 (10)Processing Sold Products	-	-
Scope3 (11)Customer Use	88.6	30,361
Scope3 (12)Product disposal	0.1	20
Scope3 (13)Downstream Leased Assets Operation	-	-
Scope3 (14)Franchise Member Companies	-	-
Scope3 (15)Investment Management	-	-
Total CO₂Emission Amount (kt-CO₂/year)	100.0	34,271

Note: When the figures in each category are rounded or truncated .
The amount may not coincide with the aggregate of the relevant figures.

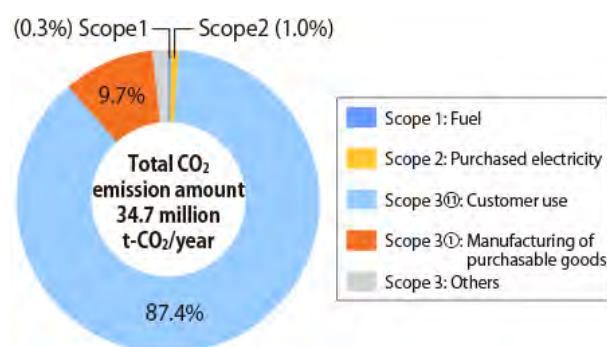
Category 8 is included in Scope1,2, when it's evaluated.

Category 13 is included in Category 11, when it's evaluated.

Categories 14 and 15 have no activities subject to evaluation.

Reference: Pie chart for Scope 1, 2, and 3

Independent Practitioner's Assurance



SBT (Science-Based Targets) approved

SBT (Science-Based Targets) approved

Komatsu's CO₂ reduction objectives have renewed certification by SBT as of March, 2022.

Science-Based Targets (SBTs) are greenhouse gas emission reduction targets consistent with the requirement of COP21 (Paris Agreement).



Komatsu's SBT are as follows

1. SCOPE1+2: Total -30% (Target Year 2030; Base Year 2019)
2. SCOPE3: Total -15% (Target Year 2030; Base Year 2019)

Independent Practitioner's Assurance

Progress of SBT

		Base year (2019)	FY2021		FY2022	
			Emission amount	Rate of change (from base year)	Emission amount	Rate of change (from base year)
Scope1+2		470 (kt-CO ₂)	521 (kt-CO ₂)	+11%	524 (kt-CO ₂)	+11%
Breakdown	Scope1	128 (kt-CO ₂)	123 (kt-CO ₂)	-3%	128 (kt-CO ₂)	0%
	Scope2	343 (kt-CO ₂)	398 (kt-CO ₂)	+16%	396 (kt-CO ₂)	+16%
Scope3		20,819 (kt-CO ₂)	27,310 (kt-CO ₂)	+31%	30,361 (kt-CO ₂)	+46%

* Scope1+2 includes manufacturing sites and major sales sites etc.

* Scope3 indicates category-11 (customer use)

* Note: Partially revised as a result of revisions to past data.

* Scope 1 and 2 emission amounts may not match exactly due to the use of decimal points.

Environmental education

Komatsu is committed to employee education with regards to good environmental practices. Under our basic framework, provision of education is divided according to two unique categories according to type; Dissemination of common knowledge falls under the oversight of the Head Office, whereas specific vocational training is managed by respective divisions.

In FY2022, we focused on the online education programs for training and improving the competence of internal auditors on the environment and safety.

Environmental education for new managerial-level employees, which was begun in FY2014, is currently being provided online.

Despite the fact that we already meet the legislatively mandated quota of personnel with environment-related certification, we intend to implement further training in order to increase this number.

Courses in environmental education and training in Japan (excluding general environmental courses) *

Independent Practitioner's Assurance

Head office

No.	Course name	Target	Participants			
			FY2019	FY2020	FY2021	FY2022
1	Newly appointed manager training	Komatsu Group newly appointed managers	155	207	182	213
2	Training new employees	New Employees (Komatsu and affiliates)	383	318	314	288
3	Advanced environmental education (held every two years)	Environmental specialists (Komatsu and affiliates)	19	-	19	-
4	Overview of the ISO14000 series	Managers (Komatsu, affiliates, and business associates)	46	98	182	259
5	Training of internal auditors / Refresher courses	Environmental auditors (Komatsu, affiliates, and business associates)	87	80	182	190
6	Development and manufacturing (introductory)	Development and manufacturing staff (for second-year employees)	190	208	202	140

No.	Course name	Target	Participants			
			FY2019	FY2020	FY2021	FY2022
7	Environmental training for manufacturing engineers	Assistant foremen/ foremen/ manufacturing engineers/ students of Komatsu Institute of Technology	145	80	218	129
8	Lectures on the environment, experience-oriented education	Komatsu Group employees	1,267	645	745	411

Note: Partially revised as a result of revisions to past data.

Independent Practitioner's Assurance

Divisions overseeing environmental management at plants

Komatsu and Komatsu Group manufacturing facilities in Japan
(including Advanced and Core Technology Center, Field Testing Department)

No.	Course name	Target	Participants			
			FY2019	FY2020	FY2021	FY2022
1	Education in the basics of auditing	Managers and employees	196	57	57	35
2	Overview of the ISO14000 series	Managers and employees	565	351	338	175
3	Training of internal auditors	Environmental auditors	26	13	13	5
4	Training new employees	New Employees	1,205	1,075	1,351	1,605
5	Regulatory education and personnel exchange	Employees (and other participants)	15	172	123	247
6	Specialist training	Environmental conservation practitioners (persons involved in regulatory affairs, etc.)	429	370	435	581

* In addition to the education and training courses listed above, Komatsu also held courses dealing with environmental issues intended for sales agents.

Note: Partially revised as a result of revisions to past data

Number of persons having environment-related certificate

Independent Practitioner's Assurance

Komatsu and Komatsu Group manufacturing facilities in Japan
(including Head office, Advanced and Core Technology Center, Field Testing Department)

Certificate name	Number of persons with certificate*			
	FY2019	FY2020	FY2021	FY2022
Pollution control administrators	220 (35)	225 (35)	206 (35)	202 (35)
Energy administrators	37 (9)	37 (9)	36 (9)	34 (9)
Environmental management system associate auditors	5	5	4	4

* Figures in parentheses indicate the number of officers required.

Note: Partially revised as a result of revisions to past data.

Environmental accounting

Komatsu fully reports on the content of our environmental accounting systems in order to obtain an objective and accurate evaluation of our environmental conservation activities.

Environmental costs (investments and expenses)

Independent Practitioner's Assurance

Komatsu and Komatsu Group manufacturing facilities in Japan (except group companies in the facilities),
Field Testing Department and Manda area

Category		Investment			Expenses		
		FY2021	FY2022		FY2021	FY2022	
		Investment*1 (millions of yen)	Investment*1 (millions of yen)	Contents	Expenses*1 (millions of yen)	Expenses*1 (millions of yen)	Contents
1.Business area cost		1,762	2,174		2,180	2,291	
Breakdown	(1). Pollution prevention cost	434	342	■ Countermeasure construction for torrential rain, installation of water quality monitoring equipment, etc.	328	356	■ Environmental measurement and sludge/soil treatment costs
	(2). Global environmental conservation cost	1,008	1,638	■ Installation of solar panels, etc.	969	936	■ Biomass boiler fuel and other facilities maintenance costs, etc.
	(3). Resource circulation cost	320	195	■ Installation of soil classification systems, etc.	883	999	■ Waste material processing cost
2.Upstream/downstream cost		0	2	■ Installation of pallets for large frames, etc.	316	661	■ Reduction of the environmental impact of mass-production units
3.Administration cost		58	47	■ Greening of the area around manufacturing sites, etc.	1,100	1,146	■ Cost of creating green spaces and beautifying manufacturing sites ■ Biodiversity survey costs
4.R&D cost		191	4,342	■ Investment in air conditioning and ventilation equipment for engine testing and electrode foil coating machine, etc.*2	19,963	25,343	■ Cost of R&D activities to reduce the environmental impact of products ■ Cost of R&D activities to develop environmentally-friendly construction equipment ■ Depreciation of investment in development facilities*2
5.Social activity cost		0	0		9	10	■ Cost of community beautification activities ■ Membership fee for local environmental groups
6.Environmental remediation cost		0	0		366	121	■ Soil contamination remediation costs
Total		2,011	6,564		23,944	29,572	

*1 All figures are rounded off to the nearest million yen.

*2 From FY2022, the capital investment and depreciation expenses of the Development Division are included.



Environmental effects

Independent Practitioner's Assurance

Environmental impact reduction effects

Komatsu and Komatsu Group manufacturing facilities in Japan

Items of environmental impact	Change of amount (t/year)	Rate of year-on-year changes (%)
CO ₂ emissions	6,220	+3
Water input	-143,526	-7
Waste materials generation	1,032	+6

Economic benefits

Komatsu and Komatsu Group manufacturing facilities in Japan (except group companies in the facilities),
Field Testing Department and Manda area

Tangible benefits			Avoidance benefits of environmental risks ^{*2}	Contribution to profits ^{*2}
Type	Monetary value ^{*1} (millions of yen)	Major activities		
Energy conservation	372	Full-scale operation of biomass gas power generation, etc.	<p>* In FY2022, there were no major accidents or legal infractions that would contaminate the environment.</p> <p>* No litigation costs were required in Japan during FY2022.</p>	<ul style="list-style-type: none"> ■ Proceeds from mobile recycling equipment ■ Proceeds from value added due to reduced environmental impact of products
Resource conservation	50	Reduce heavy oil for heating and cooling by biomass utilization		
Waste materials reduction	187	Control the amount of waste generated and promotion of recycling through thoroughgoing sorting		
Gain on sale of valuables	768	Sale of scrap, used paper, waste oil, etc.		
Other	0	-		
Total	1,377			

*1 Figures are rounded off to the nearest million yen.

*2 Komatsu used statements instead of numeral figures to describe the "Avoidance benefits of environmental risks" and the "Contribution to profits". We will give further consideration to the interpretation and the understanding of efficiency.

Effects on society ^{*1}

Environmental impact reduction effects

- Environmental impact reduction resulting from on-site recycling methods
- Environmental impact reduction resulting from product operation
- Waste components reduction resulting from "Reman" business

Tangible benefits

- Reduction of expenses for processing waste materials
- Savings in operating and maintenance costs
- Reduction of repair costs

*1 We are aware of the potential impacts on society that could arise from the use of our products. Qualitative information regarding the most significant effects are referenced here.

Major environmental achievements in FY2022

Environmental management

Theme	Index	Reference year	FY2022 Goal	FY2022 Achievement	Remarks
Public relations of environmental activities	CDP evaluation	-	Climate : A Water : A	Climate : A Water : A	
Public relations of environmental activities	Publication of ESG Data Book	-	Publishing	Published(July)	

Research & Development

Theme	Index	Reference year	FY2022 Goal	FY2022 Achievement	Remarks
Development of low-emission construction machinery and industrial vehicles (Compliance with emission control regulations)			- Development of Tier 4 regulation-compliant vehicles - Development of Stage V regulation-compliant vehicles	- Continued development - Continued development	
Reduction of CO ₂ emissions from products (Promotion of fuel efficiency improvement during product operation)	CO ₂ emissions reduction (unit: %)	2010	- Reduction of CO ₂ emissions from use of products (construction machinery, mining machines) Goal: 20% reduction	- Continued development Achievement: 21% reduction	Goal for 2030: 50% reduction

Theme	Index	Reference year	FY2022 Goal	FY2022 Achievement	Remarks
Reduction of CO ₂ emissions from construction machinery and industrial vehicles (changing to BDF biofuel)			- Use of B50-compliant mixed light oil	- Continued development	
Improvement of recycling percentage of construction machinery and industrial vehicles			- Achieve 99% or more in the next developed vehicle	- Achieved in developed vehicles (for production and sales in Japan)	
Thorough management and reduction of materials with environmental burdens in construction machinery and industrial vehicles			<ul style="list-style-type: none"> - Reduction of the volume of hazardous substances in the next vehicle to be developed (Maintaining a 90% reduction compared to 1998) - Operating a system that manages hazardous substances per part (REACH Compliant) 	<ul style="list-style-type: none"> - Maintained 90% reduction of lead usage compared to 1998 - Added new SVHC, which are specified in REACH and managed use statuses of SVHC. Used the system to record data of the models for the EU and the models mass-produced or developed in the EU (Investigated substances contained in each part) 	

Production

Theme	Index	Reference year	FY2022 Goal	FY2022 Achievement	Remarks
CO ₂ emissions	Improvement of basic unit	2010	43% or more reduction	43% reduction	Goal for 2030: 50% reduction
Recyclable energy usage	Percentage of electricity consumed		16% or more	17%	Goal for 2030: 50%
Water input volume	Improvement of basic unit	2010	66% or more reduction	69% reduction	Goal for 2024: 70% reduction
Discharged waste volume	Improvement of basic unit	2010	27% or more reduction	38% reduction	Goal for 2030: 40% reduction
Chemical release volume (VOC emissions volume)	Improvement of basic unit	2005	50% reduction	53.1% reduction (deteriorated 0.4point from the previous year)	

* We have achieved our previous 2030 target for water input volume (i.e. a 60% reduction in water input intensity compared with 2010) and are now considering a new target.

Logistics

Theme	Index	Reference year	FY2022 Goal	FY2022 Achievement	Remarks
Shift to transportation means with a low environmental burden Increase use of domestic vessels and JR	Modal shift rate per 500km	-	62%	61%	We expanded the use of rail for the transportation of items from the Awazu and Himi Plants to those moving between the Oyama and Tochigi Plants, but fell 1% short of our target.
Decrease of transportation distance Promoting use of nearby ports for exported vehicles Increase use of Kanazawa Port	Kanazawa Port use percentage for exported vehicles	-	50%	27%	Increased production made it difficult to determine lead times and the index worsened as shipments from Kobe and Nagoya Ports increased.
Decrease of transportation distance Export vehicles using nearby ports Increase in use of Hitachinaka Port	Hitachinaka Port use percentage for exported vehicles	-	99%	99%	Ongoing effective use of Hitachinaka Port.

Theme	Index	Reference year	FY2022 Goal	FY2022 Achievement	Remarks
Improvement of CO ₂ emissions per cargo weight (basic unit) from transportation of products and parts Domestic transportation	Improvement per basic unit	2006	66	61	The modal shift and increased exports of large models reduced the basic unit.
Improvement of CO ₂ emissions per cargo weight (basic unit) from transportation of products and parts Overseas transportation	Improvement per basic unit	2011	87	83	Result of improvements in the modal shift to railroad transportation in North America.

Procurement

Theme	Index	Reference year	FY2022 Goal	FY2022 Achievement	Remarks
Horizontal expansion of Komatsu's activities to cut electricity consumption by half	-	-	Expand to 93 Midori-kai member companies	Continued to expand to all 93 member companies	
Implementation of environmental regulations audit	-	-	Implementing at two Midori-kai member companies	Implemented at 2 member companies	
Activities to reduce water consumption (10 companies)	-	-	Reduce clean water use 15% or more	19% reduction	

Sales & Services

Theme	Index	Reference year	FY2022 Goal	FY2022 Achievement	Remarks
Implementation of measures to prevent oil leakage	-	-	All KCSJ bases	All KCSJ bases	Installation of sandbags, drainage route diagrams, and emergency contact networks
Introduction of waste management systems	-	-	All KCSJ companies (7 companies) Komatsu Group sales companies (2 companies)	Implemented at 9 companies	
Provision of environmental education	Number of bases where on-site instruction workshops were held	-	60 bases	55 bases	Conducted on-site instruction workshops.
Sales expansion of environmental products	-Sales expansion activities for Tier4 models -Sales expansion activities for FE	-	-Sales plan criteria for FY 2022 -Sales plan criteria for FY 2022	-110.4% of the criteria -90.2% of the criteria	
Promotion of Smart Construction work	Number of Smart Construction sites	-	BP for FY 2022	106.7% of the criteria	

Scope of environmental data/calculation standards

Komatsu Group manufacturing facilities in Japan

- Komatsu Group manufacturing facilities in Japan, with a focus on the following 12 plants
Awazu Plant, Kanazawa Plant [including Kanazawa-Daiichi Plant and Kanazawa-Daini Plant], Osaka Plant [including Rokko Plant], Ibaraki Plant, Oyama Plant [including Komatsu Cummins Engine Co., Ltd., Industrial Power Alliance Ltd. and GIGAPHOTON, Inc.], Koriyama Plant, Shonan Plant, Tochigi Plant, Himi Plant, Shiga Plant, Komatsu NTC Ltd., KELK Ltd.
- Logistics offices in Japan: the following 16 plants and centers
Awazu Plant, Osaka Plant, Rokko Plant, Ibaraki Plant, Tochigi Plant, Kanazawa Plant, Shonan Plant, Oyama Plant, Koriyama Plant, Himi Plant, Shiga Plant, Komatsu Logistics Corp. (Kanto Hokyū Center, Kansai Hokyū Center, Awazu Hokyū Center, Hokkaido Center and Kyushu Center)

Komatsu Group manufacturing facilities outside Japan

- Komatsu Group manufacturing facilities outside Japan, specifically the 21 business units appearing on the world map below.



- Overseas logistics offices: the following 11 companies
Komatsu Americas Corp. [Chattanooga][Peoria], Komatsu do Brasil Ltda., Komatsu UK Ltd., Komatsu Germany GmbH [Düsseldorf], Komatsu Shantui Construction Machinery Co., Ltd., Komatsu (Changzhou) Construction Machinery Co., Ltd., Komatsu (Shandong) Construction Machinery Co., Ltd., PT Komatsu Indonesia, Bangkok Komatsu Co., Ltd. and Komatsu India Pvt. Ltd
- Komatsu Group manufacturing facilities, both in Japan and overseas: Pertaining to all 33 of the offices mentioned above, including 12 domestic and 21 international offices.

Guidelines

- “Environmental Report Guidelines 2018” (Ministry of the Environment of Japan)
- Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver 2.5 (Ministry of the Environment and Ministry of the Economy, Trade and Industry of Japan)
- Database on Emissions Intensities for Calculating Greenhouse Gas Emissions, etc. through a Supply Chain Ver. 3.3 (Ministry of the Environment and Ministry of the Economy, Trade and Industry of Japan)

GRI Standards

See the GRI content index

[› GRI Standards INDEX](#)

Period covered

Primarily, this report covers data acquired from April 2022 to the end of March 2023, with a portion of information that involves data acquired after April 2023.

Calculation base of typical environmental data

Classification	Item	Calculation Method
GHG Energy	Energy	Energy = (fuel, electric energy, etc.) x energy conversion factor <ul style="list-style-type: none"> Fuels (other than biomass), conversion coefficient of electric power: standard heating value of the Agency for Natural Resources and Energy (2013 value revised in August 2018) Biomass fuel: National Woodchips Industry Association (Japan) Regional heat: site reported value (1.54 GJ / MWh)
	GHG	Energy originated CO ₂ = (fuel quantity, electricity quantity) x CO ₂ emission factor Non-energy originated GHG = Gas emissions x Global warming potential (GWP) <ul style="list-style-type: none"> CO₂ emission factor Electricity: 2010 value of IEA CO₂ EMISSIONS FROM FUEL COMBUSTION 2012 Fuel: Japan, Overseas; Ministry of the Environment, Ministry of Economy, Trade and Industry, Greenhouse gas emissions calculation and report manual Ver4.7 GWP: Value of greenhouse gas emissions calculation, reporting and publication system
	Energy, CO ₂ emission in basic unit	Basic unit for each plant = (energy, CO ₂) / (Internal manufacturing value), index is a value with base year 100. Base year: 2010 Total basic unit index = weighted average of the percentage improvement in basic units of each plant from the base year by the energy consumption ratio or the CO ₂ emissions ratio in the base year.
	Location-based Scope 2	CO ₂ emission = purchased electricity quantity x CO ₂ emission factor <ul style="list-style-type: none"> CO₂ emission factor: Japan; Ministry of the Environment, Ministry of Economy, Trade and Industry Emission Factor by Electric Utility Substitution Value Overseas; 2010 value of IEA CO₂ EMISSIONS FROM FUEL COMBUSTION 2012

Classification	Item		Calculation Method
GHG Energy	Market-based Scope 2		<p>CO₂ emission = purchased electricity quantity x CO₂ emission factor</p> <ul style="list-style-type: none"> CO₂ emission factor: <ul style="list-style-type: none"> Japan; Emission Factor by Electric Power Company Overseas; 2010 value of IEA CO₂ EMISSIONS FROM FUEL COMBUSTION 2012 <p>However, the electricity generated from renewable energy source has zero emission factors</p>
	Scope3	C1	Purchased product service: Product weight x emission factor + cooperating company CO ₂ emission amounts
		C2	Capital goods: capital investment amount x emission factor
		C3	Fuels and energy related activities not included in Scope 1 and 2: fuel quantity purchased x emission factor on the upstream side + purchased electric energy amount x upstream side emission factor
		C4	Transportation, Delivery (upstream): Fuel consumption (amount) x Emission factor (coefficient according to Komatsu actual result survey)
		C5	Waste from project: Waste volume x Emission factor (coefficient according to Komatsu performance survey)
		C6	Business trip: travel expenses x emission factor
		C7	Employer commuting: commuting expenses x emission factor
		C9	Downstream transport: transport volume x emission factor
		C11	Use of products sold: Σ (Production volume per product model x Fuel consumption(L/h) x Product life(h) x Emission factor)
		C12	Disposal of products sold: Product weight x Emission factor
			<p>Emission factor</p> <p>C1, C2, C3, C6, C7, C11, C12: Emission basic unit database (Ver 3.3) for calculating greenhouse gas emissions of organizations through the supply chain of the Ministry of the Environment</p> <p>C3 Fuel: Carbon Footprint Communication Program Basic Database (Ver 1.01)</p> <p>C9: Ministry of Economy, Trade and Industry • Ministry of Land, Infrastructure, Transport and Tourism Guidelines for Estimating CO₂ Emissions in the Logistics Field</p>
	CO ₂ emissions index during product operation		CO ₂ emissions index estimated based on changes in product fuel consumption reduction, etc. in the aggregate year, with 2010 as the base year and no change in product composition from the base year.

Classification	Item	Calculation Method
Exhaust	Sox Emissions	Total for heavy oil, kerosene, light oil and coke: Calculated from fuel quantity x sulfur content in fuel
	NOx Emissions	Total for heavy oil, kerosene, light oil, city gas, and LPG: Calculated from Exhaust gas quantity x NOx concentration
Drainage	BOD Emissions	Calculated from Wastewater x BOD Average Concentration Measurement Value
	COD Emissions	Calculated from Wastewater x COD average concentration measured value
Water	Amount of water used	Total amount of water intake, including clean water, industrial water and groundwater
	Intensity of water input	Intensity at a plant = (amount of water used) / (internal manufacturing value); the base year of the index is 100. Base year: 2010 Total basic unit index = weighted average of percentage improvement in basic units of each plant from the base year by the ratio of water input in the base year.
Waste	Amount of waste	Total amount of waste excluding valuables
	Waste intensity	Intensity at a plant = (amount of waste) / (internal manufacturing value); the base year of the index is 100. Base year: 2010 Total basic unit index = weighted average of percentage improvement in basic units of each plant from the base year by the ratio of waste amount in the base year.
PRTR materials	Amount of these materials emitted or moved	Multiply the number of secondary materials used by the content of specified chemical substances and the rate of emissions and movement in accordance with the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act).

Main data, ISO 14001 certification acquisition coverage

The coverage rate of main data and ISO 14001 was calculated using the number of people as an index.

1. Main data coverage

Data coverage rate at production sites: 96%

2. ISO 14001 certification acquisition coverage

ISO 14001 certification acquisition coverage rate at production sites: 93% (If KMC is not included : 100%)

Independent practitioner's assurance

Komatsu views an independent practitioner's assurance process as crucial for ensuring the reliability of the quantitative environmental information and occupational safety and health information for the 2022 fiscal year described on its "Sustainability webpage". For this reason, Komatsu has received an independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd., an affiliate of the Deloitte Touche Tohmatsu LLC.

▷ [Deloitte Tohmatsu Sustainability Co., Ltd.](#)



▷ [Independent Assurance Report \(PDF : 2.12MB\)](#)

Points of an Independent Practitioner's Assurance

Komatsu has received an independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd. for this Web data, which is marked by the independent practitioner's assurance logo where appropriate.

Other CSR data

Political contributions

Our political contributions in FY2022 totalled 8 million yen.*

* Described in the Income and Expenditure Reports on Political Funds released on November 25, 2022 (on the website of the Ministry of Internal Affairs and Communications)

We have confirmed that this contribution does not conflict with the provisions of Komatsu's Code of Conduct, including the provisions regarding honest and fair business activities and honest and appropriate business operations.

Social Contribution Activities















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Accomplishments and approaches for social contribution activities

Komatsu defines CSR activities as the things we do to meet society's needs through our core business, and it has identified its material issues through the discussion of initiatives that are able to provide value to both society and Komatsu, as below. We engage in CSR activities based on the ideas derived from these discussions.

The guiding principle is that a company should assume its responsibility to conduct CSR activities in the regions it operates within. We focus on the themes that enable us to leverage our expertise in our core business.

Materiality

Sustainability policy	Relationship with SDGs	Materiality
With people	 Gender equality  Decent work and economic growth  Reduced inequalities  Partnerships for the goals	[Employees] [Human rights] <ul style="list-style-type: none"> • Diversity and Inclusion • Skills development and workplace retention • Employee engagement and job satisfaction • Occupational safety and health and wellbeing • Respect for human rights
With business	 Industry, innovation and infrastructure  Sustainable cities and communities  Responsible consumption and production  Partnerships for the goals	[Customers] [Ethics / Governance] [Communities] <ul style="list-style-type: none"> • Provision of solutions • Product safety and quality • Governance • Compliance • Contributions to local communities
With the planet	 Affordable and clean energy  Industry, innovation and infrastructure  Responsible consumption and production  Climate action  Life on land  Partnerships for the goals	[Environment] <ul style="list-style-type: none"> • Development of low-carbon/low-emissions products, solutions and business models • Resource recycling and remanufacturing • Forest conservation through business activities • Reduction of energy usage and GHG emissions

Basic approaches to social contribution (from “Komatsu’s worldwide code of business conduct”)

CSR (Corporate Social Responsibility) is a multi-faceted topic, of which specific elements pertaining to the different aspects of its implementation are subject to change according to country, region, or business practices. However, regardless of these variations, the underlying axioms that drive these initiatives remain the same: companies must co-exist in harmony with society, responding to expectations and building a relationship of mutual trust. As mentioned in other sections of this report, one of the principles that guides the Komatsu Group on a global scale is the understanding that Komatsu should fulfill its corporate social responsibilities through integration of CSR into our business operations. We further build on that belief by defining clear requirements for good corporate citizenship: a company should live up to societal expectations by promoting harmony and making real contributions for the benefit of the community in which it operates. Komatsu is proud to report that we live up to these high standards, and are proactively engaged in social contributory activities across multiple regions.

Governance regarding donations

Whenever we start a new project, we evaluate its ability to benefit both Komatsu’s business operations and its stakeholders. In our implementation of our CSR activities (including donations), we introduced a check sheet in FY2013 to be used by the Sustainability Promotion Division, functioning as an administrative office, to quantitatively evaluate the effects of the activities from both aspects, and involved officers review this evaluation to ensure the effective monitoring of our CSR activities.

5 Basic principles for social contribution (from "Komatsu's worldwide code of business conduct")

Aims:

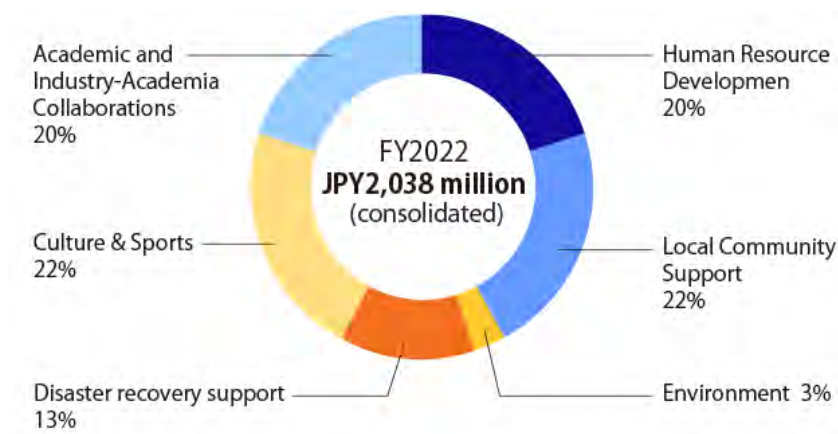
To clarify the responsibilities of Komatsu Group and its employees as members of the local community and guide their activities for social contribution accordingly.

Principles: Activities for social contribution should:

- have continuity;
- contribute to the advancement of public welfare;
- be voluntary (not forced);
- be reasonable to employees; and
- not be designed to advertise our products or services.

Social contribution expenditures of the Komatsu group in FY2022

We have divided and summarized the results of our social contributions into 6 general categories. These can be found in the infographic below:



Type of social contribution expenditure

	(Millions of yen)
Cash contributions	767
Time contributions	340
In-kind giving	209
Management overheads	722
Total	2,038

Nurturing the next generation

Komatsu offers floral education programs tailored for preschool and daycare children, fostering an appreciation for beauty and kindness through exposure to flowers and greenery. This program is a collaborative effort of the Flower Association of Japan, Komatsu City, and the NPO Midori-no-Komatsu Sukusuku-kai, hosted at Komatsu no Mori, a forest park facility in Komatsu City, Ishikawa Prefecture. It also encourages intergenerational exchange between children and seniors, leveraging the universal language of flowers and greenery to contribute to community revitalization.



In FY2022, the program reached approximately 100 children across three certified daycare centers and preschools in Komatsu City. The curriculum teaches children about the plant growth process via a year-round set of activities, including both spring and fall sowing.



Developing people needed by the community

When we asked ourselves: "What sort of social contribution activities would meet the needs of regional communities and make the best use of Komatsu's strengths?" We arrived at the answer: "developing people." We are working in cooperation with several entities such as national and local governments as well as schools, to carry out human resource development programs that are tailored to each region's needs and enable participants to acquire skills that will open up various employment opportunities.

Various areas and forms of support

Developing Human Resources Tailored to Regional Needs Worldwide

Using the skills and know-how cultivated through our core business, Komatsu supports the development of human resources that are needed not only within our company, but also in local communities.

Expectations for human resource development can vary greatly from community to community. At Komatsu, as we do business on a global scale, we make efforts to understand what each community needs and work on providing that support accordingly in various areas and in different forms.

The pyramid graph below shows the areas in which Komatsu is supporting human resource development. It also shows that the closer you get to the top of the pyramid, the more closely linked the program is with Komatsu businesses. The base of the pyramid shows our active support of activities such as science classes in elementary schools, mainly in different parts of Japan, USA and Europe. The next level up is to provide basic education, which consists of our support towards people who cannot or were not able to receive the level of education necessary to find employment, due to circumstances specific to their country or region. We currently run such programs in Chile and South Africa. At the next level, we support universities and vocational training schools in many regions by providing Komatsu's curriculum and equipment, as well as instructors. At the top of the pyramid, we are working with national and local governments and with our customers to develop human resources, particularly in regions where human resource development is a social challenge.

The actual content of the support includes dispatching instructors and trainers; providing educational materials, equipment and facilities; accepting apprentices; and various other means utilizing the full potential of our know-how.

Support for developing human resources



Dispatching instructors



Providing educational materials and equipment



Providing facilities and supporting operations



Accepting apprentices



Collaboration with Cummins Inc.

We believe that collaborative CSR activities deliver more effective outcomes than those conducted alone, by sharing the people, know-how, and other resources of each company. In promoting social contribution activities in the past, Komatsu has collaborated with entities such as non-profit organizations that have their own unique know-how. In 2016, we agreed with our business partner, Cummins Inc. in the U.S., to collaborate in the field of local human resource development.

Komatsu and Cummins' common objective

Komatsu and Cummins Inc., a major engine manufacturer in the U.S., have built a strong relationship of trust over the years as partners in the engine business. Both companies have already expended much energy into supporting human resource development in local communities as part of social contribution activities, and have already collaborated in several areas. One of the main programs is Technical Education for Communities (TEC). Both companies have partnered through contract to utilize their pool of resources and best practices, to expand the support of human resource development globally.

Cummins Profile

Corporate name	Cummins Inc.
Established	1919
Headquarters	Columbus, Indiana, U.S.
Business segments	Engine, Power systems, Components, Distribution
URL	http://www.cummins.com/

Working with Cummins Inc. to promote social reintegration in Chile – Rehabilitation program for prisoners –

One of our collaborative activities with Cummins is offering support for the ReInventarse Foundation's prisoners' rehabilitation program, with which we have been involved since 2011. This program is designed to reintegrate young people who committed crimes as minors and were placed on probation or parole into society.

Komatsu and Cummins have supported the Foundation's activities and worked together to help these young people acquire social skills, such as obtaining a driver's license, and to provide programs that enable them to acquire technical skills related to Cummins' business.

This activity has been well received by Chilean society, with the Minister of Justice and Human Rights stating that "the efforts of the ReInventarse Foundation have become a model for rehabilitation, allowing young people to find the means to grow in society." More than 1,000 young people have been reintegrated into society through the Foundation's support so far.



Young people receiving technical training from the ReInventarse Foundation

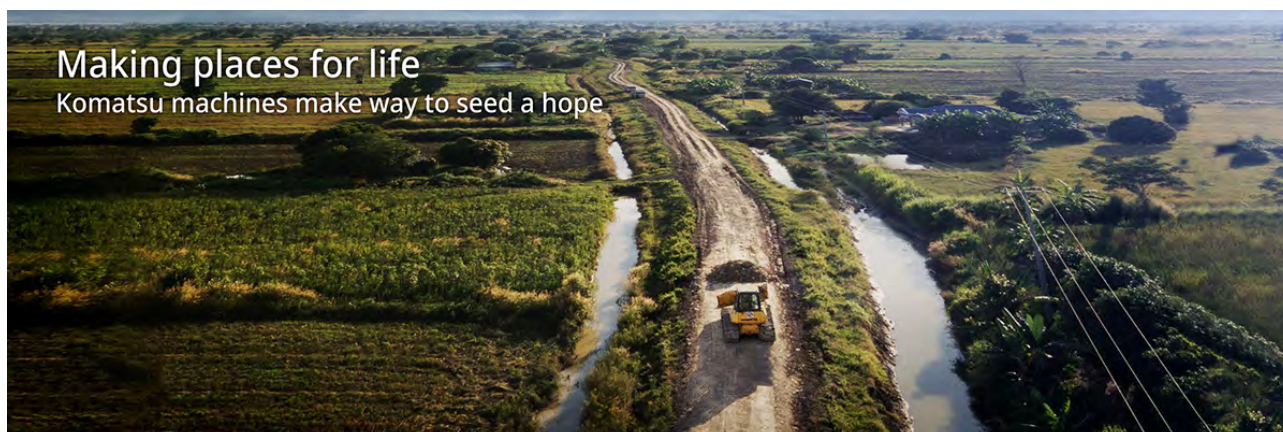
Career development for young people through STEM education

In the UK, we continue to be involved with STEM Ambassador, an initiative to nurture young people's careers in Science, Technology, Engineering, and Mathematics. In 2021, Komatsu UK participated in a regional career development event, "Bring it on." As Ambassador, we offer science challenges to schools in the northern region of the UK.

Through these efforts, we will continue to support the career development of future engineers and other professionals.



Clearing anti-personnel landmines and community development support



In the areas afflicted by anti-personnel landmines, Komatsu has engaged in activities to support community development throughout the process from demining to reconstruction. Utilizing Komatsu's demining machines and construction equipment, developed by combining its technical expertise and knowledge in manufacturing, Komatsu started its project in Cambodia in 2008 partnering with the authorized NPO "Japan Mine Action Service" (JMAS) and another project in Laos in 2016.

From a land contaminated with dangerous landmines to a land where people can live in safety and security, and further on to a land with added value through the construction of

roads and elementary schools. Komatsu will continue to promote activities that contribute to the independent reconstruction of the entire community by providing support through construction equipment, which is our core business.

- Cambodia -



Demining and reconstruction project

FY2022 results in Cambodia
(Accumulative, as of April 2023)

4,355 ha Demined area	4,272 Landmines removed
100 km Road construction / maintenance	10 Schools
48 Ponds	800 Students
80 ha Leveled rice fields	

Demining dozer

Clear landmines from the vast tracts of land. In the aftermath of war and civil war, landmines and unexploded ordinance remain in many areas in Cambodia. Still today citizens continue to suffer severe injuries and even death from landmines. Buried in the vast tracts of land near the Thai border in the northwestern part of the country are countless anti-personnel landmines, preventing restoration and development. In order for people to return to the abandoned farmlands and deserted villages, our clearing of the landmines and making the land safe to live and walk upon must be our first task.

Visit our specialised webpage to learn more at [Demining dozer](#)



Farmland & Infrastructure-reconstruction

By restoring farmland and roads, people regain their livelihoods. The Project does not end with the clearing of landmines. That step only restores the land's ability to fulfill its role in the development of farmlands or construction of roads. The two main crops of Cambodia are rice and cassava. For efficient cultivation and harvesting, land intended for rice paddy-use needs to have the unevenness of the ground and other irregularities eliminated. The result of using bulldozers equipped with ICT to level the land and prepare it for rice paddy cultivation and harvesting is a nearly doubling of yield. In addition, irrigation canals and reservoirs have been created to alleviate water shortages. Previously farming in the dry season was not possible. Now more and more farmers are enjoying access to water from irrigation canals for their crops. Moreover, construction of a network of new and improved roads connects farmers not only with towns and the region but also with vital lifelines. The impact of all these improvements is large. People living in villages are choosing to stay. Those who left to find work in other countries are returning to build prosperous lives on the reborn land. Soon the newly constructed roads will be busy with people coming and going between home and villages alive with hope and vitality.

Visit our specialised webpage to learn more at
[> Farmland & Infrastructure-reconstruction](#)



School construction

"Learning is creating your future". That is what the principal of a local elementary school said to his students. There was a child who gave up going to school because the school in the minefield was far away. There were also schools where the school buildings were so dilapidated that it was difficult to study. It has been more than ten years since we started building elementary schools. Some children have graduated from the first and second schools and are now college students. A small bud seemed to open into a large flower. People gather in places that used to be minefields, schools are built, and students learn. Each person will find their own dream. That's why children's smiles shine so brightly.

Visit our specialised webpage to learn more at [School construction](#)



News: Scholarship program launched

Komatsu has been involved in the construction of a total of 10 elementary schools in Cambodia, as of April 2023. All of these elementary schools were built on former minefields, and many of the students are from economically disadvantaged families. However, the number of university students is gradually increasing among them, so Komatsu has launched a new scholarship program for students graduated from those Komatsu-built elementary schools. In FY2023, the first year of the program, six students will be awarded.



In front of the university where three of the scholarship recipients attend

- Laos -

Demining and reconstruction project

FY2022 results in Laos
(Accumulative, as of April 2023)

664 ha
Removed area

6,088
Bombs removed

1 (70 students)
School



We started support of unexploded ordnance disposal activities in 2016 in Xiangkhouang province, northern Laos.

In Laos, more than 30% of the land is contaminated with unexploded ordnances, mostly cluster munitions, which harm children and farmers every year. Komatsu plays its part by offering the necessary machines free of charge for the mechanized operations jointly conducted by UXO-LAO (a Lao unexploded ordnance disposal squad) and the Japan Mine Action Service (JMAS), alongside engineering support for the machines it provides.

Despite the various restrictions imposed by the outbreak of COVID-19, the UXO disposal project in Laos was conducted continuously as planned. Komatsu supports the project by providing remote support through online meetings and by supplying supplemental spare parts from Japan.



Exploration of unexploded ordnance



Commemoration of the first elementary school

Visiting lectures in Japan

As part of the "Visiting Lecture" initiative, Komatsu employees visit schools in Japan to lecture about the activities of the demining project. The lectures are attended by differently aged students ranging from elementary to university levels. Up to the present, we have given a total of 99 lectures (including lectures held online) attended by about 7,500 students.

The feedback we received from some first-year high school students included, "After listening to this lecture, I was reminded that working overseas can be very enjoyable and rewarding, even if the language and culture are different. I have been interested in working abroad but have been a little apprehensive about those differences, but after listening to this talk, I am now very much looking forward to working in the future. And I realized that it is very important to make use of what I am interested in in the future."

Komatsu will continue its efforts to provide visiting lectures so that the younger generation will have the opportunity to think about world peace, their future, and their lives.



Visiting lectures at junior high schools in Japan

Application to attend a visiting lecture

[Download the Komatsu Visiting Lecture/Online Class application form](#)

Read the following before applying:

- Reservations are on a first-come-first-served basis. We advise you to apply early.
- Please apply at least one month prior to the lecture.

- In consideration of the topics discussed in the lectures, we do not approve applications from students in their 4th year of elementary school or younger.
 - Your application may not be approved if we receive too many applications or for our own business reasons. If this happens, we will contact you before the lecture.
 - Please note that lectures may be postponed or cancelled due to other unforeseen circumstances.
-

History of demining activities (international treaties, Japanese government and Komatsu)

Year	Activity (international treaties and activities of the Japanese government are underlined)
1998	Komatsu develops old timber removal machine for demining in Cambodia
1999	The Ottawa Treaty is enacted (the Mine Ban Convention)
2002	The Japanese government states it would exclude antipersonnel demining machine from the Three Principles on Arms Exports
2003	A subsidized project by the Ministry of Economy, Trade and Industry and NEDO* develops demining machine (Figure (1) below)
2004	With support from the Ministry of Foreign Affairs of Japan, Komatsu conducts on-site testing in Afghanistan
2006	With support from the Ministry of Foreign Affairs of Japan, Komatsu conducts on-site testing in Cambodia
2007	The first machine is introduced in Afghanistan (Japanese government ODA)
2008	Komatsu begins the Cambodia reconstruction project jointly with the JMAS, an incorporated NPO
2009	Komatsu begins the Angola reconstruction project jointly with the JMAS, an incorporated NPO
2010	The Oslo Treaty is enacted (the treaty banning Cluster Munitions)
2015	Komatsu develops demining machine (Figure (2) below)
2016	Komatsu begins the Laos reconstruction project jointly with the JMAS, an incorporated NPO
2017	Komatsu completes the Angola reconstruction project

Year	Activity (international treaties and activities of the Japanese government are underlined>
2019	Komatsu constructs its 9th elementary school in Cambodia, and 1st in Laos.
2020	Komatsu begins the agriculture CSR project in Cambodia
2022	Komatsu constructs its 10th elementary school in Cambodia



(1) Demining Machine



(2) Demining Machine for processing unexploded ordnance

Disaster relief

Many of Komatsu's products (especially construction equipment) are vital for recovery and reconstruction in the wake of a natural disaster.

In the event of an emergency, we promptly grasp the local situation and support disaster recovery in a substantial way, such as providing equipment needed by the disaster area. As part of these efforts, we have initiated support activities using drones as well as construction machines. The latest activities are as follows:

Relief aid to earthquake damages in Turkey and Syria

In February 2023, the Turkey-Syria earthquake, centered in southeastern Turkey, struck, caused extensive damage in both countries.

Komatsu has lent construction equipment needed for relief efforts to the affected areas free of charge and dispatched operators and service mechanics to assist the relief efforts, which should amount to JPY 20 million equivalent, in cooperation with its local distributor Marubeni Dağıtım ve Servis A.Ş. (hereinafter “MDS”), a wholly owned subsidiary of Marubeni Corporation. Komatsu also donated JPY 10 million through the Japanese Red Cross Society (total support of 30 million yen).

Since establishing an office in Turkey in 1975, Komatsu has been engaging its locally-anchored business in Turkey, a major market in the Middle East region. Komatsu will continue to provide material assistance to help the affected areas recover as quickly as possible while monitoring the conditions with MDS.



Support for reconstruction in areas affected by natural disasters in Japan

Cooperation with pro bono workers*

※ Pro bono: Initiatives and organizations to apply specialized job experiences and knowledge in volunteer activities.

In Japan, Komatsu has mainly assisted in areas affected by earthquakes. For wind and flood damage, which have increased in recent years, the damage is concentrated in limited areas or villages in many cases, and thus, we could not provide assistance in a more detailed manner in some cases.

Komatsu is providing the following support, including the provision of equipment and supplies.



Supporting Areas Stricken by Typhoon No. 19 in 2019: Donating a used PC30MR to OPENJAPAN

Support for OPENJAPAN, a construction skill NPO providing grassroots support in affected areas

OPENJAPAN (head office: Miyagi prefecture) is a group of volunteers who have expertise in construction and civil engineering. They quickly rush to affected areas around Japan to clean up affected houses as well as conduct recovery and reconstruction work. Though many of the volunteers possess a great deal of skill to operate construction vehicles, recovery from disasters also requires the relevant expertise. Through daily training, they aim to carry out safe and effective recovery and reconstruction operations.

In response to a request from the Marumori-machi government in Miyagi prefecture, which suffered extensive damage, and after hearing from the people on-site about their needs, Komatsu donated a used PC30MR mini shovel, as well as money for the rental of heavy equipment, fuel, and materials (e.g. blue tarps and crane tools) that were necessary for the OPENJAPAN activities in Marumori-machi so that they can be used for not only the reconstruction support activities in Marumori-machi, but also future training.

Komatsu's initiatives for the social issues

There are various social issues in the world in each region.

As the Komatsu Group develops its business globally, we listen to the voices of people living in the various local communities in our areas of operation, and actively carry out support activities to improve the living standards. We consider conducting such social contribution activities as a responsibility of doing business around the world.

Initiatives for a sustainable environment – Afforestation activities

In order to balance resource development and environmental conservation, Komatsu believes that it is important to restore former mine land to forests and farmland and to expand green spaces by planting trees. We are involved in reforestation projects on former mine lands in North America, and our employees in China, Indonesia, and other countries are engaged in tree planting.

In North America, in the Monongahela National Forest in West Virginia, we are continuing to work on a project with Green Forest Work, a reforestation non-profit organization, to restore formerly mined lands. As a result of activities which started in 2018, over 370,000 trees have been planted for reforestation. Komatsu machinery is used to prepare the land for the spring planting.



In December 2022, Komatsu Remanufacturing Asia (KRA) of Indonesia, collaborating with the Ministry of Public Works and Spatial Planning (PUPR) and United Tractors (UT), a construction machinery distributor, planted 700 trees in the Balikpapan area.

KRA and UT have signed an agreement with the Head of the Kalimantan IV Samarinda River Region Office, as the land owner, East Balikpapan Sub-District Head, and Teritip Sub-District Head to promote tree planting in the area.



Activities to improve the living environment — North America

Komatsu continues its efforts to address social issues in the regions where it does business. One such initiative is the Habitat for Humanity project in Illinois and Wisconsin, North America. We are involved in a voluntary program to build houses for people who cannot afford housing due to poverty or disasters, and many Komatsu employees are participating by taking up opportunities to check on the progress of construction.



An employee-participatory social contribution program "One World One Komatsu"

Komatsu's basic policy is to conduct CSR activities through its core business, and the company strives to achieve sustainable growth together with society through the resolution of ESG issues. On the occasion of the 100th anniversary of its founding, Komatsu has begun "One World One Komatsu," our first global social contribution initiative designed for all Komatsu Group employees to participate in from around the world. The theme of "One World One Komatsu" is "Environment and Sustainability," which is a common issue around the world and has a high affinity with our business, and each and every employee will take part in activities that are familiar to them in their daily lives, such as "reducing water consumption" and "turning off lights in unused rooms."

In order to promote these activities, we have set up a dedicated platform that allows the entire group to consolidate the activities of each individual. This new platform can be easily logged in from a PC or smartphone. Komatsu will continue to promote activities for a sustainable planet by fostering a sense of unity among Komatsu Group employees around the world, transcending differences in countries and languages, and working toward a common goal.

Four priority themes of "One World One Komatsu"

Reduction of CO₂ emission

Water conservation

Renewable energy

Reduction of waste

Komatsu Global Watch Party on June 2023



In support of the United Nations' Earth Day (April 22), as we had done the previous year, we held a "Global Watch Party" in June 2023, where employees from around the world engaged in volunteer activities that were reported in video format and shared on our website. This event can be seen in the video (in multiple languages).

[▶ Komatsu 2023 Earth Day global watch party - YouTube](#)

One World One Komatsu contest awards held in November 2022

Over 200 employees worldwide submitted entries to the 2021 "One World One Komatsu" contest. A winner was selected for each of the 10 competition categories. In November 2022, five of the winners attended an awards ceremony in Tokyo where President Ogawa presented them with their trophies.

Winners of the 2021 Contest

* Winners' organizational affiliations are as of 2021.

○Rex Ronter G. Ruiz, Philippines, Komatsu Ltd, Manila representative office

Award Category : Educator

Rex's project centers on the climate change issues faced by the islands of Tubigon, Bohol – his birthplace in the Philippines. He is working to educate islanders about their current vulnerabilities and equip them with right tools to adapt to the challenges of climate change. He seeks to reduce disaster deaths, waste, and CO₂/methane emissions through his educational and research activities.



○Andrew Atherton, Komatsu Mining Corp. (KMC) – Joy Global UK (Ltd)

Award Category : Energy Enthusiast

Andrew recently completed a feasibility study into the incorporation of a solar PV system on the roof spaces of our Manchester facility in the United Kingdom to supplement future energy consumption. A proposed solar installation has been designed and is awaiting financial approval.



○Rustam Wiyadi, Komatsu Undercarriage, Indonesia

Award Category : Carbon Conscious

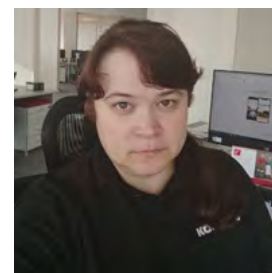
Rustam runs a YouTube channel (Rumah Anggur Indonesia) which he uses to educate viewers about sustainability issues. He also uses the channel to provide gardening assistance and promote a campaign to reduce carbon emissions.



○Polina Zvyagintseva, Komatsu CIS

Award Category : Unsung Hero

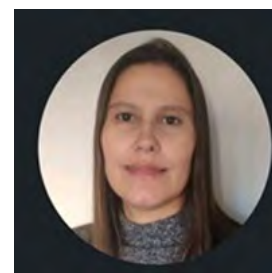
Polina actively participates in environmental protection activities and educates her fellow employees about the importance of caring for the environment. Her volunteer activities include: organizing and promoting a battery recycling process; cleaning up the coastline of lakes and rivers, forests and nearby territories; and personally delivering all the wastepaper gathered during a recent office move to a local environmental organization.



○Carolini Orrico, Komatsu Forest Brazil (KFB)

Award Category : Waste Watcher

Carolini's project was focused on recycling, which is a personal passion of hers. Not only does she make sure she recycles everything she can, she teaches others how to recycle and why it's so important. She also participates in a sponge recycling program in which she gathers used sponges from neighbors, family and friends and brings them to be recycled.



○Sri Lestari, Komatsu Undercarriage, Indonesia

Award Category : People's Champion

Sri is engaged in many activities to help the environment. She has done volunteer work to help create a mangrove plantation, helped establish an "eduforest" and engaged in cleanup efforts around her KUI facility.



○Wesley dos Santos Gomes, Komatsu do Brasil

Award Category : Water Wise

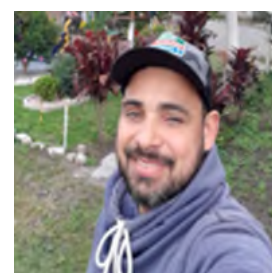
Wesley's project focused on reducing his family's water consumption. The family started to reuse water from their washing machine to wash the floor, then collected that same water again to wash floors in other areas. Wesley also built a plumbing system using a 200-liter drum to capture rainwater for reuse.



○Anderson Fernandes, Komatsu do Brasil

Award Category : Visionary

Anderson transformed an area filled with garbage and debris into a community space that his neighborhood could be proud of. After partnering with local authorities and the public sector to clean the space, Anderson and his team of fellow volunteers built a children's playground, created a garden at the entrance to the park and planted trees throughout the entire area along the street and the stream.



○ **Rakhi Sharma, Komatsu India Pvt Ltd**

Award Category : Habit Changer

Rakhi not only actively engages in projects to help the environment and community, but she also educates others as well. She's participated in projects to clean up public areas near her home, helped distribute used items for re-use by others, and helped educate community members about personal hygiene and the importance of personal health.



○ **Nayana Jaqueline Costa Maia**

Award Category : Platform Pioneer

Nayana felt so strongly about the importance of the One World One Komatsu platform that she planned a campaign strategy to promote the platform, then spent her own money to buy and make all the campaign materials. She used her lunch break to print and cut brochures, came work early to talk to people about the program, and promoted it regularly through meetings and employee communications.



Promoting sports—the Komatsu women's judo club

Founded in 1991 as part of social contribution activities during the 70th anniversary of the company founding, the Komatsu Women's Judo Club is celebrating its 32nd year. Since its establishment, a total of 90 athletes have participated in competitions worldwide. The club has actively engaged in teaching judo at home and abroad, and in welcoming foreign judo competitors, with the goal to develop and popularize this sport.

Results of club activities in FY 2022

With the Tokyo Olympics now complete, the club members are already starting to prepare for the 2024 Paris Olympics. Wakaba Tomita won the All-Japan Judo Championships by Weight Category, the Empress's Cup All-Japan Women's Judo Championships, and other domestic competitions, and at the Tashkent World Championships held in Uzbekistan, she won a bronze medal in the over 78 kg class. She also won gold medals in the mixed team, contributing greatly to Japan's five consecutive titles. Miku Takaichi (Tashiro), in the 63 kg weight class, won the Kodokan Cup All-Japan Judo Championships by Weight Category in her return to competition after knee surgery, followed by three consecutive wins at the Grand Slam Tokyo and the World Judo Masters. She has also been selected to represent Japan at the World Judo Championships in Doha, Qatar, in May 2023. Lien Chen-ling, in the 57 kg weight class, will represent Taiwan in the same tournament.



Wakaba Tomita, the three-time consecutive winner of the All-Japan Judo Championships by Weight Category in the over 78 kg class.



Wakaba Tomita smiles after winning the Empress's Cup All-Japan Women's Judo Championships.



Bronze medal in the over 78 kg class at the 2022 World Championships.



The Japanese team wins the mixed-team event for the fifth year in a row.



Miku Takaichi wins the Kodokan Cup All-Japan Judo Championships.



Miku Takaichi wins the Grand Slam Tokyo.

[> Komatsu Women's Judo Club](#)

Social contribution activities through judo

The Komatsu Women's Judo Club has continued to coach the Komatsu Kids Judo Club in Tokyo, while also directing and coaching judo classes around the world, including Japan, aiming to popularize this sport and train the next generation of judoka.

In 2022, no judo classes were held due to the situation faced by society. Aside from this exceptional situation, we organize judo classes every year in the places in Japan and overseas where Komatsu' production bases are located, and over 100 children usually participate overseas. Judo classes at the fairs of our domestic plants also encourage the participation of children who have had no experience in the sport.

Komatsu's initiatives for the social issues

There are various social issues in the world in each region.

As the Komatsu Group develops its business globally, we listen to the voices of people living in the various local communities in our areas of operation, and actively carry out support activities to improve the living standards. We consider conducting such social contribution activities as a responsibility of doing business around the world.

Initiatives for a sustainable environment – Afforestation activities

In order to balance resource development and environmental conservation, Komatsu believes that it is important to restore former mine land to forests and farmland and to expand green spaces by planting trees. We are involved in reforestation projects on former mine lands in North America, and our employees in China, Indonesia, and other countries are engaged in tree planting.

In North America, in the Monongahela National Forest in West Virginia, we are continuing to work on a project with Green Forest Work, a reforestation non-profit organization, to restore formerly mined lands. As a result of activities which started in 2018, over 370,000 trees have been planted for reforestation. Komatsu machinery is used to prepare the land for the spring planting.



In December 2022, Komatsu Remanufacturing Asia (KRA) of Indonesia, collaborating with the Ministry of Public Works and Spatial Planning (PUPR) and United Tractors (UT), a construction machinery distributor, planted 700 trees in the Balikpapan area.

KRA and UT have signed an agreement with the Head of the Kalimantan IV Samarinda River Region Office, as the land owner, East Balikpapan Sub-District Head, and Teritip Sub-District Head to promote tree planting in the area.



Activities to improve the living environment — North America

Komatsu continues its efforts to address social issues in the regions where it does business. One such initiative is the Habitat for Humanity project in Illinois and Wisconsin, North America. We are involved in a voluntary program to build houses for people who cannot afford housing due to poverty or disasters, and many Komatsu employees are participating by taking up opportunities to check on the progress of construction.





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GRI content index

Statement of use	Komatsu has reported the information cited in this GRI content index for the period April 1, 2022 to March 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	<ul style="list-style-type: none"> › Company info › Global locations › Industries we support › Innovation
	2-2 Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> › Annual Securities Report Overview of Subsidiaries and Affiliates › Global locations
	2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> › ESG Databook: Editorial policy › Contact for inquiries
	2-4 Restatements of information	
	2-5 External assurance	› ESG Databook: Independent practitioner's assurance
	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> › Company info › Industries we support › Innovation › Global locations › Performance by business division / region (full year) › ESG Databook: Outline of procurement policy and supply chain
	2-7 Employees	<ul style="list-style-type: none"> › Company info › ESG Databook: The Komatsu Way and policy on human resource development
	2-8 Workers who are not employees	—
	2-9 Governance structure and composition	<ul style="list-style-type: none"> › Articles of incorporation › Komatsu Report (Corporate governance) › Corporate Governance Report › ESG Databook: Corporate governance › ESG Databook: Corporate governance indicators › ESG Databook: Our system to promote sustainability › ESG Databook: Organizational chart of the environmental management structure
	2-10 Nomination and selection of the highest governance body	<ul style="list-style-type: none"> › Articles of incorporation › Corporate Governance Report › Notice of convocation › Results of the Exercise of Voting Rights (Extraordinary Report)

GRI STANDARD	DISCLOSURE	LOCATION
	2-11 Chair of the highest governance body	<ul style="list-style-type: none"> › Management team › Komatsu Report (Corporate governance) › Corporate Governance Report › ESG Databook: Corporate governance
	2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> › ESG Databook: Dialogue with our stakeholders › ESG Databook: Materiality analysis › Komatsu Report (Corporate governance) › ESG Databook: Our system to promote sustainability › ESG Databook: Organizational chart of the environmental management structure › Komatsu Report (TCFD)
GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> › ESG Databook: Our system to promote sustainability › ESG Databook: Organizational chart of the environmental management structure
	2-14 Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> › ESG Databook: Our system to promote sustainability
	2-15 Conflicts of interest	<ul style="list-style-type: none"> › Komatsu's Worldwide Code of Business Conduct › Corporate Governance Report
	2-16 Communication of critical concerns	<ul style="list-style-type: none"> › ESG Databook: Risk management
	2-17 Collective knowledge of the highest governance body	<ul style="list-style-type: none"> › Notice of convocation › Komatsu Report (Corporate governance)
	2-18 Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> › Komatsu Report (Corporate governance) › Corporate Governance Report
	2-19 Remuneration policies	<ul style="list-style-type: none"> › Annual Securities Report : Compensation › Notice of Convocation Policy, etc. regarding the determination remuneration, etc. for individual Directors
	2-20 Process to determine remuneration	<ul style="list-style-type: none"> › Annual Securities Report : Compensation › Notice of Convocation Policy, etc. regarding the determination remuneration, etc. for individual Directors
	2-21 Annual total compensation ratio	—
	2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> › Komatsu Report(Message from the President) › Investor Relations: President interview
	2-23 Policy commitments	<ul style="list-style-type: none"> › Corporate Governance Report › ESG Databook: Risk management › ESG Databook: Compliance › ESG Databook: Promoting legal compliance, and pollution mitigation and prevention › ESG Databook: Management of chemical substances and pollution prevention › Komatsu's Worldwide Code of Business Conduct › ESG Databook: The Komatsu Way and policy on human resource development

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	Komatsu's Worldwide Code of Business Conduct CSR procurement guidelines
	2-25 Processes to remediate negative impacts	ESG Databook: Materiality analysis
	2-26 Mechanisms for seeking advice and raising concerns	ESG Databook: Compliance
	2-27 Compliance with laws and regulations	ESG Databook: Environmental risk management
	2-28 Membership associations	—
	2-29 Approach to stakeholder engagement	ESG Databook: Dialogue with our stakeholders Investor Relations: Shareholder events (Japanese)
	2-30 Collective bargaining agreements	ESG Databook: Condition of labor unions
GRI 3: Material Topics 2021	3-1 Process to determine material topics	ESG Databook: Materiality analysis
	3-2 List of material topics	ESG Databook: Materiality analysis Komatsu Report (TCFD)
	3-3 Management of material topics	ESG Databook: Materiality analysis
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	ESG Databook: The Komatsu way and policy on human resource development (remuneration data) ESG Databook: Promoting diversity and inclusion (Work-life balance data) Annual Securities Report: Income Taxes ESG Databook: Developing people needed by the community ESG Databook: Komatsu's initiatives for social issues ESG Databook: Disaster relief
	201-2 Financial implications and other risks and opportunities due to climate change	Komatsu Report (TCFD) ESG Databook: Mitigating climate change through products and services ESG Databook: Reducing CO₂ emissions in manufacturing operations
	201-3 Defined benefit plan obligations and other retirement plans	Annual Securities Report: Pension and Retirement Benefits
	201-4 Financial assistance received from government	—
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	—
	202-2 Proportion of senior management hired from the local community	ESG Databook: Promoting diversity and inclusion

GRI STANDARD	DISCLOSURE	LOCATION
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	ESG Databook: Komatsu's initiatives for social issues ESG Databook: Disaster relief
	203-2 Significant indirect economic impacts	Smart construction (Japanese) Investor Relations: President interview ESG Databook: Developing people needed by the community ESG Databook: Komatsu's initiatives for social issues ESG Databook: Disaster relief
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	ESG Databook: Outline of procurement policy and supply chain
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	—
	205-2 Communication and training about anti-corruption policies and procedures	ESG Databook: Compliance
	205-3 Confirmed incidents of corruption and actions taken	ESG Databook: Compliance
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	(None for FY2022)
GRI 207: Tax 2019	207-1 Approach to tax	Annual Securities Report: Financial Information
	207-2 Tax governance, control, and risk management	Annual Securities Report: Financial Information
	207-3 Stakeholder engagement and management of concerns related to tax	Annual Securities Report: Financial Information
	207-4 Country-by-country reporting	Annual Securities Report: Financial Information
GRI 301: Materials 2016	301-1 Materials used by weight or volume	ESG Databook: Inputs and outputs in the product life cycle
	301-2 Recycled input materials used	ESG Databook: Activities to effectively utilize resources in production
	301-3 Reclaimed products and their packaging materials	ESG Databook: Activities to effectively utilize resources in production
GRI 302: Energy 2016	302-1 Energy consumption within the organization	ESG Databook: Inputs and outputs in the product life cycle Scope of environmental data/calculation standards
	302-2 Energy consumption outside of the organization	—
	302-3 Energy intensity	ESG Databook, Environmental data ESG Databook: Inputs and outputs in the product life cycle
	302-4 Reduction of energy consumption	ESG Databook, Environmental data ESG Databook: Inputs and outputs in the product life cycle
	302-5 Reductions in energy requirements of products and services	ESG Databook: Mitigating climate change through products and services



GRI STANDARD	DISCLOSURE	LOCATION
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	› ESG Databook, Komatsu's efforts regarding water
	303-2 Management of water discharge-related impacts	› ESG Databook, Komatsu's efforts regarding water
	303-3 Water withdrawal	› ESG Databook, Environmental impact indicators › ESG Databook, Komatsu's efforts regarding water
	303-4 Water discharge	› ESG Databook, Komatsu's efforts regarding water
	303-5 Water consumption	› ESG Databook: Inputs and outputs in the product life cycle
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—
	304-2 Significant impacts of activities, products and services on biodiversity	—
	304-3 Habitats protected or restored	—
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	—
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	› ESG Databook, Environmental impact indicators › ESG Databook, Calculation standards
	305-2 Energy indirect (Scope 2) GHG emissions	› ESG Databook, Environmental impact indicators › ESG Databook, Calculation standards
	305-3 Other indirect (Scope 3) GHG emissions	› Amount of CO ₂ emissions by scope 3 › Amount of CO ₂ emissions by scope3 › Scope of environmental data/calculation standards
	305-4 GHG emissions intensity	› ESG Databook: Reducing CO ₂ emissions in manufacturing operations
	305-5 Reduction of GHG emissions	—
	305-6 Emissions of ozone-depleting substances (ODS)	—
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	› ESG Databook: Inputs and outputs in the product life cycle › Scope of environmental data/calculation standards

GRI STANDARD	DISCLOSURE	LOCATION
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	ESG Databook: Inputs and outputs in the product life cycle
	306-2 Management of significant waste-related impacts	ESG Databook: Development of our “Reman” remanufacturing business ESG Databook: Green procurement guidelines
	306-3 Waste generated	ESG Databook: Activities to effectively utilize resources in production (1. waste) ESG Databook: Inputs and outputs in the product life cycle
	306-4 Waste diverted from disposal	—
	306-5 Waste directed to disposal	ESG Databook: Activities to effectively utilize resources in production (1. waste) ESG Databook: Inputs and outputs in the product life cycle
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	—
	308-2 Negative environmental impacts in the supply chain and actions taken	—
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	ESG Databook: The Komatsu Way and policy on human resource development (Data on employment and turnover)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	—
	401-3 Parental leave	ESG Databook: Promoting diversity and inclusion (Data on pregnancy and childcare leaves)
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	ESG Databook: Occupational safety and health
	403-2 Hazard identification, risk assessment, and incident investigation	ESG Databook: Occupational safety and health
	403-3 Occupational health services	ESG Databook: Occupational safety and health
	403-4 Worker participation, consultation, and communication on occupational health and safety	ESG Databook: Occupational safety and health
	403-5 Worker training on occupational health and safety	ESG Databook: Occupational safety and health
	403-6 Promotion of worker health	ESG Databook: Occupational safety and health
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESG Databook: Occupational safety and health

GRI STANDARD	DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	› ESG Databook: Occupational safety and health
	403-9 Work-related injuries	› ESG Databook: Occupational safety and health
	403-10 Work-related ill health	› ESG Databook: Occupational safety and health
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	› ESG Databook: Offering of a variety of talent development opportunities and improvement of employee engagement (Data on employee training)
	404-2 Programs for upgrading employee skills and transition assistance programs	› ESG Databook: Develop digital and open innovation promotion human resources › ESG Databook: Offering of a variety of talent development opportunities and improvement of employee engagement
	404-3 Percentage of employees receiving regular performance and career development reviews	› ESG Databook: Offering of a variety of talent development opportunities and improvement of employee engagement
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	› ESG Databook: Promoting diversity and inclusion
	405-2 Ratio of basic salary and remuneration of women to men	ESG Databook: The Komatsu way and policy on human resource development (Annual total remuneration)
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	(None for FY2022)
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	› ESG Databook: Human rights policy › ESG Databook: Business and human rights › ESG Databook: CSR procurement guidelines › ESG Databook: Komatsu group's supply chain management and promotion of CSR procurement › ESG Databook: Offering of a variety of talent development opportunities and improvement of employee engagement (Condition of labor unions)
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	› ESG Databook: Human rights policy › ESG Databook: Business and human rights › ESG Databook: CSR procurement guidelines › ESG Databook: Komatsu group's supply chain management and promotion of CSR procurement
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	› ESG Databook: Human rights policy › ESG Databook: Business and human rights › ESG Databook: CSR procurement guidelines › ESG Databook: Komatsu group's supply chain management and promotion of CSR procurement
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	› ESG Databook: Human rights policy › ESG Databook: Business and human rights
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	(None for FY2022)



GRI STANDARD	DISCLOSURE	LOCATION
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	› ESG Databook: Business and human rights › EESG Databook: Developing people needed by the community › ESG Databook: Komatsu's initiatives for social issues › ESG Databook: Disaster relief
	413-2 Operations with significant actual and potential negative impacts on local communities	› ESG Databook: Developing people needed by the community
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	› ESG Databook: Human rights policy › ESG Databook: Business and human rights › ESG Databook: CSR procurement guidelines › ESG Databook: Komatsu group's supply chain management and promotion of CSR procurement
	414-2 Negative social impacts in the supply chain and actions taken	› ESG Databook: Human rights policy › ESG Databook: Business and human rights › ESG Databook: CSR procurement guidelines › ESG Databook: Komatsu group's supply chain management and promotion of CSR procurement
GRI 415: Public Policy 2016	415-1 Political contributions	› Political contributions
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	› ESG Databook: Improving safety of products and solutions
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	(None for FY2022)
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	—
	417-2 Incidents of non-compliance concerning product and service information and labeling	(None for FY2022)
	417-3 Incidents of non-compliance concerning marketing communications	(None for FY2022)
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	(None for FY2022)



SASB content index

Topic	Accounting metric	Reference	Code
Energy management	(1) Total energy consumed	Environmental impact resulting from business activities	RT-IG-130a.1
	(2) Percentage gridelectricity	Environmental impact resulting from business activities	
	(3) Percentage renewable	Reducing CO ₂ emissions in manufacturing operations	
Employee health & safety	(1) Total recordable incident rate (TRIR)	Occupational safety and health	RT-IG-320a.1
	(2) Employee fatality rate	Occupational safety and health	
	(3) Near miss frequency rate (NMFR)	-	
Fuel economy & emissions in use-phase	(1) Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	N/A	RT-IG-410a.1
	(2) Sales-weighted fuel efficiency for non-road equipment	Reducing CO ₂ emissions from product operation	RT-IG-410a.2
	(3) Sales-weighted fuel efficiency for stationary generators	N/A	RT-IG-410a.3
	NO _x , PM Sales-weighted emissions of: (1) nitrogen oxides (NO _x) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	NO _x and PM emitted from products	RT-IG-410a.4
Materials sourcing	Description of the management of risks associated with the use of critical materials	Effective use of critical materials in products	RT-IG-440a.1
Remanufacturing design & services	Revenue from remanufactured products and remanufacturing services	Development of our “reman” remanufacturing business	RT-IG-440b.1



Topic	Accounting metric	Reference	Code
Activity metric	Number of units produced by product category	Environmental impact resulting from business activities	RT-IG-000.A
	Number of employees	Company info	RT-IG-000.B