

***Together, to  
“The Next”  
for sustainable growth***



# ESG Databook 2024

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## Editorial Policy

In principle, the period covered by the information on the sustainability website is from April 2023 to March 2024, but ongoing initiatives may include information outside the period covered.

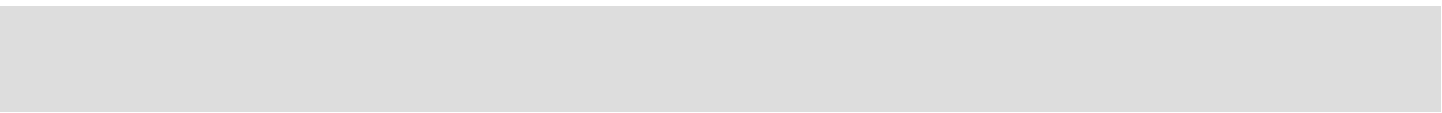
The reports principally cover all our domestic and overseas consolidated Group companies and if the scope is different from the above, we stated the scope of report in each page.

The date of the previous report is July 2023. The date of the latest report is August 2024. The next issue will be published in July 2025.

Please use [this form](#) to send us any questions regarding our reports.

The reports contain Disclosures items referring to the GRI 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

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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

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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

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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 (BHRRRC), customers, and suppliers.

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

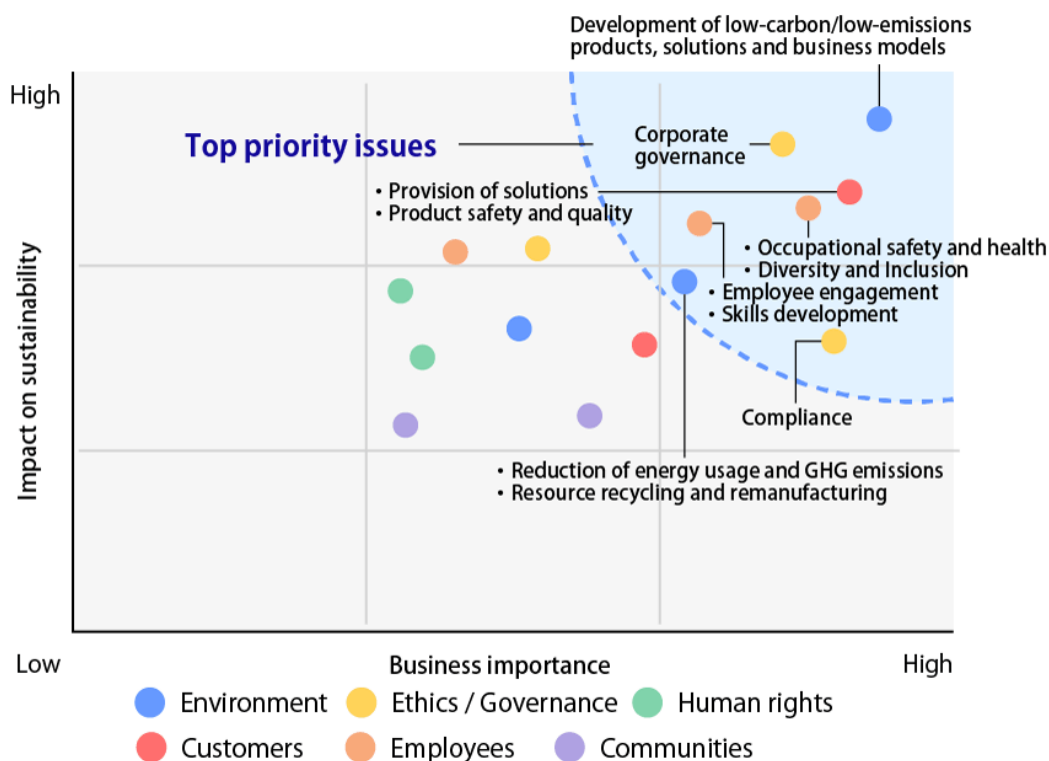
### 3 . Identification of materiality

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








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



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

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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.

# Structure for promoting sustainability

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## A dedicated organization to promote sustainability

Komatsu has established the Sustainability Promotion Division, an organization under the direct control of the President, to oversee activities relating to the promotion of the group's sustainability-oriented management. The Sustainability Promotion Division aims to enhance the Komatsu Group's commitment to ESG management by formulating and planning policies and measures related to the environment and society, thus enabling all divisions and companies within the group to actively engage in sustainability initiatives.

## Sustainability-related committees

The Sustainability Promotion Committee, chaired by the President, is held twice a year (and at other times as needed) to deliberate and decide on the planning and promotion of sustainability measures for the Komatsu Group, environmental and CSR policies, and important initiatives and activities, thereby facilitating their implementation.

Furthermore, the deliberations of the Sustainability Promotion Committee are regularly reported to and reviewed by the Board of Directors.

Additionally, for each sustainability-related issue, such as human resources, occupational safety and health, compliance, human rights, and the environment, a committee chaired by the President or a responsible executive officer is established, composed of representatives from various business and functional divisions. These committees aim to discuss, decide, and promote policies and measures across the group. Specifically, the Komatsu Way Committee reviews personnel and educational measures, the Sustainability Promotion Committee discusses measures related to the environment and human rights. In addition, the Strategy Review Committee deliberates on business strategies for carbon neutrality and decarbonization. The deliberations by the above-mentioned committees and business strategies are regularly reported to and discussed by the Board of Directors.

## 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.



## DATA

### FY2023: Key discussions on sustainability

Meeting names	Month	Main agenda items
Board of Directors	April	<ul style="list-style-type: none"> <li>Progress on medium-term management plan activities</li> <li>Report from the Sustainability Promotion Committee</li> </ul>
	October	<ul style="list-style-type: none"> <li>Talent acquisition, development, and utilization initiatives</li> <li>Report on global engagement survey results</li> </ul>
Strategy review meeting	As needed	<ul style="list-style-type: none"> <li>Review of business strategies related to climate change (R&amp;D on low-carbon and electric products)</li> </ul>
Sustainability Promotion Committee	September	<ul style="list-style-type: none"> <li>Human rights policies and activities / environmental management measures</li> </ul>
	January	<ul style="list-style-type: none"> <li>Progress on medium-term management plan activities / next medium-term management goals</li> <li>TCFD disclosure / human rights initiatives, etc.</li> </ul>
Komatsu Way Promotion Committee	June	<ul style="list-style-type: none"> <li>Progress on medium-term management plan activities and future direction</li> </ul>
	January	<ul style="list-style-type: none"> <li>Progress on medium-term management plan activities</li> <li>Talent management initiatives</li> </ul>
Risk Management Committee	As needed	<ul style="list-style-type: none"> <li>Identification and organization of corporate risks (environmental, human rights, etc.)</li> </ul>
Executive officers meeting	As needed	<ul style="list-style-type: none"> <li>Progress management towards business goals</li> </ul>

## Dialogue with 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	Explanation by the President on business performance, 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 on business performance and policies	› 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
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

Stakeholders	Purposes	Examples of meetings and activities	Frequency
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 Overseas: Several times a year
	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, through proactive investor relations (IR) activities on a global scale, Komatsu discloses information in a proper and timely manner and engage in two-way communication.

## 1. Activities for corporate investors and securities analysts

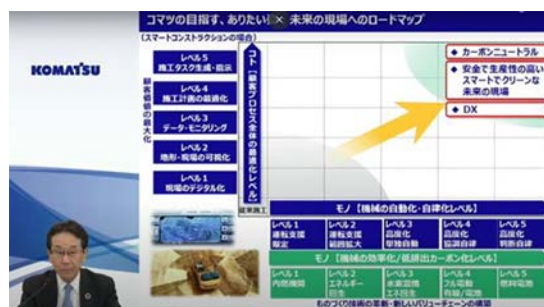
On the same day that quarterly business results are announced, the company holds explanatory sessions for corporate investors and securities analysts (we also release this information on our website). Overseas, we provide institutional investors, primarily those in North America, Europe, and Asia, with 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 55 shareholder meetings, attended by about 17,000 shareholders in total. In FY2023, we held a meeting in Osaka City in August, 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 received many questions from shareholders regarding the development status of electrified construction machinery towards carbon neutrality, the effect of yen depreciation on our business performance, our efforts to develop human resources for sustainable growth, and our shareholder return policies, fostering a two-way dialogue.



Shareholders' meeting held in Osaka 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. In FY2023, we held plant tours 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



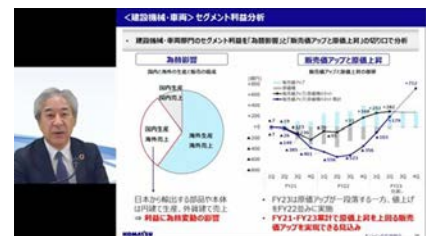
Tour held at Techno Center



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 FY2023, we had five online meetings for individual investors.



A shot from an online meeting for individual investors

## DATA

### Major IR activities in FY2023

		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	302	
	For individual investors and shareholders	Shareholder meeting	Osaka City, Osaka Prefecture: 1 Online: 1
Plant tours		Awazu Plant: 4 Osaka Plant: 4 Ibaraki Plant: 4 Oyama/Tochigi Plant: 2 Techno Center: 2	641 people in total
Meeting for individual investors:		Online: 5	Viewed live or on demand by a total of 9,104 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. 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 the intranet

## Communication with local communities (efforts in Japan)

To deepen the understanding of our business activities among local residents and the families of our employees, we regularly hold "Plant Fairs." In FY2023, these events were held at eight locations, attracting approximately 57,000 visitors.

Due to the COVID-19 pandemic, we were forced to cancel these events after 2020, but in FY2023, we resumed them for the community and our employees and their families, just as we did before.

Venue Name	Number of visitors (approx.)
Himi Plant	Local residents and employees & their families: approx. 4,500
Awazu Plant	Same as above: approx. 9,000
Kanazawa Plant	Same as above: approx. 6,000*
Koriyama Plant	Same as above: approx. 2,500
Ibaraki Plant	Same as above: approx. 5,500
Shonan Plant	Same as above: approx. 8,500
Oyama and Tochigi Plants	Same as above: approx. 11,000
Osaka Plant	Same as above: approx. 10,000

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

## Major achievements

### Sustainability policy and KPIs of mid-term management plan

Based on its Sustainability Policy, Komatsu seeks to contribute to society through its business. In the mid-term management plan, the company strives for sustainable growth by creating a positive cycle of resolving environmental, social, and governance (ESG) issues and improving earnings. This includes efforts to reduce environmental impacts in response to climate change, provide safe, high-quality, and efficient products, services, and solutions, and promote diversity and inclusion. To ensure the effective execution of these ESG initiatives, key performance indicators (KPIs) have been established, and progress towards achieving these KPIs is publicly disclosed. Additionally, the relationships between identified material issues, KPIs, and relevant SDGs have been organized.

Furthermore, the achievement of ESG-related KPIs is directly linked to the performance-based component of internal directors' remuneration under the mid-term management plan, specifically through Stock-Based Remuneration B.





	Sustainability Policy	Materiality	SDGs	
With people	<ul style="list-style-type: none"> <li>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.</li> <li>We nurture employees who can take on challenges in various job sites and regions, create new value together with customers, and contribute to the realization of a sustainable society.</li> <li>As the Komatsu Group, we shall respect human rights related to all of our business activities.</li> </ul>	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	FY2023 KPI Performance
<b>Employees</b>						
Occupational safety and health and well-being						
	Build workplaces that are safe and secure	1	<ul style="list-style-type: none"> <li>Frequency rate of lost work time accidents (per 1 million hours)</li> </ul>	Ongoing decrease from three-year average frequency rate of 0.65 from period of previous mid-term management plan (Performance disclosed)	0.80	0.62
Employee engagement and job satisfaction						
	Increase employee engagement	2	<ul style="list-style-type: none"> <li>Engagement survey scores</li> </ul>	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	Second global engagement survey conducted 1. Domestic score: 69 2. Global score: 80



Materiality	Key activity themes	No.	KPI	FY2024 Targets	FY2022 KPI Performance	FY2023 KPI Performance
	Diversity and Inclusion					
	Promote diversity and inclusion	3	<ul style="list-style-type: none"> <li>Indicators related to female employees</li> </ul> <ol style="list-style-type: none"> <li>Ratio of full-time female employees (consolidated)</li> <li>Ratio of female managers (consolidated)</li> </ol>	<ol style="list-style-type: none"> <li>17.0% or more (13.9% on March 31, 2022)</li> <li>13.0% or more (10.0% on March 31, 2022)</li> </ol>	<ol style="list-style-type: none"> <li>14.1% (on March 31, 2023)</li> <li>10.3% (on March 31, 2023)</li> </ol>	<ol style="list-style-type: none"> <li>14.5% (on March 31, 2024)</li> <li>11.1% (on March 31, 2024)</li> </ol>
		4	<ul style="list-style-type: none"> <li>Ratio of employees with disabilities (surpassing legally mandated rate)</li> </ul>	2.5% or more (domestic, single fiscal year basis, legally mandated level of 2.3%)	2.42%	2.48%
	Skills development					
	Develop individuals' skills and achieve business growth	5	<ul style="list-style-type: none"> <li>Succession plans</li> </ul>	Increased succession planning for senior management positions at overseas Group companies	Definition of global key positions and formulation of succession plans	Support and opportunities for development into global key positions
		6	<ul style="list-style-type: none"> <li>Development of human resources with digital transformation and AI skills</li> </ul>	Three-year aggregate numbers of training recipients <ol style="list-style-type: none"> <li>Digital transformation : 900 for entry level, 180 for practical</li> <li>AI : 90 for entry level, 30 for practical</li> </ol>	<ol style="list-style-type: none"> <li>Digital transformation: 5,341 for entry level* , 44 for practical</li> <li>AI: 30 for entry level, 10 for practical</li> </ol> Notes: * Entry level digital transformation course administered to wider range of employees via video lectures	Two-year aggregate numbers of training recipients <ol style="list-style-type: none"> <li>Digital transformation: 5,643 for entry level* , 84 for practical</li> <li>AI: 60 for entry level, 20 for practical</li> </ol> Notes: * Entry level digital transformation course administered to wider range of employees via video lectures
		7	<ul style="list-style-type: none"> <li>Cultivation of Smart Construction consultants</li> </ul>	1,000 (aggregate)	867	953
	Human Rights					
	Respect for human rights					
	Promote human rights due diligence	8	<ul style="list-style-type: none"> <li>Human rights due diligence activities</li> </ul>	<ol style="list-style-type: none"> <li>Internal</li> <li>Procurement supply chain</li> <li>Sales</li> </ol>	<ol style="list-style-type: none"> <li>Internal: survey targeting all Group companies</li> <li>Procurement supply chain: Online survey targeting major suppliers</li> <li>Sales: On-site impact assessment in South Africa</li> </ol>	Revised human rights policy <ol style="list-style-type: none"> <li>Internal: Implemented "Business and human rights basic education"</li> <li>Procurement supply chain: (I) Conducted "Training for procurement officers" (II) Conducted on-site interviews with major suppliers</li> <li>Sales: Held discussions with the Marketing Department</li> </ol>



	Sustainability Policy	Materiality	SDGs
With business	<ul style="list-style-type: none"> <li>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.</li> <li>We build relationships with our business partners and local communities that enable mutual trust, fairness, co-existence, and co-prosperity.</li> <li>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.</li> </ul>	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	FY2023 KPI Performance
<b>Customers</b>						
	Product safety and quality Provision of solutions					
	Enhancement of product safety	9	<ul style="list-style-type: none"> <li>Development of safety devices and expansion of range of marketed models equipped with safety devices (KomVision, etc.)</li> </ul>	Expansion of range of marketed models equipped with safety devices	Completion of introduction in three small sized wheel loader models	Drowsiness detection systems have been retrofitted onto HD785-7s in Europe and Southeast Asia (the Philippines). With the exception of certain models, it has been implemented in the current rigid dump trucks.
	Improve productivity of construction workplaces by promoting Smart Construction	10	<ul style="list-style-type: none"> <li>Overseas sales of ICT-intensive models</li> </ul>	2,700 units (single year)	2,448	2,038
		11	<ul style="list-style-type: none"> <li>Number of workplaces using Smart Construction (global total)</li> </ul>	13,000 workplaces (single year)	8,955	11,740
		12	<ul style="list-style-type: none"> <li>Enhancement and optimization of processes</li> </ul>	Ratio of workplaces using Smart Construction that employ Solution Level 3 or higher: 15%(single year)	20%	22%
	Provision of products and solutions that enable sustainable resource development (mining equipment)	13	<ul style="list-style-type: none"> <li>Aggregate number of AHS units deployed</li> </ul>	790 units (aggregate, upward revision from prior target of 740 units)	643	727
		14	<ul style="list-style-type: none"> <li>Optimization of mining operations</li> </ul>	Introduction and promotion of open technology platforms	Completion of phase 1 development and commencement of trials at customer workplaces	Currently conducting trials at multiple customer sites



Materiality	Key activity themes	No.	KPI	FY2024 Targets	FY2022 KPI Performance	FY2023 KPI Performance
	Provision of products and solutions that enable sustainable resource development (mining equipment)	15	<ul style="list-style-type: none"> <li>Augmentation of hard rock mining product lineup</li> </ul>	Expansion of product lineup and execution of trials including those for new methods (mechanical cutting)	<ul style="list-style-type: none"> <li>Load haul dump machines: Completion of development of one model</li> <li>Mechanical cutters: Advancement of trials at customer workplaces and launch targeting specific customers</li> <li>Mining Tunnel Boring Machine: Production of trial units underway</li> </ul>	<ul style="list-style-type: none"> <li>Hydraulic excavators: Testing conducted on joint research vehicles with specific automatic excavation functions</li> <li>Mining bulldozers: Ongoing preliminary research on collaboration between remote-controlled bulldozers and AHS dump trucks</li> </ul>
		16	<ul style="list-style-type: none"> <li>Expansion of hard rock mining business</li> </ul>	Net sales: US\$ 300 million (threefold increase)	Net sales: US\$100 million	Net sales: approximately US\$80 million
	Solutions for improving safety and productivity at customer workplaces (automation, autonomous operation, remote operation)	17	<ul style="list-style-type: none"> <li>Development of automated construction and mining equipment</li> </ul>	Expansion of number of marketed models (including new developments)	<ul style="list-style-type: none"> <li>Hydraulic excavators: Tests conducted on equipment jointly developed with customers</li> <li>Mining bulldozers: Remote controls trials at customer workplaces completed, automated operation trials underway</li> </ul>	<ul style="list-style-type: none"> <li>Hydraulic excavators: Testing commenced on joint research vehicles with customers</li> <li>Mining bulldozers: Completion of remote-control trials at customer sites, automated operation trials underway, and expansion of models introduced to the market (including new developments)</li> </ul>
		18	<ul style="list-style-type: none"> <li>Expansion of aftermarket business (pursuit of business growth and response to volatility)</li> </ul>	Sales growth rate: 15% (compared with FY2021, foreign exchange rates fixed)	Sales growth rate: 13.5%(compared with FY2021, foreign exchange rates fixed)	Sales growth rate: +20% (compared with FY2021, foreign exchange rates fixed)
	Building of value chain adaptable to environmental and demand changes	19	<ul style="list-style-type: none"> <li>Multi-sourcing ratio (Implementation of business continuity measures across supply chain)</li> </ul>	92% (82% in FY2021)	85%	91%
<b>Ethics / Governance</b>						
Governance / Compliance						
	Strengthen governance and ensure thorough compliance	20	<ul style="list-style-type: none"> <li>Enhancement of governance and entrenchment of compliance</li> </ul>	Disclosure of initiative results	<ul style="list-style-type: none"> <li>Enhancement of disclosure based on Japan's Corporate Governance Code (business portfolio, skill matrix)</li> <li>Global e-learning program on Komatsu's Worldwide Code of Business Conduct (conducted in 12 languages)</li> </ul>	<ul style="list-style-type: none"> <li>Incorporation of third-party analysis in the evaluation process of the Board of Directors' effectiveness</li> <li>Global e-learning program on Komatsu's Worldwide Code of Business Conduct (conducted in 12 languages)</li> </ul>



Materiality	Key activity themes	No.	KPI	FY2024 Targets	FY2022 KPI Performance	FY2023 KPI Performance
<b>Communities</b>						
Contributions to local communities						
	Contributions to communities through business and disaster relief support	21	<ul style="list-style-type: none"> <li>Ongoing social contribution activities</li> </ul>	Disclosure of activity results	<ul style="list-style-type: none"> <li>Continuation of demining project</li> <li>Provision of ¥ 30million in relief support following earthquake in Turkey and Syria</li> <li>Continuation of forest restoration projects at former mine sites in North America</li> <li>Ongoing provision of support for regional human resource development programs with Cummins Inc. (Chile, Peru, South Africa, and Australia)</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of the demining project</li> <li>Support for earthquake-affected areas in the Noto Peninsula               <ul style="list-style-type: none"> <li>(I) Donation of 600 million yen in relief funds</li> <li>(II) Free lending of heavy machinery to affected municipalities and support organizations</li> <li>(III) Provision of disaster relief supplies (e.g., emergency food)</li> </ul> </li> <li>Continuation of the forest restoration project at former mine sites in North America</li> <li>Ongoing support for regional human resource development programs with Cummins Inc. (Chile, Peru, South Africa, and Australia)</li> </ul>

	Sustainability Policy	Materiality	SDGs
With the planet	<ul style="list-style-type: none"> <li>Through all of our business activities, we strive to reduce our environmental impact and preserve the global environment through the use of advanced technologies.</li> <li>We strive to increase both global environmental conservation and business growth through manufacturing and technological innovation.</li> <li>We pursue collaboration and value creation with our stakeholders toward a sustainable planet and future.</li> </ul>	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	FY2023 KPI Performance
<b>Environment</b>						
Development of low-carbon/low-emissions products, solutions, and business models						
	Plants with zero environmental impacts	22	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions from production</li> </ul>	45% reduction (compared with FY2010)	43% reduction	51% reduction
		23	<ul style="list-style-type: none"> <li>Water consumption</li> </ul>	70% reduction (compared with FY2010)	69% reduction	67% reduction
		24	<ul style="list-style-type: none"> <li>Rate of renewable energy use</li> </ul>	20%	17%	25%
Reduction of energy usage and GHG emissions						
	Reduction of CO <sub>2</sub> emissions at customer workplaces	25	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions from product use</li> </ul>	24% reduction (compared with FY2010)	21% reduction	22% reduction
		26	<ul style="list-style-type: none"> <li>Electrification of construction and mining equipment</li> </ul>	Expansion of models in development phase and on market	<ul style="list-style-type: none"> <li>Launch of one model</li> <li>Completion of development of two models</li> </ul>	<ul style="list-style-type: none"> <li>Launch of three models</li> </ul>
Forest conservation through business activities						
	Provision of solutions that support sustainable, cyclic forestry businesses	27	<ul style="list-style-type: none"> <li>Growth of forestry machine business (process mechanization)</li> </ul>	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. Number of tree planting machines introduced : 5	1. Sales growth rate : 28% (compared with FY2021, foreign exchange rates fixed) 2. Number of tree planting machines introduced : 9
		28	<ul style="list-style-type: none"> <li>Promotion of forest management solutions (Development of business model combining forestry and decarbonization)</li> </ul>	Forest area : 60,000ha	Completion of remote control sensing solution proof of concept test and selection of partners	Forest area : 23,705ha
Resource recycling and remanufacturing						
	Promotion of recycling-oriented business	29	<ul style="list-style-type: none"> <li>Expansion of Reman business</li> </ul>	Sales growth rate: 25% (compared with FY2021, foreign exchange rates fixed)	Sales growth rate: 16.5% (compared with FY2021, foreign exchange rates fixed)	Sales growth rate: 35% (compared with FY2021, foreign exchange rates fixed)

## External recognition

(as of June 20, 2024)

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

[Global]



CLIMATE WATER

#### [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 the Mid-Term Management Plan "DANTOTSU Value – Together, to 'The Next' for sustainable growth," which started in fiscal 2022, is to be selected as an A-list company in reference to CDP's areas of focus—climate change and water security.

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

	2021	2022	2023
<b>CDP Climate Change</b>	A	A	A
<b>CDP Water Security</b>	A	A	A

Member of

**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

#### [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 the Mid-Term Management Plan "DANTOTSU Value – Together, to 'The Next' for sustainable growth," which started in fiscal 2022, is to be selected for the DJSI World.

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

Komatsu has been selected as a constituent of the "World Index" for consecutive years since 2006.

	2021	2022	2023
<b>DJSI</b>	DJSI World	DJSI World	DJSI World



### **[MSCI global sustainability indexes\*1]**

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.



### **[ISS ESG]**

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

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

[Japan]



**FTSE Blossom Japan Index**

### **[FTSE Blossom Japan index\*2]**

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.

2024 CONSTITUENT MSCI NIHONKABU  
ESG SELECT LEADERS INDEX

### **[MSCI Nihonkabu ESG select leaders index\*1]**

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

2024 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

### **[MSCI Japan empowering women index\*1]**

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.

**MORNINGSTAR GenDi J**

Japan ex-REIT Gender Diversity  
Tilt Index

TOP CONSTITUENT 2024

### **[Morningstar® Japan ex-REIT Gender Diversity Tilt Index<sup>SM</sup>\*3]**

This index evaluates and selects Japanese companies where gender diversity policies are embedded in the corporate culture and companies that promise equal opportunities to employees regardless of gender. Our company has been selected in "Group 1," the top-scoring group of this index.



### [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 constituent 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 CO<sub>2</sub> reduction targets were certified as SBT in April 2017.

[Please click here for further details about Komatsu's CO<sub>2</sub> reduction and SBT.](#)



### [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.

- \*1 THE INCLUSION OF KOMATSU LTD IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, 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.
- \*2 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.
- \*3 Morningstar, Inc., and/or one of its affiliated companies (individually and collectively, "Morningstar") has authorized Komatsu Ltd ("Komatsu") to use of the Morningstar® Japan ex-REIT Gender Diversity Tilt Logo ("Logo") to reflect the fact that, for the designated ranking year, Komatsu ranks within the top group of companies comprising the Morningstar® Japan ex-REIT Gender Diversity Tilt Index<sup>SM</sup> ("Index") on the issue of gender diversity in the workplace. Morningstar is making the Logo available for use by Komatsu solely for informational purposes. Komatsu's use of the Logo should not be construed as an endorsement by Morningstar of Komatsu or as a recommendation, offer or solicitation to purchase, sell or underwrite any security associated with Komatsu. The Index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the Index or any data included in it. Morningstar makes no express or implied warranties regarding the Index or the Logo, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third-party content providers have any liability for any damages (whether direct or indirect), arising from any party's use or reliance on the Index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, Index name and the Logo are the trademarks or services marks of Morningstar, Inc. Past performance is no guarantee of future results.

## (2) Recognitions of IR activities



2022 Award for Excellence  
in Corporate Disclosure  
-Industries-  
SAA The Securities Analysts  
Association of Japan

### [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.



### [2023 Greatest IR Improvement Premium Company]

The Japan Investor Relations Association selects member companies that have consistently received high evaluations from the screening committee members during the screening period (17 years from 2007 to 2023) and have been recognized for their efforts to improve their IR as the Greatest IR Improvement Premium Company.

Komatsu has been selected for this selection.



### [2023 Best Continual IR Efforts Premium Company]

The Japan Investor Relations Association selects member companies that have continuously applied for the Best IR Award during the screening period (17 years from 2007 to 2023) and have been recognized as having continued their IR activities over the medium to long term as the Best Continual IR Efforts Premium Company.

Komatsu has been selected for this selection.



### [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.



World Business Council  
for Sustainable  
Development

#### [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 disclosed information 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		<b>[Ethics / Governance]</b> <ul style="list-style-type: none"> <li>■ Corporate Governance</li> <li>■ Compliance</li> </ul>	<ul style="list-style-type: none"> <li>■● "Quality and Reliability" of organizational structure, business operations, employees and management</li> <li>■● Emphasis on corporate governance</li> <li>■● Compliance with the rules of business society</li> </ul>
Human rights	<b>Human Rights</b> Principle 1 Principle 2	<b>[Human rights]</b> <ul style="list-style-type: none"> <li>■ Respect for human rights</li> </ul> <b>[Communities]</b> Contributions to local communities	<ul style="list-style-type: none"> <li>■● Respect for human rights</li> <li>■● Due consideration to work-life balance</li> </ul>
Labour practices	<b>Labour</b> Principle 3 Principle 4 Principle 5 Principle 6	<b>[Employees]</b> <ul style="list-style-type: none"> <li>■ Diversity and Inclusion</li> <li>■ Skills development and workplace retention</li> <li>■ Employee engagement and job satisfaction</li> <li>■ Occupational safety and health and wellbeing</li> </ul> <b>[Human rights]</b> <ul style="list-style-type: none"> <li>■ Respect for human rights</li> </ul>	<ul style="list-style-type: none"> <li>■● Conversations or discussions with employees or their representatives</li> <li>■● Zero tolerance for child labor and forced labor</li> <li>■● Promotion of equal opportunities for employment, with zero tolerance for discrimination and any kind of harassment</li> <li>■● Ensuring a safe and comfortable work environment</li> <li>■● Human resources management in fair and impartial manner</li> </ul>



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	<b>Environment</b> Principle 7 Principle 8 Principle 9	<b>[Environment]</b> <ul style="list-style-type: none"> <li>■ Development of low-carbon/ low-emissions products, solutions and business models</li> <li>■ Resource recycling and remanufacturing</li> <li>■ Forest conservation through business activities</li> <li>■ Reduction of energy usage and GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>■ ● Providing products, services and systems that are environmentally-conscious</li> <li>■ ● Environmental protection</li> <li>■ Komatsu Earth Environmental Charter</li> <li>■ Declaration of Conservation of Biodiversity</li> <li>● Reducing environmental impact, managing chemical substances and building up environmental management systems</li> </ul>
Fair operating practices	<b>Anti-Corruption</b> Principle 10	<b>[Ethics / Governance]</b> <ul style="list-style-type: none"> <li>■ Governance</li> <li>■ Compliance</li> </ul>	<ul style="list-style-type: none"> <li>■ ● Fair and appropriate business operations</li> <li>● Fair and proper relationship with governmental bodies and agencies</li> <li>■ ● Never providing, offering or promising inappropriate money, goods or favors</li> </ul>
Consumer issues		<b>[Customers]</b> <ul style="list-style-type: none"> <li>■ Provision of solutions</li> <li>■ Product safety and quality</li> </ul> <b>[Environment]</b> <ul style="list-style-type: none"> <li>■ Development of low-carbon/ low-emissions products, solutions and business models</li> <li>■ Resource recycling and remanufacturing</li> <li>■ Forest conservation through business activities</li> <li>■ Reduction of energy usage and GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>■ Providing customers with suitable solutions and striving to deliver products, services and systems that are safe, environmentally-conscious and innovative</li> <li>■ ● Environmental protection</li> <li>■ ● Reducing environmental impact, managing chemical substances and building up environmental management systems</li> </ul>
Community involvement and development		<b>[Communities]</b> <ul style="list-style-type: none"> <li>■ Contributions to local communities</li> </ul>	<ul style="list-style-type: none"> <li>■ ● To fully understand its social responsibilities as a corporate citizen</li> <li>■ Groupwide social contribution (5 Basic Principles for Social Contribution)</li> <li>■ ● Good harmony with local communities</li> </ul>

## 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><b>Project A: Responses to environmental problems resulting from the use of products</b></p> <p>Efforts designed to help reduce CO<sub>2</sub> emissions from products in use to 50% by 2030 from 2010 (Specifically, R&amp;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 CO<sub>2</sub> emissions by promoting wide use of ICT-intensive construction equipment and providing applications which support optimization of construction as a whole.</p> <p><b>Project B: Responses to environmental problems resulting from manufacturing.</b></p> <p>Efforts designed to help reduce CO<sub>2</sub> emissions in manufacturing to 50% and increase the ratio of using renewable energy to 50% of total energy use, both by 2030 from 2010 (capital investment in facilities and equipment, etc.).</p> <p>(1) Energy-savings of factories and equipment in plants.</p> <p>(2) Power generation by using solar panels and biomass as well as purchase of renewable energies.</p>





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	<a href="#">(Komatsu website released on July 10th, 2020)</a>

\* 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.
- O MUTA 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 <sub>2</sub> emissions (Intensity) (KPI1) from production by March 31, 2025 from 2010 baseline SPT2.1: 24% reduction of the Scope 3 CO <sub>2</sub> 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 \(1.78MB\)](#) 

## 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 \(1.53MB\)](#) 

## Reporting

Komatsu reports the performance of the KPI/SPT on an annual basis. In addition, the external verification result is attached.

### 【Performance of KPI/SPT】

KPI	SPT	Performance
	March 31, 2025	March 31, 2023
KPI1: CO <sub>2</sub> emissions (Intensity) from production	SPT1.1: 45% reduction from 2010 baseline	43% reduction from the same
KPI2: CO <sub>2</sub> emissions (Intensity) from use of products	SPT2.1: 24% reduction from 2010 baseline	21% reduction from the same

### 【Verification】

Komatsu obtains an annual verification of the performance of the KPI/SPT from DNV Business Assurance JAPAN K.K..

[› External Verification Report \(Issued October 2023\) \(104KB\)](#) 



## With people

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# 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

Komatsu holds the "Komatsu Way Committee" twice a year (or more as necessary), chaired by the President and composed of responsible persons from each business and function, to deliberate, decide on, and promote the execution of policies and important measures regarding human resources, labor affairs, education and human resources development, and employee benefits for the entire 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/TQM 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 training for overseas in FY2023 was conducted online for the European region. Additionally, for the promotion of Total Quality Management (TQM), a new training program aimed at developing local instructors was established, and the first session was conducted. 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

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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"

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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.



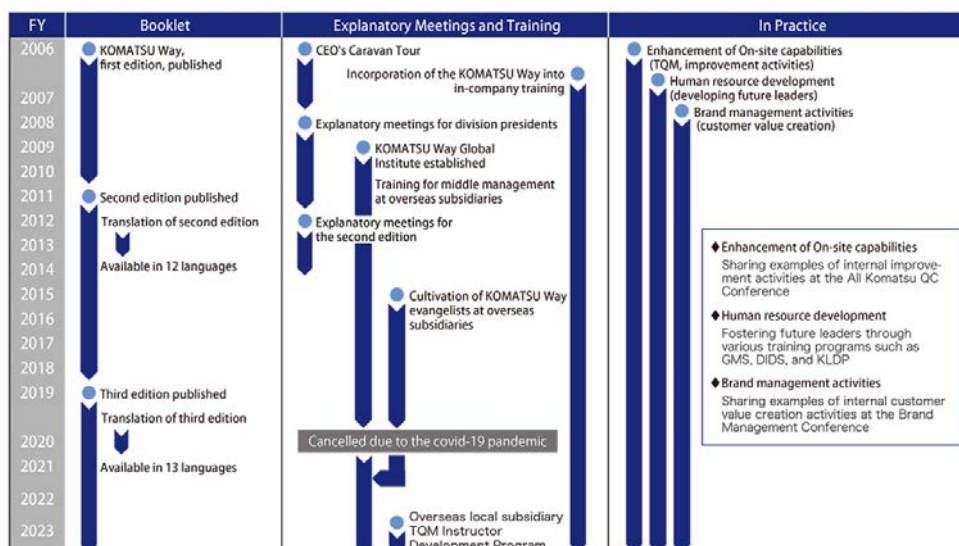
Global BM workshop (Komatsu in Japan, October 2019)

## DATA

### (1) Educational training that pertains to Komatsu Way/TQM in FY2023

Name of training course	Course participants	Targets	Training dates (in FY2023)	Number of participants/cases (in FY2023)
Education for female management candidates of overseas subsidiaries (Diversity & Inclusion development seminar)	Female management candidates of overseas subsidiaries	To train global female management candidates who have a comprehensive understanding of the Komatsu Way	March 2024	13
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	February 2024 (held online)	23
TQM training (for overseas subsidiaries)	Employees of overseas subsidiaries	To promote understanding and practice of TQM at our overseas subsidiaries	August 2023 (held online)	19
TQM Instructor Development Program	Overseas local subsidiary employees	To train local instructors capable of conducting TQM training in each region and company	November 2023	11
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 2023 (in-person + recorded distribution later)	88 improvement presentations (including 29 from overseas) Number of attendees: approximately 850

### (2) The Komatsu Way-history of dissemination activities



## Other data on human resources

\* 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)

	FY2021	FY2022	FY2023
Total	11,927	12,208	12,285
Male	10,517	10,760	10,771
Female	1,410	1,448	1,514

### (2) Number of employees (Consolidated basis)

	FY2021	FY2022	FY2023
Total	62,774	64,343	65,783
Non-Japanese	42,502	44,040	45,272

### (3) Average age

	FY2021	FY2022	FY2023
Total	40.4	40.9	41.2
Male	40.5	41.0	41.4
Female	39.7	39.9	39.9

### (4) Years of continuous employment

	FY2021	FY2022	FY2023
Total	15.9	16.4	16.7
Male	16.3	16.7	17.1
Female	13.5	13.9	13.8

## (5) Number of employees by age

	Total	Male	Female
Total	12,285	10,771	1,514
Over 60	546	485	61
50-59	2,689	2,291	398
40-49	3,433	3,128	305
30-39	3,655	3,334	321
Under 30	1,962	1,533	429

## (6) Annual total remuneration (average)

	Total	Male	Female
FY2023	8,308,017(Yen)	8,550,708(Yen)	6,641,250(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		
			Total	Male	Female	Total	Male	Female	Total	Male	Female
FY2022	254	169	155	104	51	11	9	2	88	73	15
FY2023	290	192	161	109	52	15	12	3	114	88	26
FY2024	301	210	184	136	48	19	14	5	98	75	23

\* Number for FY2023 is as of April 1, 2023



## (8) Mid-career employment (As of August 30, 2024)

	Total		Mid-career employment ratio		Employment category					
					College graduate			Others		
	Total	Excluding blue-collar work	Total	Excluding blue-collar work	Total	Male	Female	Total	Male	Female
FY2021	24	23	9%	11%	17	12	5	7	6	1
FY2022	87	42	26%	20%	40	32	8	47	44	3
FY2023	198	96	41%	33%	110	90	20	88	74	14

## (9) Employee turnover

	Total	Male	Female
FY2020	141(1.08%/0.86%)	122	19
FY2021	200(1.54%/1.31%)	160	40
FY2022	200(1.53%/1.36%)	163	37
FY2023	203(1.49%/1.26%)	166	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 (FY2021)	254	211	43
Enrollment (FY2024)	238	198	40
Employee turnover [for 3 years] (Turnover rate)	16 (6.3%)	13	3

\* Enrollment for FY2024 is as of April 1, 2024

## Promoting diversity and inclusion

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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 that by creating an environment where diverse human resources can thrive and expanding various systems such as diverse working styles and support for balancing work and family life, we can create an environment where people can recognize and utilize each other's individuality and abilities, which will lead to the creation of innovation and ultimately the growth of the entire company.

### Global human resource development and promotion

With approximately 70% of our employees working overseas, Komatsu has been promoting the localization of management. In many local subsidiaries, national employees (local employees) are responsible for top management. Among them, the heads of major local subsidiaries are appointed as "Global Officers," who bear responsibilities not only as regional leaders but also as executives of the Komatsu Group. Additionally, individuals who play a central role in the management of the Komatsu Group are appointed as our executive officers. Komatsu has created approximately 700 "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 who play key roles in our businesses and functions. 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 150 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 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 FY2023

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. In addition to the unconscious bias seminars held for all domestic Komatsu Group managers in FY2022, we held seminars on psychological safety in FY2023. We are also promoting further understanding by offering e-learning on D&I to all employees of the domestic Komatsu Group. Additionally, to encourage female employees to enhance their career aspirations, we have been continuously holding the "D&I Talk Event" since FY2022, where employees can pose direct questions to the management, with the first event featuring 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 FY2023 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. (27 companies are selected from approximately 3,900 listed companies.)



Scene from the D&I talk event



Scene of DIDS training



## DATA

### (1) Diversity of management

	FY2023	Female employees (Female employees percentage)	Non- Japanese employees (Non- Japanese employees percentage)	Mid-career employees (Mid-career employees percentage)
Directors and Global officers	60	3 (5.0%)	16 (26.7%)	11 (18.3%)
Executive officers (in Japan)*	31	3 (9.7%)	0 (0.0%)	2 (6.5%)
Management position	1,883	163 (8.7%)	15 (0.8%)	373 (19.8%)
General managers	405	13 (3.2%)	0 (0.0%)	50 (12.3%)

\* Komatsu's non-consolidated data as of the end of 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.

\* Executive officers (in Japan) do not include those who also serve as directors.



## (2) Women employees

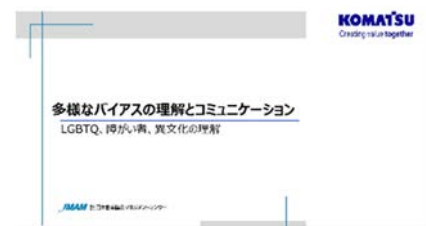
	FY2021	FY2022	FY2023
Global (Consolidated)			
Ratio of women employed	13.9%	14.1%	14.5%
Ratio of women in management positions	10.0%	10.3%	11.1%
Komatsu Ltd. (Non-consolidated)			
Number (ratio) of women employed	1,451 (12.4%)	1,507 (12.3%)	1,564 (12.6%)
Number (ratio) of women in management positions	312 (9.2%)	341 (9.5%)	376 (10.1%)
Number (ratio) of women managers	135 (7.8%)	149 (8.0%)	163 (8.7%)
Number (ratio) of women junior managers	177 (10.8%)	192 (11.0%)	213 (11.5%)

\* Data as of the end of each fiscal year.

\* Management positions include executive officers.

## Support for LGBTQ

In the "Komatsu's Worldwide Code of Business Conduct" revised in October 2017, we explicitly prohibit unfair discrimination based on nationality, race, religion, age, sex, disability, sexual orientation, and gender identity, and we consider discriminatory behavior against sexual minorities as sexual harassment subject to disciplinary action. Additionally, we have established an in-house counseling desk for LGBTQ individuals, recognized same-sex partnerships, and expanded the scope of welfare benefits. Furthermore, we are working to promote understanding of LGBTQ issues and create a comfortable work environment for everyone by providing education to all domestic Komatsu Group managers and distributing 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 all employees at each level. 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 FY2023

Number of harassment-related reports received (in Japan)	38
Anti-discrimination and harassment prevention training (in Japan) (e-learning and group learning)	<ul style="list-style-type: none"> <li>■ Basic education</li> <li>■ New executive officer's program</li> <li>■ Managerial-level refresher training</li> <li>■ New managerial-level employee training</li> <li>■ Foremen training</li> <li>■ Assistant manager training</li> <li>■ Assistant foremen training</li> <li>■ Mid-level employee training</li> <li>■ Third- and seventh-year employee training</li> <li>■ New employee training</li> </ul>

## 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

	FY2021	FY2022	FY2023
Employment ratio of persons with disabilities	2.84%	2.73%	2.72%
Number of BCC locations	11	11	11
Number of BCC staff members	156	165	180

\* 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 45 and over who want to progress their careers outside the company.

## DATA

	FY2021	FY2022	FY2023
Reached age 60	252	355	301
Continued employment after age 60	216	325	282
Chose to retire at age 62 or 65	202	292	262
Rehired after retirement at age 60	14	33	20
Retired at age 60 (Retirement rate at age 60)	36 (14.3%)	30 (8.5%)	19 (6.3%)

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

\* 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	Childcare 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 (about 104 weeks) 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).
	Time off for sick/injured childcare	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).
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	To support the balance between childcare and work, we hold childcare seminars aimed at supporting employees who are parents and promoting understanding among their bosses and co-workers.
	Creating an Environment for Male Paternity Leave	To raise awareness among male employees about participating in childcare and to promote understanding among superiors, coworkers, and others around them, we have implemented e-learning programs on taking childcare leave and released interview videos of male employees who have taken childcare leave.
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

	FY2021	FY2022	FY2023
Number of employees taking childcare leave (total)* <sup>1</sup>	91	184	217
Paternal leave	49	121	160
Maternal leave	42	63	57
Percentage of employees taking childcare leave (total)* <sup>1</sup>	16.7%	34.5%	45.0%
Paternal leave	9.7%	25.7%	37.6%
Maternal leave	100%	100%	100%
Return rate of employees from childcare leave	98.4%	99.9%	100%
Number and percentage of employees taking leave or leave of absence, including those taking childcare-related leave other than childcare leave* <sup>2</sup>	338 (67.4%)	361 (76.9%)	349 (82.1%)

\*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

	FY2021	FY2022	FY2023
Family-care leaves	3	7	2

### (3) Paid vacation

	FY2021	FY2022	FY2023
Average days granted	20.0	20.0	20.0
Average days taken	19.9	20.8	20.9
Average ratio	99.5%	104%	105%

### (4) Volunteer time off (VTO)

	FY2021	FY2022	FY2023
Number of VTO users	27	32	42
VTO in long-term	0	0	1

# 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 initiated a global engagement survey of its domestic and overseas Group companies. Each division has formulated an action plan to address the issues raised in the survey and is steadily implementing these plans. In FY2023, we conducted the second survey, and we will continue to conduct these surveys regularly. Additionally, we will focus on employees' intentions and motivation, reflecting these in initiatives to expand voluntary and autonomous challenges.

### Overview of global engagement survey in FY2023

<b>Number of respondent</b>	82% of the Employees (about 68,000 employees) of Komatsu and its Group companies in Japan and other countries responded
<b>Objectives</b>	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
<b>Survey overview</b>	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).
<b>Methodology</b>	Anonymous online survey
<b>Results</b>	Engagement Score Overseas: 80, Japan: 69 (Score is the percentage of positive responses)

\* 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

<b>Overview</b>	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.
<b>Frequency</b>	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.
<b>Target</b>	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 75.1%.

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 6,600 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.

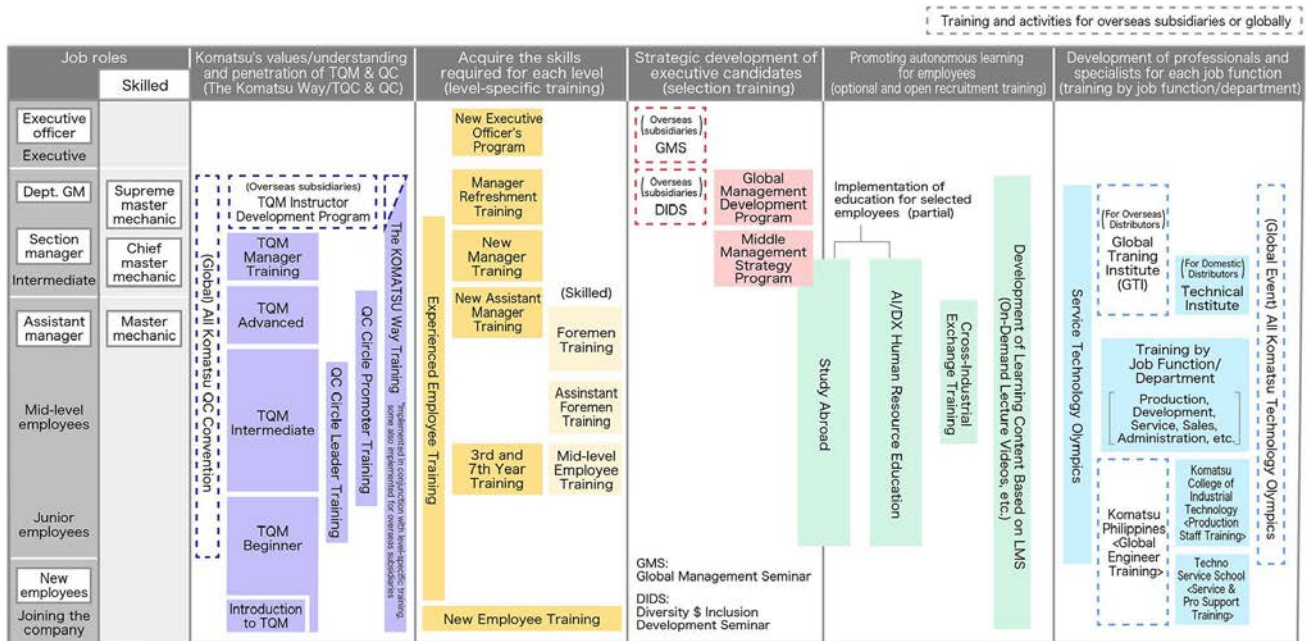
### Main system and measures

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.
	Sabbatical Leave Program	This program supports employees' "learning outside the company" at educational institutions, etc., with the aim of acquiring new knowledge. Employees can take up to three years off, with a maximum of one leave per employee.

## 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

Items		FY2021	FY2022	FY2023
Average hours per FTE	Non-consolidated	49	54	54
	Consolidated	40	46	49
Average spent per FTE	Non-consolidated	JPY215,000	JPY230,000	JPY236,000
	Consolidated	JPY72,000	JPY97,000	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

Category	FY2021	FY2022	FY2023
Number of participants	360	181	192
From overseas	199 (4 countries)	21 (7 countries)	32 (9 countries)

\* Due to the impact of COVID-19, regional competitions were held in 2021-2022.

\* In FY2023, the competition was held in Japan, including overseas subsidiaries.

## 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, we have been providing practical training opportunities that bring synergy to sales promotion activities. In FY2023, we further advanced the hybridization of online and in-person training programs, conducting more than 400 training sessions worldwide, with over 5,000 distributor staff 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 16th 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.



## Developing digital and open innovation promotion human resources

As part of the key initiative "enrich human resources base with diversity" within the growth strategies of our mid-term management plan, we are focusing on "developing digital and open innovation promotion human resources." For the development of digital human resources, we have been implementing "AI Human Resource Education" since FY2019 and "DX Human Resource Education" since FY2022. This education spans from introductory courses aimed at acquiring basic knowledge to practical training aimed at solving problems in business and projects, providing a structured curriculum that supports employee reskilling and the growth of our business.

The "AI Human Resource Education" is expanded annually, enhancing problem-solving skills in business and projects, promoting practical implementation. Additionally, "DX Human Resource Education" aims to improve the skills of a wide range of employees by offering educational opportunities to all employees. Furthermore, to foster open innovation promotion human resources, we are advancing both internal and external programs to accelerate collaboration with industry, government, and academia. Since FY2023, we have been sending employees, including those from overseas subsidiaries, to programs conducted by external companies to learn design thinking, a critical thinking process for innovation creation.

To generate customer value that creates a virtuous cycle of solving ESG issues and improving profitability, promoting digital transformation (DX) across all areas is essential. We will continue to develop the human resources needed to produce DANTOTSU Products, DANTOTSU Services, and DANTOTSU Solutions.

### 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. Practical problem-solving using digital technology	All employees including Komatsu Group companies in Japan	FY2022
	(Practice level)		Acquire ICT planning and system development management methods	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.	1. Acquire problem-solving processes and methods using AI 2. Plan practical application themes	All employees including Komatsu Group companies in Japan	FY2019
	(Practice level)		Specific proposals for trialing and practical application of problem-solving processes, such as AI design	Selection of engineers and professionals	FY2019

## DATA

## Number of participants

Type of education		FY2020	FY2021	FY2022	FY2023	Total
DX Human Resource Education	(Entry level)	-	-	5,341	302	5,643
	(Practice level)	-	-	44	40	84
AI Human Resource Education	(Entry level)	30	30	30	30	150
	(Practice level)	10	10	10	10	50

\* 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 in FY22. Therefore, for FY22, the numbers reflect the combined total of course participants and video viewers.

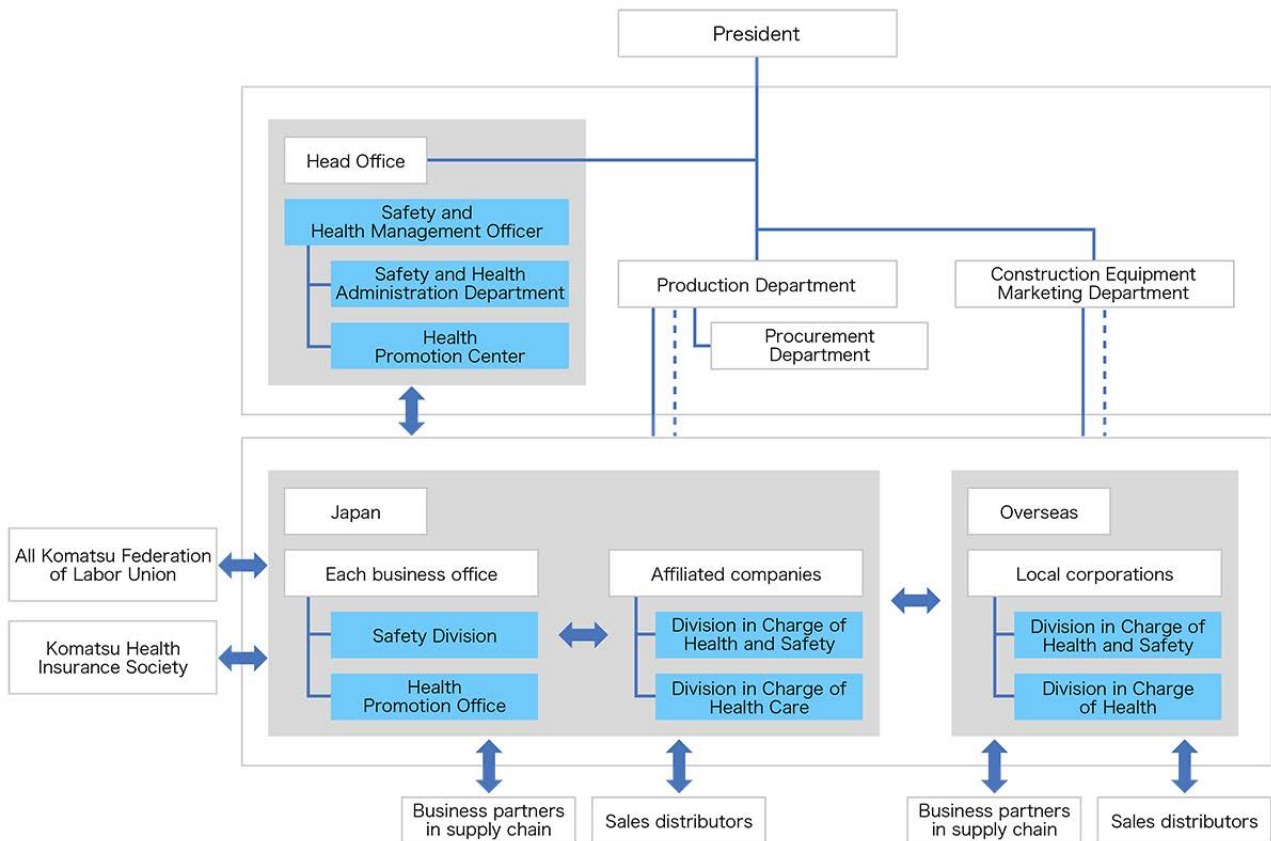
# Occupational safety and health

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

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. It involves sharing activity policies, priority items, and outstanding safety and health activities, and disseminating this information within individual departments. The conference also includes the presentation of presidential awards related to safety and health.



### ■ Group Safety and Health Committee (Japan)

This committee, comprising both labor and management, investigates, deliberates, and decides on fundamental measures to eliminate workplace risks and prevent health hazards.

#### Major items to be examined and discussed:

- Formulation of safety and health regulations
- Discuss and decide on annual activity policies and manage progress of activities, etc.

### ■ Global 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 FY2023, we held the conferences in North America, Latin America, Europe, Asia and China.

### ■ Meeting on Mid-Term Health Planning (Japan)

- Formulates and makes proposals for all company policies related with safety and health practices.
- Summarizes health management activities of each company and business location.

### ■ Health Promotion Committee (Japan)

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

As a guiding principle for employee actions, "Safety & Health, Compliance, Quality, Delivery, Cost" are prioritized, with safety and health taking precedence. Additionally, based on the President's "Message concerning Occupational Safety and Health," the entire group is committed to ensuring a safe and secure work environment and promoting the maintenance and improvement of employee health. To achieve this, all employees work together to actively advance safety and health management activities under the established "Safety and Health Policy."

### Message concerning Occupational Safety and Health

1. The Komatsu Group shall, first of all, strive to "ensure a safe and comfortable work environment" and "maintain and promote employees' health."
2. The Komatsu Group shall promote "proactive occupational safety and health activities" in order for all employees to achieve the above conditions by working together as one team.
3. The Komatsu Group shall proactively strengthen occupational safety and health efforts not only within the Komatsu Group but also at our partners, such as customers, distributors and suppliers.
4. Each and every person in a senior management position of the Komatsu Group shall acknowledge as top priority tasks the above three matters and shall take the initiative in demonstrating the execution of daily duties accordingly.

The persons who are in charge of occupational safety and health as well as all other employees are requested to promote specific activities based on the above message, specifically according to the following action guidelines.

- (1) To fully understand and comply with the laws and regulations concerning occupational safety and health as well as internal rules, and promptly respond to any problems.
- (2) To respond to problems through fact finding activities by all employees. To accomplish the above task, management and the labor union are expected to work together and further improve communications.
- (3) To make the utmost daily efforts to prevent fires or other disasters by any means and remove all possible risks at workplace. It's also required to make the utmost efforts to minimize the damages if a natural disaster should occur.
- (4) To create a comfortable and engaging work environment for sound mental and physical health of employees.

April 1, 2019

Hiroyuki Ogawa  
President and CEO, Komatsu Ltd.



## 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.

Health management activities are promoted not only within the group companies in Japan but also in collaboration with the overseas group companies. Furthermore, the domestic Komatsu Group has embarked on creating a "Health Culture" beyond traditional health management. Since FY2014, it has implemented the "Five-Year Health Development Plan" as a medium-term plan for health promotion aimed at "implementing outstanding health management" and "improving employees' health literacy," and since FY2019, it has been promoting the "Second Health Development Plan." The "Health Culture" that the Komatsu Group aims for is one where individuals and their colleagues are attentive to their health, consider necessary actions, and take steps to lead a better life. To strongly promote these efforts, the Komatsu President announced the "Komatsu Health Declaration" in June 2014, and revised it in April 2019.



## Safety, health, and health management initiatives

Safety and health key initiatives of Komatsu group in FY2023

**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]**

Global Health Management Activities

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 FY2023, 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 FY2023 are listed below:

Item	Initiative	KPI	Result		Goals (FY2024)
			FY2022	FY2023	
Improvement of Health Literacy	Enhancing the ability to acquire, understand, select, and utilize accurate health information necessary for individuals to engage in proactive health behaviors	Communicative and Critical Health Literacy Scale*1	3.54	3.55	3.7 or higher
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	98.5%	98.9%	100%
		Milestone checkup consultation percentage	88.2%	84.4%	95% or more
		Female cancer checkup consultation percentage	56.9%	58.2%	80% or more
Tobacco-related diseases	Reduce secondary exposure to cigarette smoke and smoking percentage	Percent of the Komatsu Group in Japan that smokes	28.4%	28.5%	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*2	52.7%	53.8%	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	99.0%	97.7%	100%
		(Reference) Stress check implementation percentage	99.1%	98.6%	-
		Percentage responding to high-stress workplaces	97.0%	100.0%	100%

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

\*1 The figures are calculated based on the average score out of 5 for the five questions in the questionnaire (1. Information collection, 2. Information selection, 3. Understanding and communication, 4. Reliability assessment, 5. Planning and action).

\*2 Capability of voluntarily practicing healthy actions (lifestyle improvement/maintaining an appropriate exercise regimen and diet, etc.)



Item	Initiative	Result	
		FY2022	FY2023
Absenteeism	Average number of days lost per employee per year due to mental health issues	1.28 days/year	1.52 days/year <sup>*3</sup>
Presenteeism	Evaluate one's own work performance over the past four weeks, assuming 100% performance when there is no illness or injury Presenteeism = 100 - Average score of all employees	9.9%	14.8% <sup>*4</sup>

<sup>\*3</sup> FY2022: Number of subjects: 23,224 people FY2023: Number of subjects: 23,028 people

<sup>\*4</sup> FY2022: Number of participants: 19,575 people (response rate: 99.8%) FY2023: Number of participants: 21,334 people (response rate: 98.5%)

## 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.



## Awarded the Excellence Prize at the "Extend Healthy Life Expectancy Award"

Our efforts to encourage and disseminate activities promoting the prevention of lifestyle-related diseases have been recognized, earning us the Excellence Prize at the "Extend Healthy Life Expectancy Award" organized by the Ministry of Health, Labour and Welfare and the Japan Sports Agency.

The "Extend Healthy Life Expectancy Award" aims to encourage and disseminate outstanding awareness activities and initiatives for the prevention of lifestyle-related diseases. This award system recognizes companies, organizations, and municipalities that are undertaking excellent initiatives.



## 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 FY2023

### Educational training for occupational safety and health (in Japan)

#### ■ Education regarding mental health

Contents	FY2023 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"> <li>Stress tests/awareness training implemented in 13 companies, with approximately 22,898 employees</li> <li>"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.</li> </ul>

#### ■ Education based on job levels

Contents	FY2023 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 (321 people)* 3rd year of employment with the company (293 people) 7th year of employment with the company (25 people) Mid-career recruitment (118 people) New Assistant Managers (383 people) Foremen/Senior Foremen (156 people) New Managers (231 people)

\* Total for head office employees

#### ■ Education based on Function

Contents	FY2023 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 (20 trainees) Education for production engineers (54 trainees) ISO 45001 standards understanding training (48 trainees) ISO 45001 internal auditor development training (97 trainees) ISO 45001 internal auditor level-up training (15 trainees)

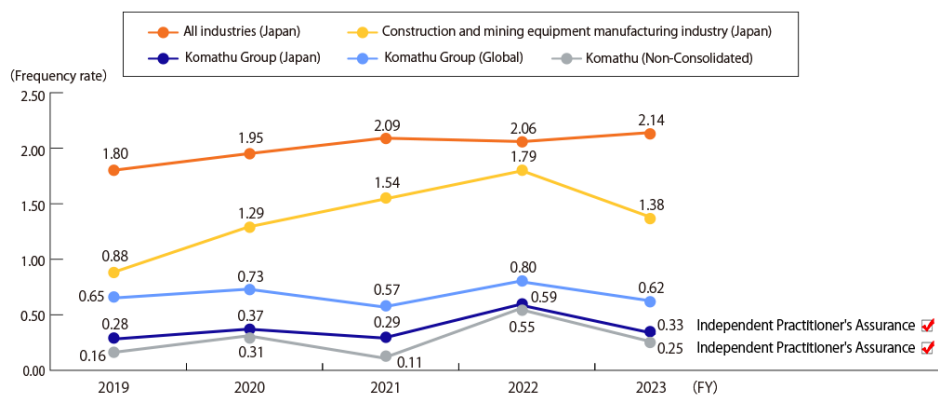
## Number of major work-related accidents (fatal)

		FY2019	FY2020	FY2021	FY2022	FY2023
Komatsu group consolidated companies	Subtotal	1	3	0	2	0
	Japan	0	0	0	0	0
	Overseas	1	3	0	2	0
Non-consolidated sales companies	Subtotal	0	1	0	0	0
	Japan	0	1	0	0	0
	Overseas	0	0	0	0	0
Contractors	Subtotal	0	1	0	1	0
	Japan	0	0	0	0	0
	Overseas	0	1	0	1	0
Total		1	5	0	3	0

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.

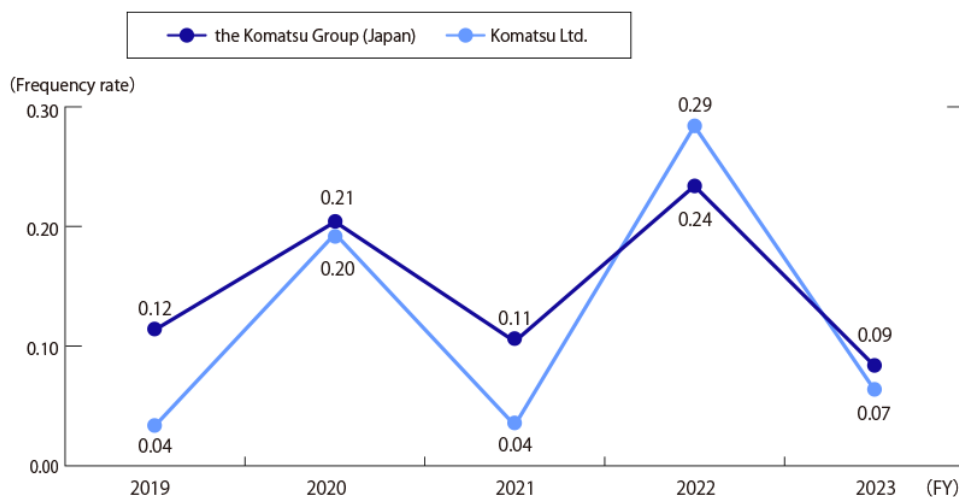
## Data

### 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, with the addition of Komatsu Safety Training Center, KCS, and KBS from FY2023.
3. The scope of the Komatsu Group (global) includes "Komatsu Group (Japan)" and overseas production plants.

### 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 1,000,0000
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



## 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 FY2018.

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

\* As of March 31, 2024

Certified business locations*		First year of certification
Komatsu	Osaka Plant	2019
	Head Office	
	Awazu Plant	
	Kanazawa Plant	
	Ibaraki Plant	
	Oyama Plant	
	Tochigi Plant	
	Koriyama Plant	
	Shonan Plant	2020
	Himi Plant	
	Shiga Plant	
	Field Testing Department	
	Group Company	GIGAPHOTON
KELK		
Komatsu NTC		
KOMATSU LOGISTICS Head Office		2022

## Overseas

Certified business locations*	First year of certification
Komatsu Chile SA	2018
Komatsu America Chattanooga Manufacturing Operation	2019
Komatsu America Newberry Manufacturing Operation	
Komatsu UK	
Komatsu Italia Manufacturing	
Hensley Lingfeng Co., Ltd.	2020
Bangkok Komatsu	
Komatsu America Peoria Manufacturing Operation	
Komatsu Mining Peru	
Komatsu Mining Wadeville	2021
Komatsu Mining Tianjin	
Komatsu Germany (Construction Division)	
Komatsu Germany (Mining Division)	
PT Komatsu Indonesia	2022
PT Komatsu Undercarriage Indonesia	
Komatsu Shantui Construction Machinery Co., Ltd.	
Komatsu Mining Longview	
Hensley Industries, Inc.	2023
Komatsu Changzhou Construction Machinery Corp.	
Komatsu Shandong Construction Machinery Corp.	
Komatsu Dalian Machine Tool	
Komatsu do Brasil Ltda.	2022
Desarrollos Technologicos S.A.	
Komasu Manufacturing Rus LLC	
Komatsu South Africa (Remanufacturing center)	
Distribuidora Cummins Chile S.A.	2023
PT Komatsu Marketing and Support Indonesia	
DESARROLLOS TECNOLOGICOS S.A	

# Human rights policy

In September 2019, Komatsu established our Human Rights Policy (revised in September 2023) 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's Worldwide Code of Business Conduct (revised in 2024) 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 +81-3-6849-9701.

Established: September 2019

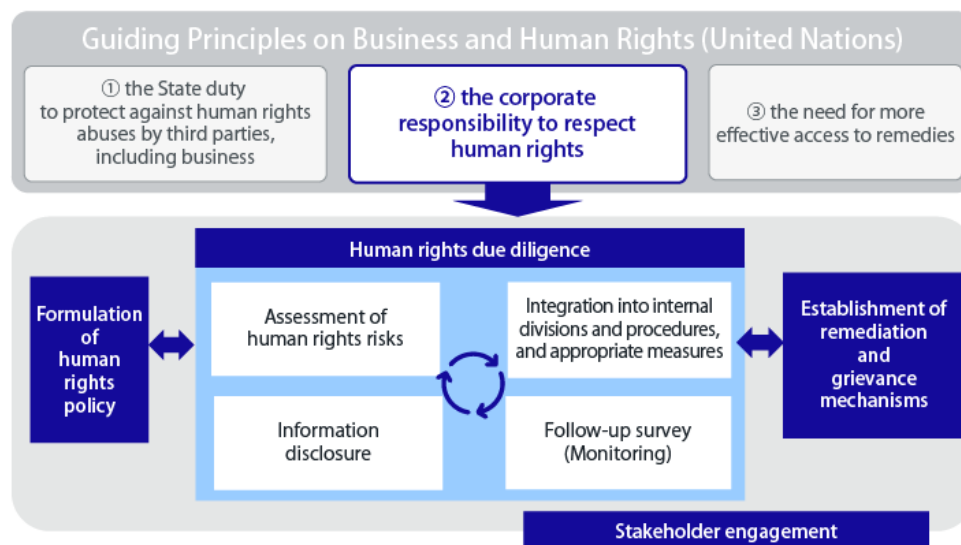
Revised: September 2023

\* 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:** Keeping identification repeatedly 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 our Human Rights Policy (revised in September 2023) 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's Worldwide Code of Business Conduct (revised in 2024) and is thoroughly communicated by all Komatsu Group employees worldwide.

In September 2023, the Human rights policy was revised following discussions by the Sustainability Promotion Committee and final approval by the President. The revised policy incorporates Komatsu's "Purpose" and "Sustainability policy," clearly articulating the company's stance by stipulating the prohibition of forced labor and child labor and respecting freedom of association and right to collective bargaining. The revised version has been translated into 13 languages and disseminated to Komatsu Group companies and partner companies (suppliers) and sales agents.

[> Komatsu's "Human rights policy" !\[\]\(104fbf564e2e5a8fbd84f31656d114c7\_img.jpg\)](#)

## 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"> <li>- Conducted a human rights web survey of the Komatsu Group companies and major suppliers with support from external consultants.</li> <li>- Conducted an on-site impact assessment of downstream businesses in South Africa with the support of CSR Europe.</li> </ul>
2023	<ul style="list-style-type: none"> <li>- Revised the "Human rights policy."</li> <li>- Conducted "Business and human rights basic education" for all Group employees and "Procurement officer training" for purchasing personnel.</li> <li>- Held "opinion exchange meetings" with headquarters marketing personnel in each region.</li> <li>- Visited suppliers in Japan to exchange views on their efforts and the draft of the new human rights guidelines being prepared.</li> </ul>

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

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

## Supplier visits and meetings

To understand the actual issues identified in the 2022 human rights web survey (targeting Komatsu Group and partner companies (suppliers)), we visited five partner companies (suppliers) in Japan in March 2024 and exchanged views with their representatives and staff. Currently, Komatsu is working on establishing human rights requirements. We aim to set more specific and effective requirements based on the feedback received during these visits, which will serve as the future due diligence evaluation criteria.



## 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 !\[\]\(4b7a79268f6ba26c1471d4232fffa85a\_img.jpg\)](#)

## 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 !\[\]\(4f6bf54ae7e4144a72d78316053e412d\_img.jpg\)](#)

### (2) Integration into internal departments and procedures and appropriate measures

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As part of our response to risks, we conducted basic education on business and human rights for all employees and procurement staff in FY2023. We plan to maintain and expand this education in the future.

### (3) Follow-up surveys

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We repeatedly conduct risk assessments and continuously follow up on identified risks. We also plan to follow up on issues identified in the surveys conducted in FY2022.

### (4) Disclosure of information

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In the "Komatsu's Worldwide Code of Business Conduct," we declare that we shall proactively disclose information, except in cases involving confidentiality or trade secrets. We will also make efforts to 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 assessments conducted up to the previous year, we have been conducting on-site impact assessments of our business operations on human rights since 2022.

In September 2022, 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.

### DATA Downstream impact assessment results

	FY2022
<b>Country</b>	South Africa
<b>Number of interviews</b>	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.

In addition, Komatsu has joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) to receive and respond to wide range of enquiries, mainly from outside the company, on human rights issues throughout the value chain.

[› Compliance](#)

[› JaCER Grievance Platform](#)

## 5. Internal training

In FY2023, We conducted "Business and human rights basic education" for all Group employees and "Procurement officer training" for purchasing personnel. The materials were translated into 13 languages and distributed to each Komatsu Group company. Additionally, we held "opinion exchange meetings" with Komatsu headquarters marketing personnel five times in each region, where we introduced our previous efforts and gathered opinions on approaches toward responsible sales. We will continue to provide human rights education and strive to enhance human rights awareness throughout the entire Komatsu Group.

### **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.

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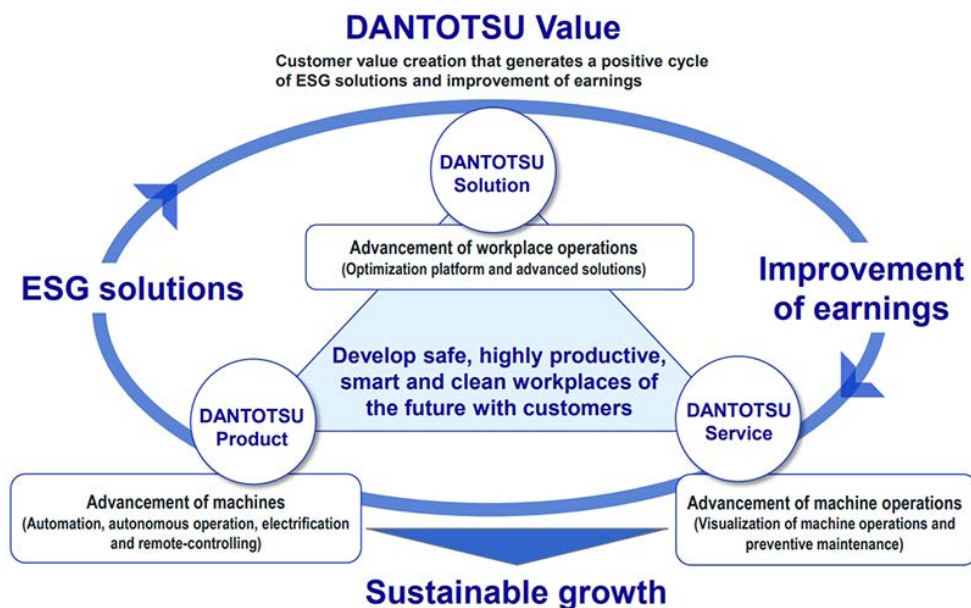
## Improving safety of products and solutions

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.

## Commencement of commercial operation of the large ICT bulldozer remote control system

In the stockpile area of the mine, where collected ore is shaped by large bulldozers and supplied to subsequent processes such as crushers, the stockpile operation is a critical task that significantly impacts mine productivity, while also requiring skilled work on dangerous slopes.

Komatsu has developed a system to perform this delicate stockpile operation remotely without boarding the bulldozer, and commenced commercial operation at the iron mine site of a customer in Brazil in 2023.

Operating bulldozers from remote locations without direct line of sight involves time lags in video and control signals, making precise tasks such as slope shaping difficult. This system achieves safe and advanced operability even from remote locations over 2 km away through high-speed communication of control signals and the combination of ICT machine control and remote control systems.



Remote-controlled bulldozer performing stockpile operations at the introduced mine



Remote control room that does not impair the operator's sense of control

Given the trial at the introduction site exceeded targets in terms of safety and productivity, the mine has decided to make all large bulldozers introduced within the next year operable by remote control systems.

Furthermore, this remote control system is expected to create an environment where even inexperienced operators can work safely.

## Example of safety activities

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

Komatsu has launched hydraulic excavators\*<sup>1</sup> 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.

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 recognizes humans around the excavator and prevents the motion of the excavator when the system 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.

This system comes standard on the PC200-11 model. Concerning the conventional models already equipped with KomVision as a standard feature, customers can update the software and retrofit their existing machines\*<sup>2</sup>. With this new system, Komatsu will continue to expand support for workplace safety as its goal. Komatsu will also this system standard in the future on other models\*<sup>3</sup>, as it works to gather market needs and provide customer support in order to further advance its safety support system.

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.

\*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.

\*3 : Komatsu plans to make the system standard on 12 to 40-ton hydraulic excavators (equipped with KomVision) in Japan. Not applicable to some application-specific models (with a two-piece boom, super-long front boom, slide arm, etc.).



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



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

## [KomVision Human Detection & Collision Mitigation System]

### 1. All-around machine monitoring with 4 cameras and a monitor (Example of PC200-11)

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.



● Monitor display (for PC200 models)



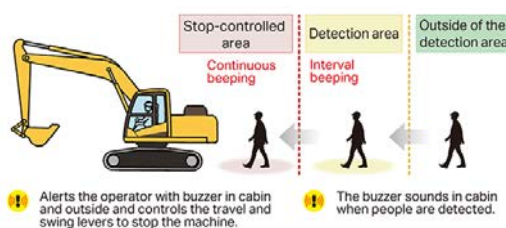
▲ Operating conditions of the Human Detection Warning system are also displayed on the monitor.

Easier to detect personnel wearing a helmet and vest, especially in dark blue and green.

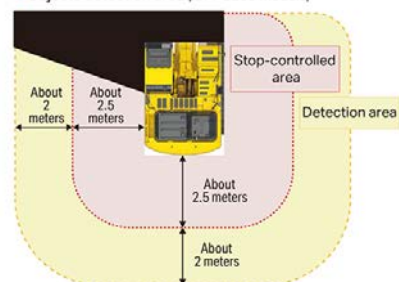


### 2. Alerting with buzzer and stopping the machine when people are detected

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.



● Objects detection area (for PC200 models)



Note: Figures for the detection area and the number of installed cameras differ depending on the model.

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 smokey, 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.



## Signing a joint development agreement for guidance and semi-automatic functions of container forklifts

In recent years, interest in modal shift to freight rail transport has been growing, aiming to address the shortage of truck drivers and reduce environmental impact. However, alongside a declining labor force, a shortage of skilled operators for cargo handling at freight stations has become a challenge.

Since 2019, Komatsu has been conducting preliminary research on forklift guidance and semi-automatic functions. In April 2023, Komatsu signed a joint development agreement with Japan Freight Railway Company to equip container forklifts with these functions, aiming to improve the productivity and safety of cargo handling in rail transport.

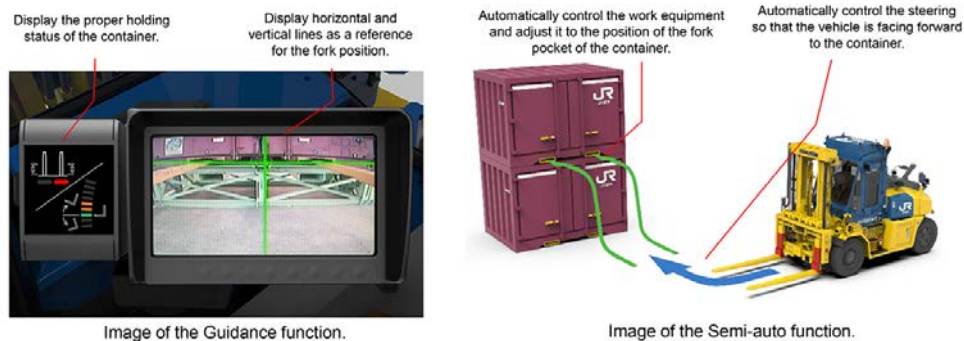
### [Forklift operation guidance and semi-automatic functions]

The operation guidance function displays the position of the forklift's forks, which are difficult for the operator to see directly, on a monitor using multiple cameras and sensors. It also alerts the operator if the container is in an improper position.

The operation semi-automatic function combines position recognition sensors such as LiDAR\* and proprietary cargo recognition technology, allowing the forklift to automatically align with the container and accurately control the fork position with only throttle operation by the operator.

Preliminary research confirmed that these functions significantly reduce accidents such as collisions with nearby containers and container drops, as well as alleviate operator workload.

Komatsu and Japan Freight Railway Company will continue to jointly develop mass-production vehicles with these functions, aiming to introduce them to freight stations nationwide from fiscal year 2024 onward.



\* LiDAR: Light Detection And Ranging, a technology that measures the distance and shape of objects by emitting laser light and analyzing the reflected light.

## Quality assurance - Our responsibility to customers -

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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

Komatsu's basic approach to quality assurance is to "ensure customer satisfaction by providing products that meet customer needs and effectively conducting support activities to ensure these 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.

At each step of the development and manufacturing process, various meetings and evaluations are conducted to assess conformity and promote activities aimed at achieving goals, ensuring quality and reliability through rigorous quality assurance activities.

Through these efforts, Komatsu provides products and services that consider the global environment, comply with international standards and regulations of various countries, and strive to improve customer safety and satisfaction.



## Structure for quality assurance

The majority of Komatsu's products, such as construction and mining equipment, utility equipment (compact machines), forest machines, and industrial machinery, are used as manufacturing equipment at customer work sites. These products are required to contribute to customers' operations with high utilization rates and productivity over long hours every day. Reflecting these product characteristics, Komatsu's sales and service staff visit customers directly to provide detailed advice and maintenance activities related to products and work methods. They also collect customer feedback and requests about the products and quickly relay this information to the relevant departments to enhance customer satisfaction.

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. Komatsu has equipped general construction equipment with KOMTRAX and large mining equipment with KOMTRAX Plus. By utilizing this information in products and services, Komatsu contributes to improving the operating rates of customers' vehicles and reducing maintenance costs, thus providing comprehensive lifecycle support.

## Quality assurance activities at the global level

The goal of Komatsu's global quality assurance activities is to achieve a unified quality level at all locations worldwide. To this end, we engage in activities aimed at standardized technical drawings, manufacturing systems, inspection methods, information collection, and quality management across all regions.

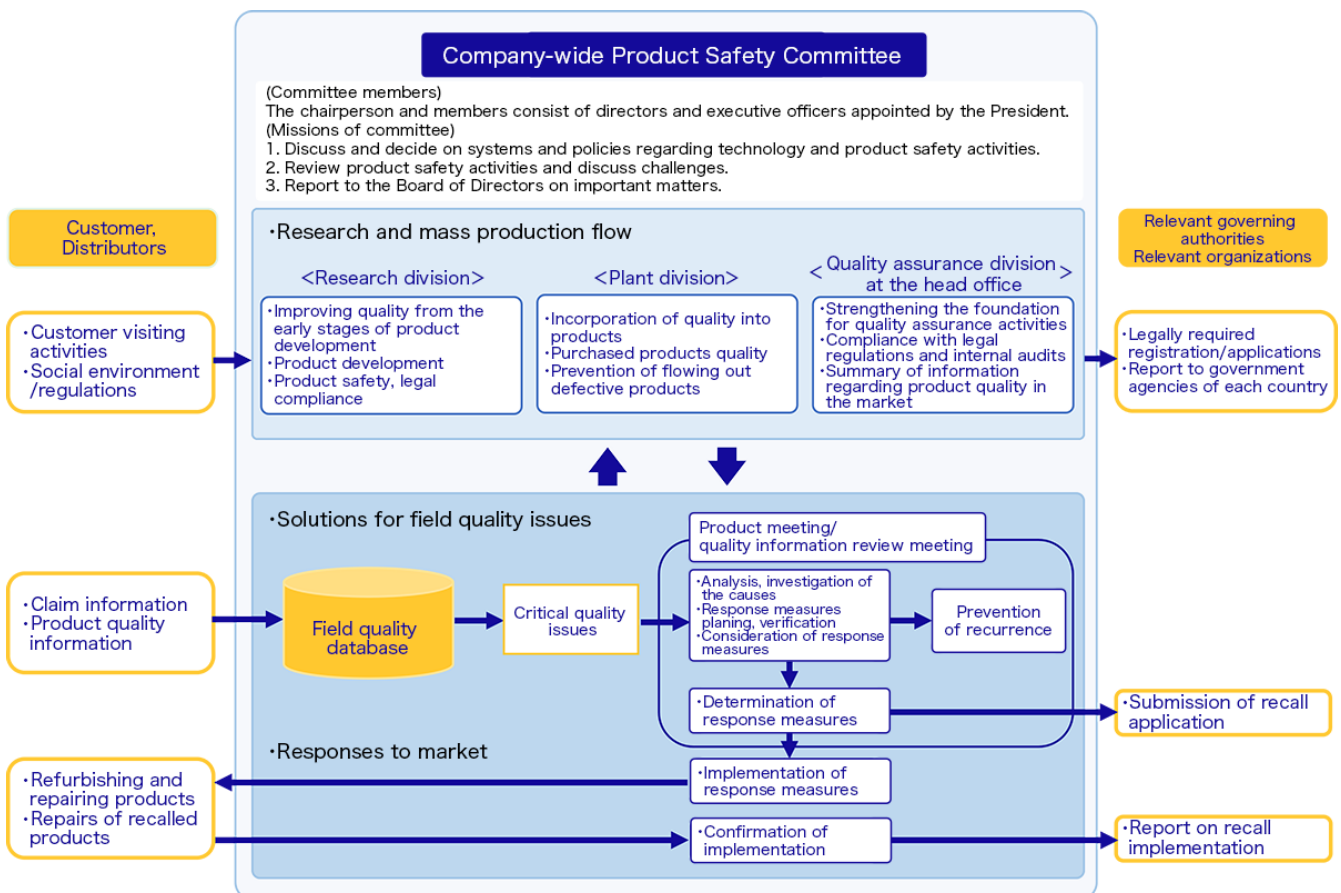
Komatsu has a number of manufacturing facilities that it refers to as "Mother plants". These plants have product development capabilities and serve as the central hub for global product development initiatives using cutting-edge technologies and techniques. Any form of progress or advancement that is 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.

## Promoting product safety activities to ensure safety and reliability

Komatsu prioritizes safety and reliability of our products as the most important issues in its quality assurance activities. By establishing product safety action standards and guidelines, and ensuring that all employees comply with them as a united team, we aim to provide products that are safe, reliable for long-term use.

### Information system for product safety

To quickly detect product safety issues in the market, Komatsu has established an information system for product safety to ensure rapid responses. Centered around the company-wide product safety committee, we have built a system that allows for the rapid execution of a series of activities, including (1) analysis and handling of accident causes, (2) communication with relevant government authorities, and (3) making decisions on corrective measures such as product recalls, involving top management to continually make improvements.



## Providing product safety information to customers

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The methods for providing product safety information to customers are as follows:

1. Information on the product or in the user manual
2. Explanations provided by sales dealers to customers
3. Efforts made on a case-by-case basis, such as visits by engineers or top management to customers when necessary

## Recall management system

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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.

As evaluation criteria for selecting suppliers and evaluating ongoing transactions, Komatsu has established CSR Procurement Guidelines and Green Procurement Guidelines, which are published on our website. In addition to making these guidelines known to our suppliers, we strive to ensure that their business activities align with these guidelines by providing necessary support and guidance. 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 throughout the supply chain, we established and released the "CSR Procurement Guidelines" in 2011. These guidelines, in line with international standards such as ISO 26000 and the 10 principles of the United Nations Global Compact, integrate Komatsu's code of conduct and the Komatsu Way. They outline the expectations we have for our business partners, covering a broad range of ESG issues, including corporate governance, compliance, environmental protection, human rights and labor, corporate ethics, social contribution, and coexistence with local communities. Efforts to comply with these guidelines are incorporated into our business contracts with partners. In the event that a clear violation of these guidelines is identified at a partner company and appropriate corrective measures are not taken within a reasonable period, we may suspend or terminate our business relationship 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 unflinchingly 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, on April 1, 2021 and on April 1, 2024)

### 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, community 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

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- (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

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- (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

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- (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."
- (4) Pollutant air and water, other wastes, noise, vibration, etc. that affect the health and living environment of community, must be appropriately managed and disposed of in accordance with relevant laws and regulations.

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

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- (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.
- (8) Prevent using raw materials (such as conflict minerals, deforestation, etc.) that may cause social issues by combining environment and human rights.



## 6. Fair business practices

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- (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.
- (6) Never engage in any transactions that may result in a conflict of interest or that may have the potential.

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

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- (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

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- (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 supplementary addition to the environment-related issues included in the CSR Procurement Guidelines. In 1992, Komatsu established the "Komatsu Earth and Environment Policy," declaring its commitment to environmentally conscious business activities to achieve a sustainable society.

Through these guidelines, we prioritize green procurement of raw materials and procured components/parts, which are essential elements in our production. We also encourage our business partners to engage in environmental management and activities to reduce environmental impact.

[> Komatsu green procurement guidelines\(1.25MB\) !\[\]\(9c2e8d1b5bd77cb5c9f83b7a9cff79fd\_img.jpg\)](#)

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

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

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From a CSR perspective, Komatsu has a policy of not using "conflict minerals," such as tin, tantalum, tungsten, and gold (3TG), sourced from the Democratic Republic of Congo and surrounding countries. This policy is communicated to our business partners through the "Green Procurement Guidelines." Between 2011 and 2014, using the Japan Auto Parts Industries Association (JAPIA) survey template (JAPIA sheet), we conducted investigations on the content and origin (upstream smelters) of these minerals in parts supplied by our partners. The results indicated that the amount of these minerals used in our products is negligible, and we have not used any "conflict minerals." Since then, we have continued to monitor this issue through CSR-related SAQ questionnaires and human rights due diligence surveys.

In the future, if the use of "conflict minerals" is identified in our company or among our business partners, we will promptly switch to procurement from smelters certified by RMI.

#### (2) REACH regulation

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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 if the annual use of these substances exceeds certain amounts. Substances subject to the regulation, especially those classified as Substances of Very High Concern (SVHC), are updated annually. Like our approach to conflict minerals, Komatsu uses JAPIA sheets to survey the content of regulated substances in each component from our business partners and reports the findings to the EU authorities. Additionally, we work closely with our partners to reduce the use of SVHCs and to transition to verified safe alternative substances.

## 4. Component category and procurement policy

Komatsu's general production policy is to manufacture products directly within the area of demand. We have 46 of our 58 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.

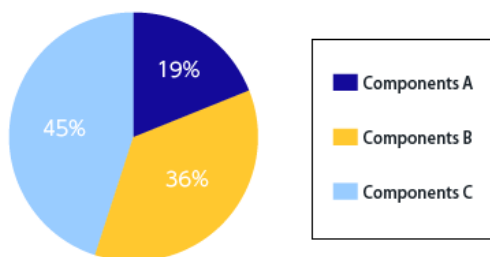
Above all, for Components B and C listed below, we are expanding cross sourcing between regions to respond flexibly to changes in the international trade environment such as exchange rate fluctuations, FTA and EPA, and import/export regulations aiming for globally optimal procurement.

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

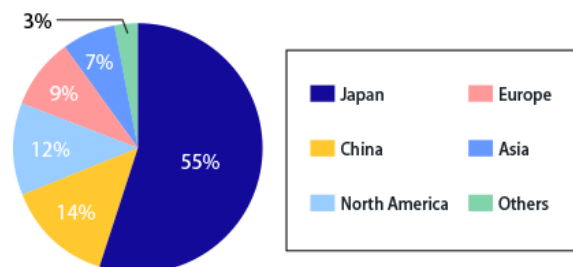
Category	Definition	Production and procurement policy	Examples of parts
Components A	Key components for differentiation that determine product quality and functions	Permanent development and production in Japan (supply from Japan to the world)	Engines, transmissions, axles, hydraulic equipment, and electronic 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 FY2023 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 collaborates with approximately 2,700 partner companies (primary suppliers) worldwide. From this pool, we select priority suppliers through a screening process that considers ESG, country, industry, product-specific risks, and business relevance. These evaluations include factors such as the management philosophy and ethos of top management, SLQDC\* performance including development and proposal capabilities in transactions with Komatsu, the strategic and technical importance of supplied items, transaction history, and scale with Komatsu. We then form the Komatsu Midori-kai, a group of particularly critical partners, from this evaluation. The Komatsu Midori-kai currently operates in five regions: Japan, China, Thailand, North America, and Europe. The procurement from these member companies accounts for 74% (as of FY2024) of Komatsu's total procurement. Each regional Midori-kai collaborates with local Komatsu manufacturing plants to promote region-specific activities, holding regular meetings to enhance understanding of Komatsu's business and facilitate communication between Komatsu executives and member company leaders. The annual Komatsu Midori-kai General Meeting held in Japan in November attracts participation from both Japanese and many overseas member companies. During this meeting, Komatsu executives provide business briefings and outline our global procurement policies and priority activities. To support member companies in enhancing their competitiveness, the Komatsu Midori-kai in Japan and China organizes members into groups (subcommittees) by their supply items. These groups engage in cooperative improvement activities focused on common themes such as safety, the environment, and advanced production technology. Successful improvement cases are shared among companies within the same group to facilitate the horizontal spread of knowledge and best practices.

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



General meeting of Midori-kai (Japan)



General meeting of Midori-kai (North America)

## Detail of critical suppliers

Area		Number of Critical Suppliers						
		Total	Sub-contracted <sup>*1</sup>		Proprietary parts <sup>*2</sup>			
			Invested by Komatsu	Highly depend on business w/ t Komatsu	Invested by Komatsu	Highly depend on business w/ t Komatsu	Big enterprise	Trading firm, Material
Midori-kai	Japan	156	6	87	2	7	43	11
	China	63	2	37	1	4	14	5
	Thailand	32		19	1		10	2
	USA	44	1	15		1	19	8
	EU	40		4			34	2
	sub total	335	9	162	4	12	120	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		365	11	170	4	13	137	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 and breakdown of critical suppliers

Category		Number of Company		Annual Purchase amount	
1	Total Tier 1 suppliers	2,709	100%		100%
2	Critical suppliers*	Level-3	365	13%	74%
3		Level-2	198	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.

Compliance with the aforementioned CSR Procurement Guidelines and understanding of the Green Procurement Guidelines are also included in the evaluation items, with the highest weighting assigned to ESG-related categories. We prioritize procurement from business partners with high ESG performance.

If the ESG field rating is less than 50%, the transaction will not be allowed to commence.

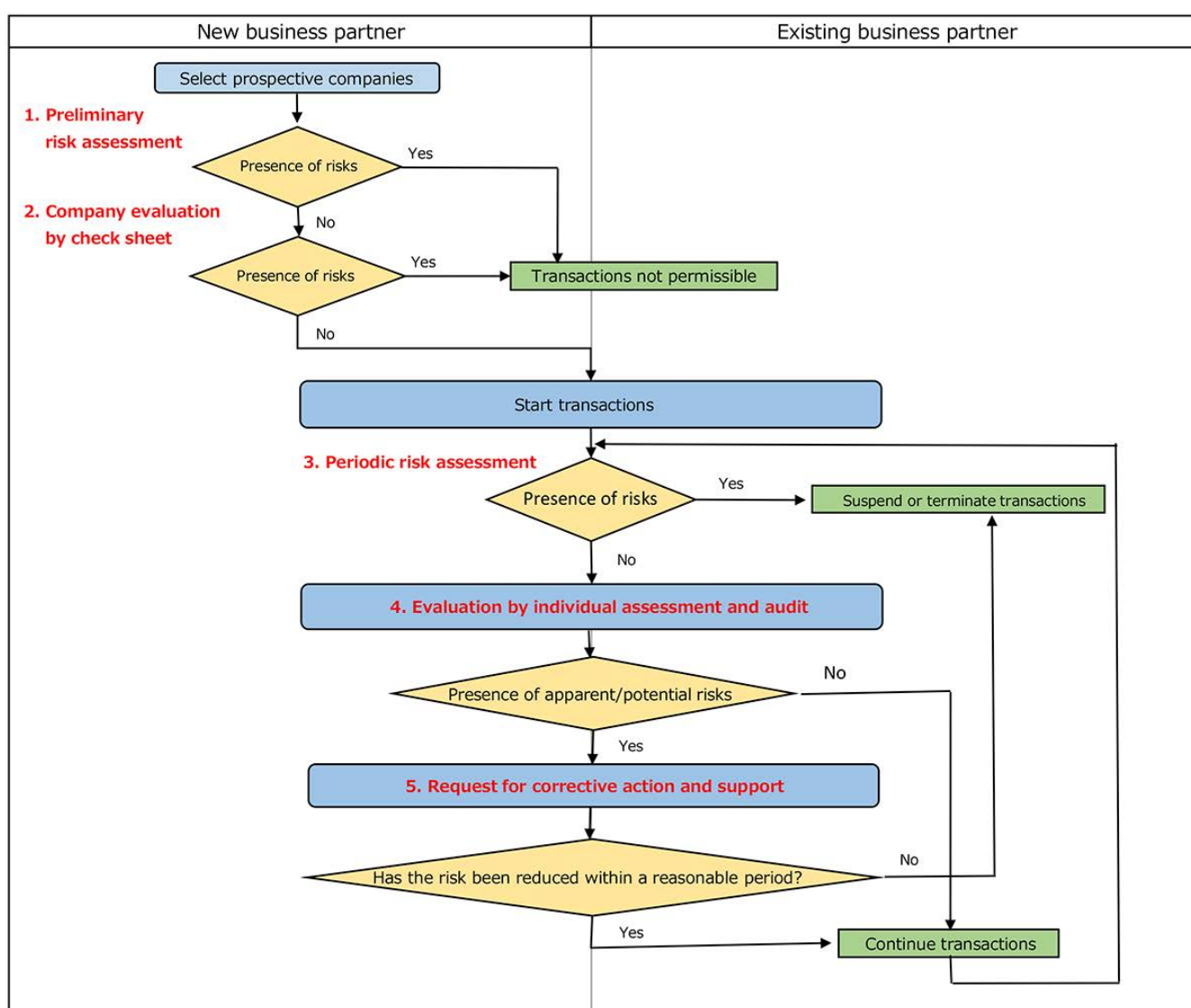
### Weight of points for new supplier evaluation by item

Category	Evaluation item	Weight (%)
ESG	Occupational health and safety, environment, compliance, export control, information security	27%
General management	Management policy, organization, financial structure, employee training, etc.	24%
Production capacity	Production planning to progress management and delivery management system, procurement ability, and outsourcing management	20%
Technical superiority	Development capability, cost efficiency, and maintenance ability, etc.	16%
Quality	Assurance system, on-site management, initial product management, etc.	12%
Total		100%

## 2. Risk assessment process for business partners

We conduct regular risk assessments using specialized external databases to screen new and existing business partners for compliance purposes. This process includes verifying whether business partners are associated with high-risk customers, regulated countries, regulated 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 FY2023 <sup>*1</sup>		
						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	2	2
	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	0	0
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 Aqueduct.	Once every 3 years	○	○	○	○	○	1,385 (Japan)	1	1

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

### 3. Risk assessment, audit, and support for corrective and improvement activities for key business partners

To address the potential risks identified in the supply chain, Komatsu conducts risk assessments and audits, in addition to the previously mentioned assessments, based on the importance of our business partners. These risk assessments and audits, conducted by our experts, cover individual areas of business activities. They are carried out through both desktop surveys and on-site surveys. The table below outlines the content, scope, and implementation status of these assessments and audits in FY2023.



We report apparent and potential ESG risks identified through these risk assessments and audits to our business partners, request them to develop corrective plans, and implement appropriate measures within a reasonable period. If it is difficult for the partners to address these issues independently, Komatsu provides guidance and support, with our experts assisting upon request. In FY2023, we supported 28 companies. No business partners were terminated due to significant negative impacts resulting from these risk assessments, audits, and corrective actions in FY2023.

The status and results of these processes, especially concerning significant risks, are reported regularly to our management by the Procurement Division through monthly reports, including the details and progress of corrective measures.

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

In parallel with these individual corrective activities, we provide various educational and training programs and e-learning materials to support our partners in enhancing their understanding and capabilities in CSR activities.

In FY2023, we conducted human rights education for 538 employees and environmental law education for 99 partner companies.

We also recommend obtaining official certification from external third-party organizations to enhance environmental management and health and safety activities.

Activities regarding supply chain risks, including those involving our partners, are reported and reviewed twice a year by the Sustainability Committee, attended by top management including directors.

### Major individual risk assessments and audits of business partners

Category	No.	Content	Measures to check	Frequency	Target (○ to be implemented)					Implementation status in FY2023			
					Critical suppliers (Tier 1 suppliers only)			Other Tier 1 suppliers		Number of companies	Number of companies with corrective action plans formulated	Completed 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						335	-	-
			(2) Promote activities to improve productivity, energy conservation, etc. through subcommittees.	Plant visit, activity briefing, etc.	all-year	○	○	○				220	-
Management and QCD	2	Corporate evaluation	Evaluate annual SLQDC and ESG performance	KPI result	Annually	○	○	○			335	0	0
			Evaluate the factor about the above and corporate management	KPI result, management interview		○	○				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	0	0
	4	Monthly operation capacity check	Confirm monthly operation capacity forecast and the way to forecast.	Written survey, management interview	Monthly	○ Japan	○ Japan				166+α <sup>1</sup>	0	0
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	○					4	2	2



Category	No.	Content	Measures to check	Frequency	Target (○ to be implemented)					Implementation status in FY2023				
					Critical suppliers (Tier 1 suppliers only)			Other Tier 1 suppliers		Number of companies	Number of companies with corrective action plans formulated	Completed corrective actions		
					Level-1	Level-2	Level-3	Japan	Overseas					
Compliance and ESG	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	○	○				-	-	-	
	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		
	8	Promote acquisition of environmental management system (EMS) and environmental education	Mandate acquisition of third-party certification for environmental management	Written survey, onsite audit, Interview with management and environmental officers, etc.	Annually	○	○	○ EMS		99	0	0		
			Implement education on the latest environmental laws and regulations	Online education	Annually	○	○			99	11	11		
	9	CSR SAQ survey	Self-assessment of overall CSR using a checklist.		Once every 3 years	○	○	○				-	-	-
	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	○	○	○				-	-	-

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

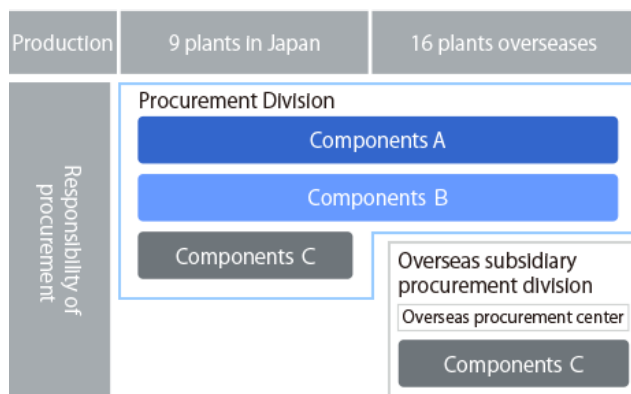
### Examples of corrective action support for business partners

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	

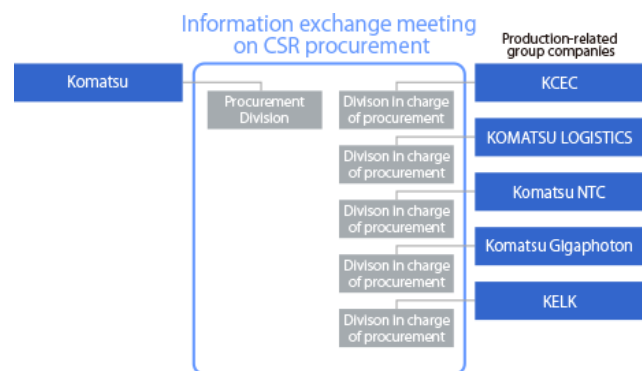
# Komatsu group's supply chain management and promotion of CSR procurement

## 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 2023, Komatsu conducted compliance refresher training and human rights education for a total of 538 managers and other employees in the procurement division. This training aimed to update their understanding of CSR procurement and share the importance of further raising awareness across the entire division. Going forward, Komatsu continues to ensure thorough understanding through group training and e-learning tailored to each job class, from new employees to managers.



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 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. We are actively promoting the optimization of purchasing prices. In 2023, we held price negotiations with 1,246 companies and proactively implemented necessary price adjustments. We will continue to hold price negotiations with our suppliers at least once a year from 2024 onwards.

In January 2023, we launched the "Supplier Portal (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. By using this portal, it is possible to detect fluctuations in production and orders, and anticipate the demand for intermittent production parts. Additionally, it enables the monitoring of management indicators such as delivery date achievement rates and defect rates. As of May 2024, approximately 1,100 companies are using the website. Moving forward, we will continue to enhance the portal's functionality and expand its content, striving to strengthen information sharing.



Logo of Partnership Declaration

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

**Please access the following website to read the Partnership Declaration.**

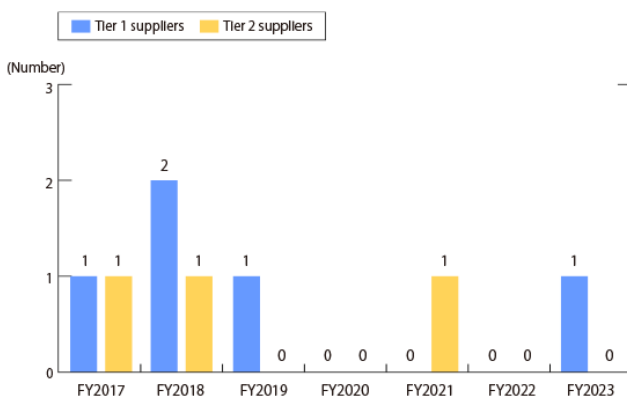
› [National association of small and Medium enterprise promotion organizations \\*only available in Japanese](#) 

### 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 and outside 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



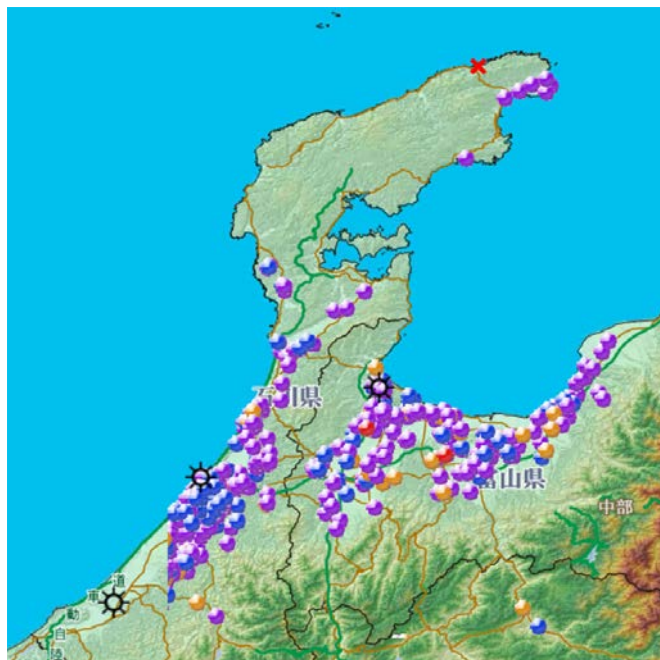
### 4. Risk Assessment in the supply chain

Procurement from business partners accounts for a substantial percentage of our production costs, reaching nearly 90% for medium-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, pandemics, 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 mitigate those risks. In the construction machinery industry, the market has been in a downturn since the second half of 2023. Komatsu monitors the load status of Midori-kai companies in Japan on a monthly basis, closely observing the impact on each company's management and providing necessary support. Starting in 2024, the overtime work limit regulations will also apply to the transportation industry, raising concerns about a nationwide shortage of transportation capacity. In 2020, Komatsu announced its declaration of voluntary action to improve logistics based on mutual understanding and cooperation with suppliers and logistics companies, and joined the "White Logistics" promotion campaign by the Ministry of Land, Infrastructure, Transport and Tourism. We are continuously working towards sustainable logistics by reducing long-distance transportation through the use of modal shifts, optimizing loading and unloading area layouts to reduce driver working hours, and striving to set appropriate freight rates.

To respond to the increasingly frequent and diverse natural disasters in recent years, we have been operating a supply chain management system in Japan linked to disaster information from the Japan Meteorological Agency since 2012. This system aims to quickly assess the impact of natural disasters, such as earthquakes, tsunamis, and typhoons, on our business partners and our supply chain. We have built a database of locations and production details for over 20,000 sites managed by 7,662 business partners, including secondary and subsequent suppliers, thereby visualizing the risks of supply disruptions caused by disasters and enabling us to take prompt and targeted actions. During the Noto Peninsula earthquake on January 1, 2024, this system allowed us to quickly check the status of affected business partners and, where support was requested, dispatch building and equipment maintenance personnel from Komatsu to assist in rapid disaster recovery.

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 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.



Epicenter of the Noto Peninsula Earthquake in January 2024 and the Cooperative Company Distribution Map



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	FY2023
Number of companies implementing self-check sheets	156	156	156
Number of people engaging in e-learning	120	117	*-
Number of companies subject to individual follow-up	12	14	*-

\* From FY2023, we will shift from comprehensive support to individual support.

## 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.

In FY 2023, we visited five companies in the domestic Midori-kai and conducted interviews and discussions with external experts to develop human rights guidelines for our business partners. Based on the feedback from each company, we will incorporate their opinions into the guidelines.

### Questionnaire items

No	Themes	Questionnaire items
1	Human rights management	Commitment to human rights, establishing human rights due diligence system, complaint handling mechanisms
2	Work environment and human rights	Prohibition of discrimination and inhumane treatment, prohibition of child labor and consideration for young workers, prohibition of forced labor Employment and labor relations, personal information protection, proper management of working hours, welfare, wages, respect for workers' rights to organize
3	Occupational health and safety	Occupational health and safety policies and management, workplace safety measures and environmental improvements, measures to address workers' health risks
4	Community impact	Impact on the community



# 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 any issues are identified, we request the submission of a countermeasure report that details measures to prevent recurrence, followed up accordingly. From FY2018, we reviewed the check sheets and evaluation criteria to evaluate the activities of Midori-kai member companies using the same standards company-wide and follow-up (One-rank-up Activities) to improve the activity levels of each company annually. From FY2023, we created more site-focused check sheets to conduct safety activity checks at each company's site from the same perspective, strengthening our bottom-up activities.

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, proposing specific improvements according to each company's situation. We share the activity promotion plans created by each company and provide special support and guidance.

### (5) Introducing labor safety and health management systems

To elevate the level of activities at each company, we support them in acquiring occupational safety and health management systems, including ISO and OSHMS certification. In 2015, 97 companies adopted the Japan Industrial Safety and Health Association (JISHA)'s Workplace Safety Health Impact Project for small and medium-sized enterprises to objectively evaluate their compliance with safety and health laws through independent certified auditing bodies. For identified issues, we help develop corrective action plans, and Komatsu offers improvement guidance and support, leveraging our experts in response to requests from partner companies.



Risk assessment training

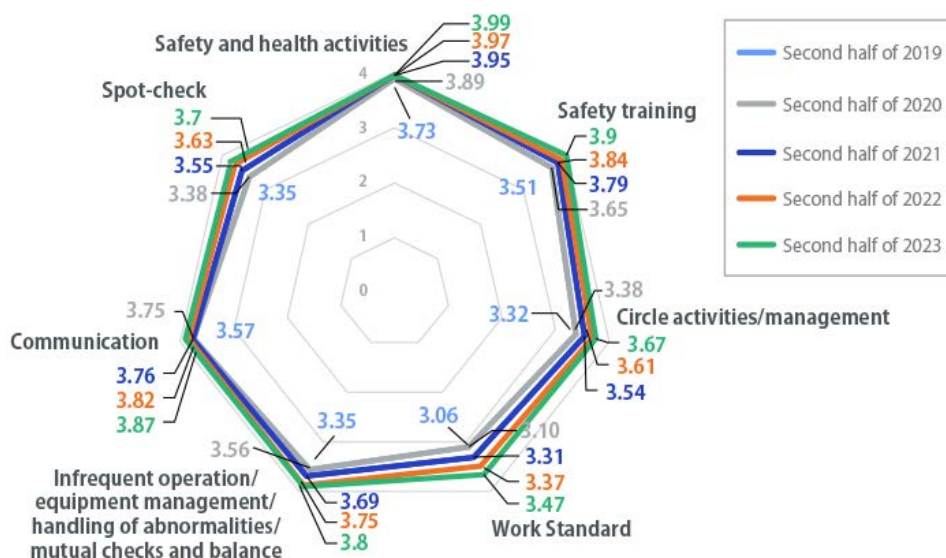


Group performing a mutual safety patrol



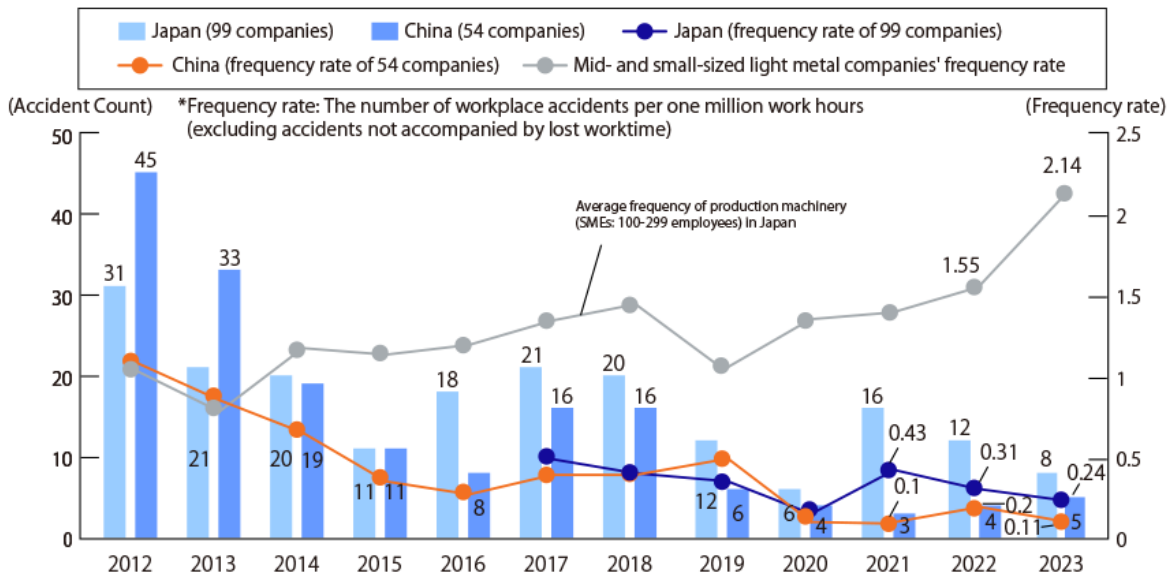
Presentation by Sekigahara factory at a Komatsu safety meeting

### Changes in the results of safety activity evaluations from 2019 to 2023 (99 Midori-kai member companies, 116 offices)

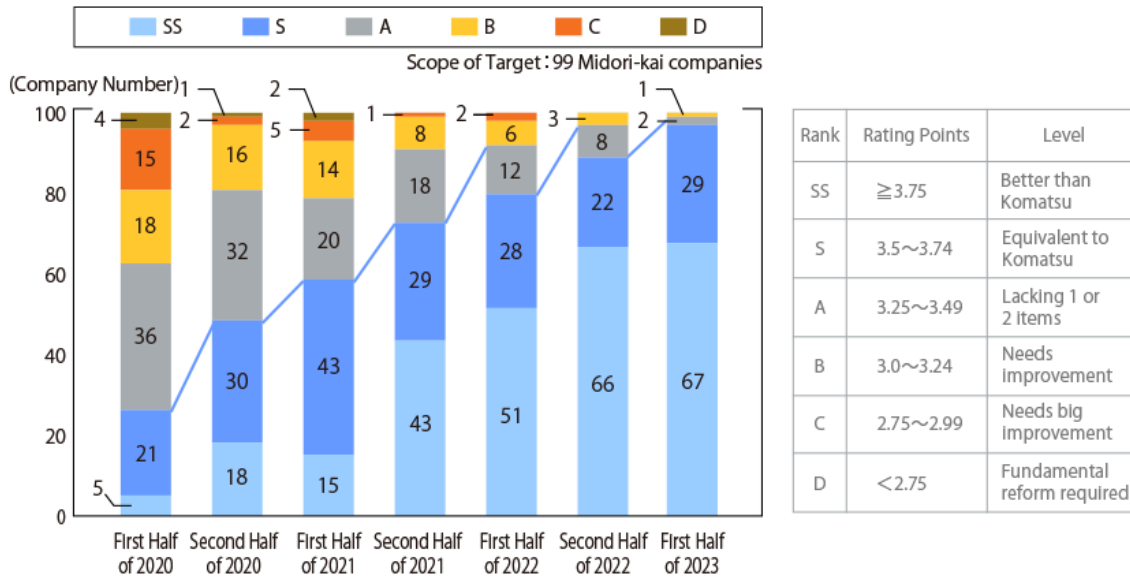




### Changes in the number of accidents at Midori-kai member companies in Japan and China



### Status of one-rank-up activities





## 2. Compliance

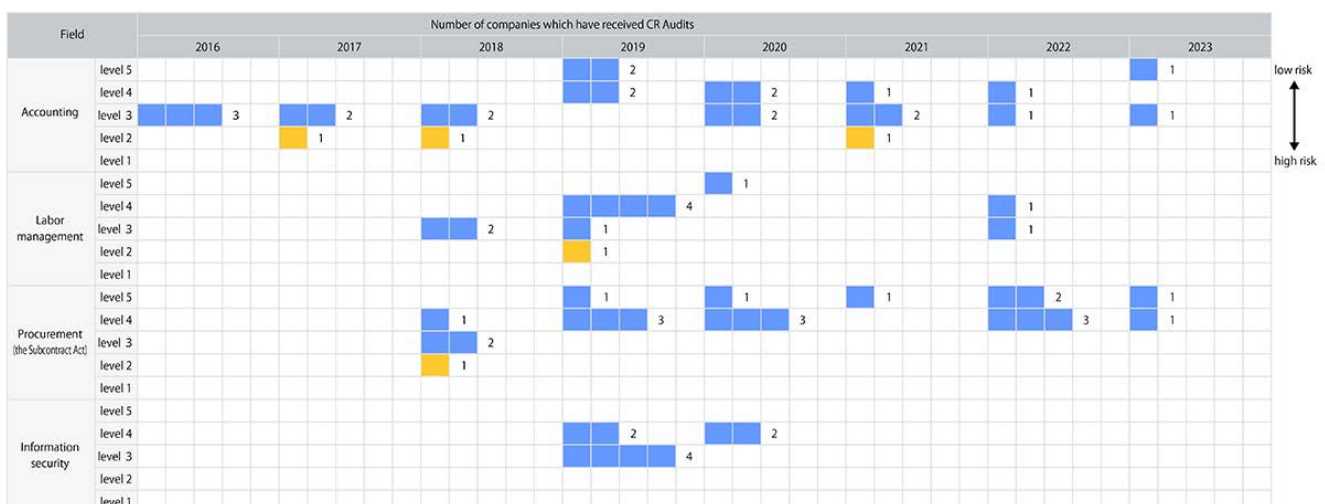
The Komatsu Group conducts compliance and risk audits (CR audits) and has extended these audits to 16 business partners in which Komatsu holds minority stakes since 2016. The audits cover four fields: accounting, labor management, procurement (Subcontract Act), and information security. They aim to identify potential risks and implement corrective measures. Compliance with relevant laws and regulations, the setting and operation of business rules, segregation of duties, decision-making authorities, and the inspection of related documents and on-site examinations are all part of the process to identify and address potential risks.

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 FY2023, 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 (2016-2023)**

Items	Problem found by audit	Countermeasures
Finance & accounting	Workflow, operational guidelines, and decision-making authority are either not set or insufficiently defined	Establish and review workflow and guidelines, provide guidance for physical inventory implementation, etc.
	Physical inventory (including fixed assets) is either not conducted or not performed regularly and timely	
	The rules for the disposal and forced evaluation loss of idle assets are unclear	Separate approvers and applicants, etc.
	Management of company official seals, password updates for the accounting system, and access control are inadequate	
Labor management	Deficiencies in subcontractor agreements with self-employed person	Switch to direct employment, review time card operations, etc.
	Handling of fractions (less than 30 minutes) in working hours management	
Procurement (Subcontract Act)	Lack of necessary information in order forms (Article 3 documents): provisional price, payment terms, etc.	Review order forms and supplementary documents, review workflows, etc.
	Risk of delayed payments (within 60 days of receipt)	
	Risk of early offsetting of the cost of supplied materials	
	Violation of the prohibition on subcontract payment reductions (reduction of the equivalent amount of discount fees due to cash payments)	
	Unclear rules for obtaining evidence of counterparty consent when canceling orders	

**Result of CR audit to level-1 critical suppliers**

### 3. Personnel development

Komatsu believes that the greatest support we can provide to Midori-kai member companies is human resource development, and thus, we offer various programs tailored to different levels within the organization (see table below). From FY2020 to FY2022, we had to cancel most face-to-face training programs due to the COVID-19 pandemic. As an alternative, we provided remote education curricula using online meeting systems, which could also be utilized as employee training materials by Midori-kai companies. In 2023, we resumed in-person training while also adopting a hybrid style that combines both remote and face-to-face education.

In recent years, we have particularly focused on "Management Salons" and "Skills Transfer Activities." The Management Salons aim to develop young managers who have recently taken on new business responsibilities. During these sessions, Komatsu executives and company managers analyze the current strengths and weaknesses of each company and exchange views on their medium-term management visions, aligning and sharing policies and ideas. Skills Transfer Activities are designed to facilitate the improvement and succession of on-site skills. Through these activities, we assist companies in building systems for promoting skills transfer and skills evaluation, and in developing instructors in key skill areas by sharing Komatsu's expertise.

#### Training and Other Programs for Midori-kai Member Companies

Target job level	Program	Outline	Major achievements	FY2023 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.	Zero
	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.	30 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 32 companies since 2014	4 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.	35 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
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.	33 people have entered since 2008.	3 people
	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.	29 people

Target job level	Program	Outline	Major achievements	FY2023 results
Skilled workers	Instructor training	A 30-day program for candidates for skilled instructors of each company	149 people have participated since 2015.	8 people
	Inspection training school	Inspection skills training and classroom lectures	Held as needed	65 people
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.		27 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.	5 companies



Instructor training (classroom instruction)

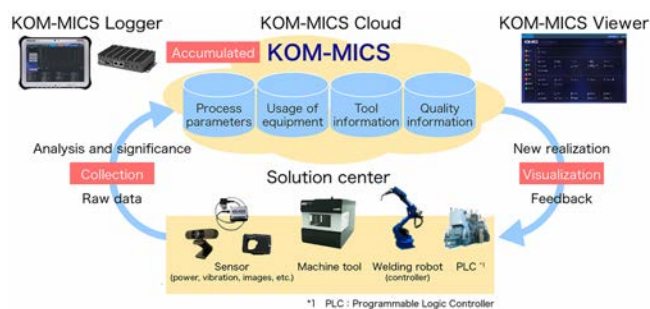


Instructor training (practical instruction)

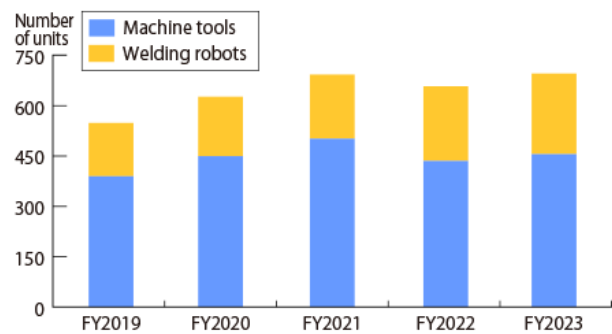
## 4. Supporting productivity improvement activities by using ICT

Addressing the issue of the labor shortage, which has been growing more serious in recent years, is an urgent task for Komatsu and members of the Midori-kai. Komatsu continues to promote the networking of production sites and facilities using ICT (KOM-MICS) and improving productivity and labor efficiency through its application. As a countermeasure against the labor shortage, we are expanding these activities to members of the Midori-kai. Through tools such as the KOM-MICS Logger, developed by Komatsu, data on operational status and operating conditions from machine tools and welding robots are automatically collected from each company's controllers and accumulated on the network. These data are then processed and edited on a PC using applications designed for specific purposes, visualizing issues related to improving operating rates and leading to collaborative analysis and implementation of improvement measures.

### Outline of KOM-MICS



### Change in the number of KOM-MICS Loggers installed





## 5. BCP to prepare for natural disasters

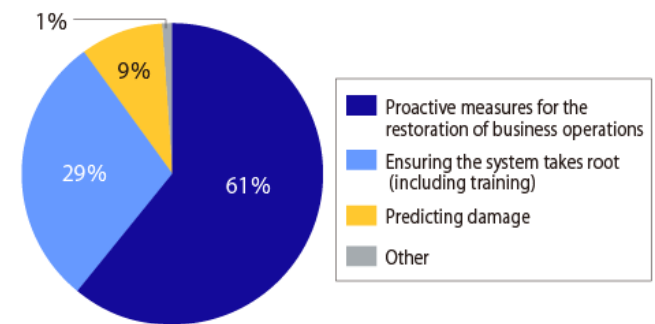
In addition to the frequent occurrence of natural disasters such as earthquakes, heavy rains, and typhoons in recent years, new threats such as the COVID-19 pandemic and cyberattacks have also become apparent. The importance of establishing a BCP system for the supply chain is increasingly critical. 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 the U.S., Europe, and Thailand to obtain similar certifications, aiming to ensure that over 90% of these suppliers (all manufacturing companies except trading 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 2023. Through written surveys on compliance with environment-related laws and regulations, etc., and on-site inspections at each company's offices, we evaluate how well EMS has been established on site and promote activities to support further improvements. 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. In FY2023, we conducted specialized training focused on the Water Pollution Control Act and the Sewerage Act, which were identified as having the most relevant facilities through our written surveys. 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 March 2024)**

Region	Number of member companies	Number of companies which have obtained certification						Percentage of companies with certification	
		FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Target	FY2024 Target	FY2023 Progress
Japan	156	156	156	156	156	156	156	100%	100%
China	63	57	58	60	60	60	63	100%	95%
Thailand	32	N/A	16	16	18	20	30	95%	63%
North America	44	19	19	27	27	27	42	95%	61%
Europe	40	32	34	34	35	35	38	95%	88%
Total	335	264	283	293	296	298	329	98%	89%

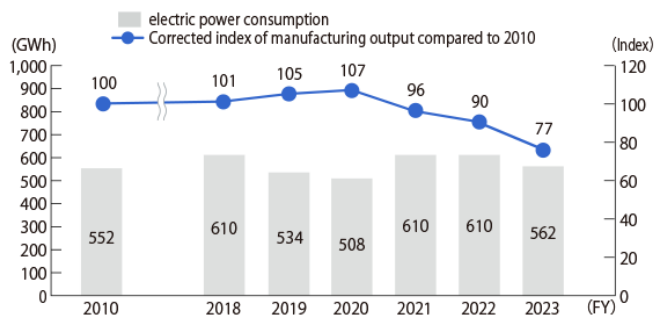
## 2. Responding to climate change: reducing greenhouse gas emissions in the supply chain

Komatsu has set a mid-term ESG target of 50% reduction in CO<sub>2</sub> emissions in products and production (compared to 2010) by FY2030 and promotes improvement activities. In recent years, we have emphasized the importance of reducing CO<sub>2</sub> emissions in the entire supply chain related to its own business, and worked to reduce CO<sub>2</sub> emissions from manufacturing process of purchased parts and materials, which account for about 10% of indirect CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions by 20% from the FY2022 level on a basic unit basis by FY2030 and have begun CO<sub>2</sub> emissions reduction activities. With the start of activities in FY2022, we introduced our latest case studies of improvements. We are promoting CO<sub>2</sub> reduction through technical exchange meetings and other activities in collaboration with our improvement promotion division and the Midori-kai committee. In FY2023, especially for forging and casting manufacturers with high CO<sub>2</sub> emissions, we actively promoted improvement activities by sharing improvement content through on-site visits and holding case sharing meetings among companies. The progress of each activity is monitored through periodic CO<sub>2</sub> emissions surveys and SAQ questionnaires.

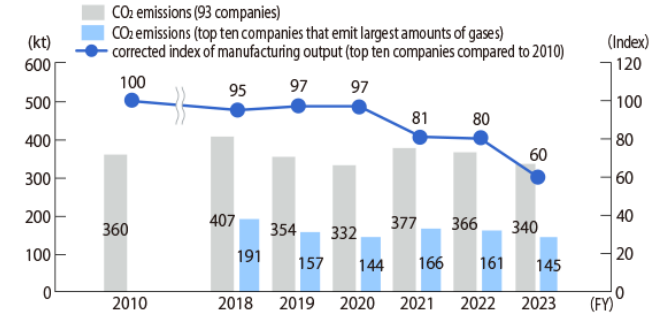
## Changes in electric power consumption (Midori-kai 93 companies)

Independent practitioner's assurance



## Change in CO<sub>2</sub> emissions (Midori-kai 93 companies)

Independent practitioner's assurance



## Status of setting of targets for the reduction of GHG emissions (155 companies in the Midori-kai)

	Already set	Not set/not answered yet
Short-term target	126	29
Medium- and long-term target	44	111

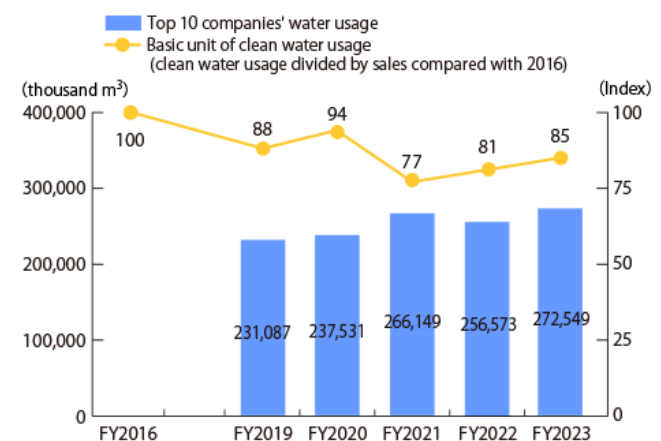
## 3. Addressing water risks

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 usage by Midori-kai's top 10 companies



## 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.

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.



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)

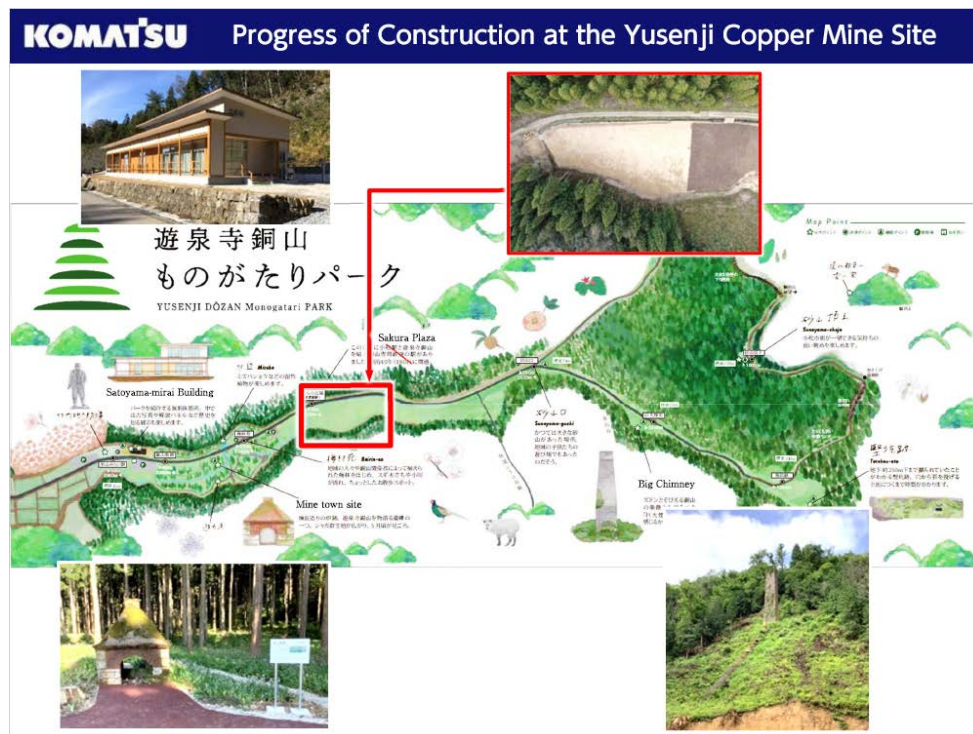
## 5. Dealing with biodiversity

In 2011, Komatsu established “the Declaration of Biodiversity by Komatsu,” committing to reducing environmental impact through our business activities and contributing to conservation through social contribution activities. We have received support for our policies from Midori-kai members in Japan and other countries, and together we are engaging in community contribution activities such as environmental conservation. Additionally, since FY2021, we have been providing educational programs to encourage each company to implement their own initiatives tailored to their unique regional circumstances. We also request each company to report on their efforts annually and share these examples to promote best practices among the companies.



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

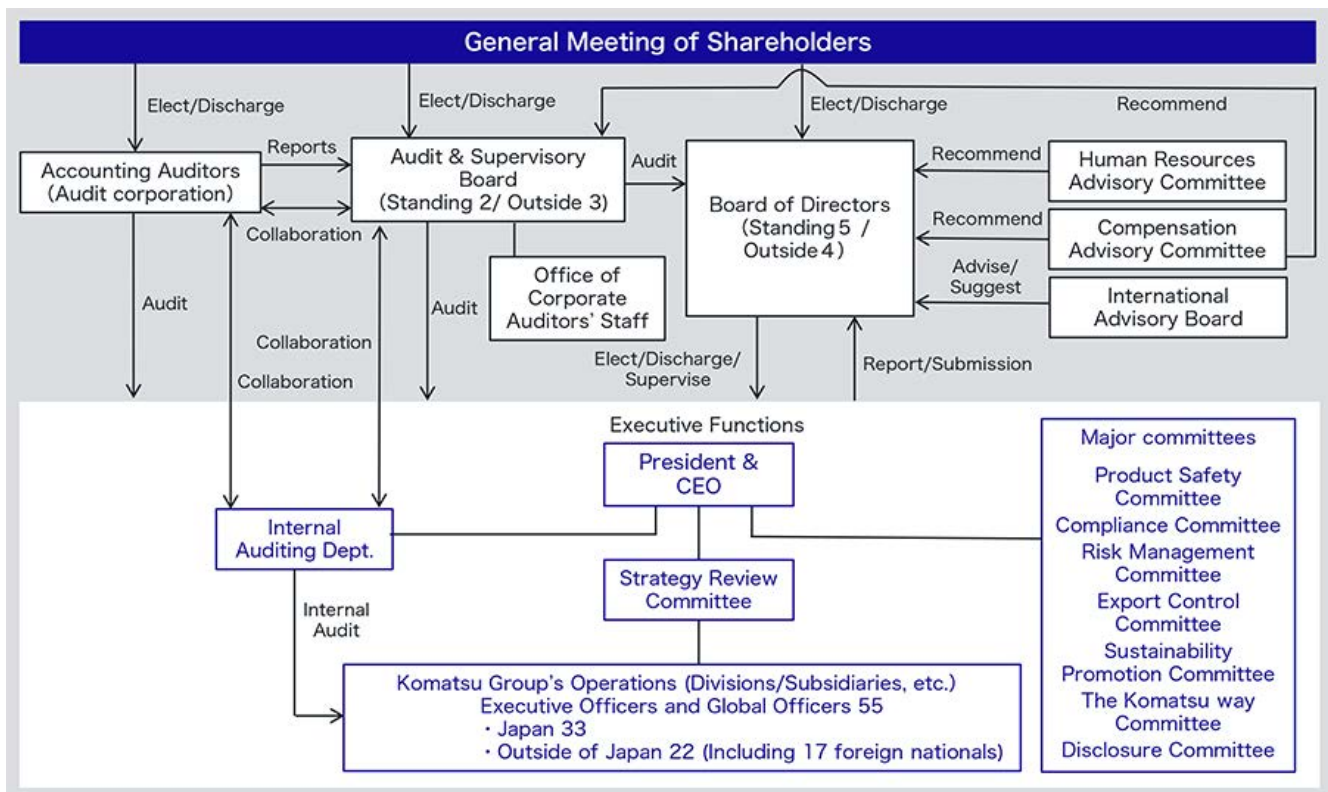
Komatsu believes its corporate value is the total sum of trust given to the Company by society and all stakeholders. To become a company which enjoys more trust from shareholders and all other stakeholders, the Company is working to strengthen corporate governance, improve management efficiency, advocate 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, 2024)



**For further information, please refer to the following links.**

[> Corporate Governance Report \(593KB\) !\[\]\(e1c624d4757f08486e89482c18364c17\_img.jpg\)](#)

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

[> Komatsu Report !\[\]\(4688aadfd656ded00cd6bdfae55089a9\_img.jpg\)](#)

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.





# 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	Fiscal 2023	
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	1	
		Men		7	5	4	4	4	5	5	4	
		Total		7	5	5	5	5	5	5	5	
	Number of Independent Directors	Women		0	0	0	0	0	1	1	1	
		Men		3	3	3	3	3	3	3	3	
		Total		3	3	3	3	3	4	4	4	
	Total	10		8	8	8	8	9	9	9		
Number of Corporate Executive Officers on the Board			Members	6	4	4	4	4	4	4	4	
% of Corporate Executive Officers on the Board				60	50	50	50	50	44	44	44	
% of Independent Directors on the Board			%	30	38	38	38	38	44	44	44	
% of Women on the Board				0	0	13	13	13	11	11	22	
Number of Audit & Supervisory Board Members	Number of Internal Members	Women	Members	0	0	0	0	0	0	0	0	
		Men		2	2	2	2	2	2	2	2	
		Total		2	2	2	2	2	2	2	2	
	Number of Independent Members	Women		1	1	1	1	1	1	1	1	
		Men		2	2	2	2	2	2	2	2	
		Total		3	3	3	3	3	3	3	3	
	Total	5		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	20	
Average Age of Board Members			Age	61.8	63.2	63.2	60.6	61.6	61.6	62.6	63.0	
Term Limits for Board Members			Years	1	1	1	1	1	1	1	1	
Number of Board Meetings			Times	17	15	15	15	15	15	15	16	
Board Meeting Attendance			%	99	100	100	99	100	100	99	99	
Attendance of Independent Directors at Board Meetings			%	98	100	100	100	100	100	97	98	
Number of Directors Attending Less Than 75% of Board Meetings			Members	0	0	0	0	0	0	0	0	
Number of Audit Committee Meetings			Times	15	15	15	15	15	15	15	15	
Audit Committee Meeting Attendance			%	97	100	99	100	100	100	97	100	
Attendance of Independent Auditors at Board Meetings			%	96	100	98	100	100	100	98	100	
Number of Auditors Attending Less Than 75% of Board Meetings			Members	0	0	0	0	0	0	0	0	



Corporate Governance												
			Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	
Number of Executive Officers *Excl. Board Members	Women		Members	2	2	1	2	2	2	2	2	
	Men			32	30	29	31	26	25	28	28	
	Total			34	32	30	33	28	27	30	30	
Ratio of Female Executive Officers			%	6	6	3	6	7	7	7	7	
Number of Executive Officers (Global Officers)	Women		Members	0	0	0	0	0	0	0	0	
	Men			26	27	29	26	28	27	27	27	
	Total			26	27	29	26	28	27	27	27	
Human Resource Advisory Committee Members	Number of Internal Members	Women	Members	0	0	0	0	0	0	0	0	
		Men		2	2	2	2	2	2	2	2	
		Total		2	2	2	2	2	2	2	2	
	Number of Independent Members	Women		0	0	0	0	0	1	1	1	
		Men		3	3	3	3	3	3	3	3	
		Total		3	3	3	3	3	4	4	4	
	Total			5	5	5	5	5	6	6	6	
Number of Human Resource Advisory Committee Meetings			Times	1	1	2	3	2	5	3	3	
Human Resource Advisory Committee Meeting Attendance			%	100	100	100	100	100	100	100	100	
Number of Compensation Advisory Committee Members	Number of Internal Members	Women	Members	0	0	0	0	0	0	0	0	
		Men		1	1	1	1	1	1	1	1	
		Total		1	1	1	1	1	1	1	1	
	Number of Independent Members	Women		1	1	1	1	1	2	2	2	
		Men		3	3	3	3	6	6	6	6	
		Total		4	4	4	4	7	8	8	8	
	Total			5	5	5	5	8	9	9	9	
Number of Compensation Advisory Committee Meetings			Times	2	2	1	1	1	1	4	4	
Compensation Advisory Committee Meeting Attendance			%	100	100	100	100	100	100	100	100	

Compensation												
			Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	
Compensation of Chief Executive Officer	Basic Remuneration		Millions of Yen	100	100	102	103	103	103	116	120	
	Performance-Based Bonus in Cash			36	73	93	41	28	65	120	120	
	Performance-Based Remuneration (Stock-Based)			19	19	99	46	35	57	87	99	
	Total			155	192	294	190	166	224	323	339	

Compensation										
		Unit	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Compensation of Directors *Excluding External Directors *Including those who retired during the term	Basic Remunerations	Millions of Yen	427	357	357	345	331	331	359	372
	Stock Options		0	0	0	0	0	0	0	0
	Performance-Based Bonuses in Cash		154	246	310	130	88	207	369	369
	Performance-Based Remunerations (Stock-Based)		83	68	300	147	108	182	249	278
	Total		664	671	967	622	527	720	977	1019
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	90
	Stock Options		0	0	0	0	0	0	0	0
	Performance-Based Bonuses in Cash		0	0	0	0	0	0	0	0
	Performance-Based Remunerations (Stock-Based)		0	0	0	0	0	0	0	0
	Total		86	86	87	87	87	87	90	90
Compensation of External Directors and External Audit & Supervisory Board Members	Basic Remunerations		85	85	103	108	109	122	146	151
	Stock Options		0	0	0	0	0	0	0	0
	Performance-Based Bonuses in Cash		9	9	0	0	0	0	0	0
	Performance-Based Remunerations (Stock-Based)		4	5	0	0	0	0	0	0
	Total		98	99	103	108	109	122	146	151

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	Fiscal 2023
Political Contributions	Millions of Yen			8	8	8	8	8

# Compliance

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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.

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").

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 has established the Compliance Department to handle this issue exclusively. Additionally, the company has set up a Compliance Committee chaired by the president and CEO, which deliberates and decides on policies and important measures related to compliance for Komatsu and the entire Komatsu Group. This committee also promotes the implementation of these measures and regularly reports the progress of compliance activities to the board of directors.

Komatsu proceeding with compliance activities as follows.

## 1. Formulate the Code

### ■ Komatsu's Worldwide Code of Business Conduct

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The company has formulated Komatsu's Worldwide Code of Business Conduct (established in 1998 and revised 11 times to date) as a compilation of best business practices to be observed by officers and employees of Komatsu Group companies around the globe.

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.

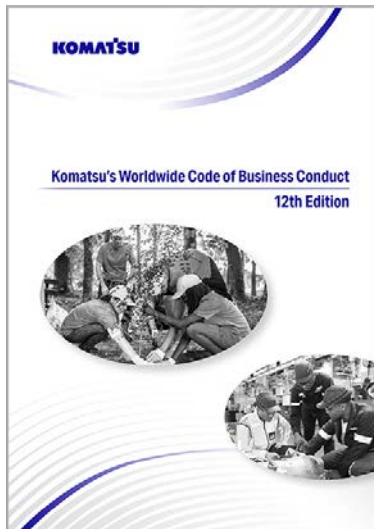
Part 2 of the Code lists the basic rules that should be followed anywhere in the world among the wide range of rules in the business community, along with examples, and provides a code of conduct that all Komatsu Group employees should follow.

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.

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

## Cover of the 12th Edition (Latest Version)



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1. Stakeholder Relations
  - (1) Customers
  - (2) Shareholders and Investors
  - (3) Distributors and Supply Partners
  - (4) Local Communities

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2. Business Operations with Integrity and Fairness
  - (1) Fair and Free Competition
  - (2) Anti-Bribery: Relationship with Governmental Agencies and Officials
  - (3) Proper Export Control
  - (4) Firm Approach Against Anti-Social Groups
  - (5) Protection and Management of Information
  - (6) Customary Practices

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3. Respect for Human Rights

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4. Employment
  - (1) Human Resources Management Policy
  - (2) Occupational Safety and Health Policy

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5. Environmental Protection

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6. Disclosure of Information
  - (1) Disclosure of Information
  - (2) Appropriate Financial Reporting
  - (3) Prevention of Insider Trading

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7. Internal Control Systems and Compliance Framework
  - (1) Internal Control Systems
  - (2) Compliance Framework

### Part II Rules to be Observed by Employees

1. Ethical and Proper Business Conduct
  - (1) Fraud (Behavior detrimental to company assets and value, and behavior for improperly pursuing company profits/interests)
  - (2) Bribes and Kickbacks (vis-à-vis customers, suppliers, distributors, etc.)

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2. Conflicts of Interest

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3. Antitrust Compliance and Fair Competition

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4. Anti-Bribery: Relationship with Governmental Agencies and Officials

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5. Export Control

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6. Trade Secrets and Proprietary Information

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7. Non-Discrimination/ Harassment

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8. Employee Privacy

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9. Safety and Health

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10. Safety and Reliability of Products and Services

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11. Environment

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12. Disclosure

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13. Internal Control Systems
  - (1) System of Internal Control
  - (2) Internal/External Auditor Cooperation
  - (3) Records Retention

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14. Financial Controls and Records

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15. Prohibition of Insider Trading

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

[> Komatsu's Worldwide Code of Business Conduct !\[\]\(d5d7044e5caf6907399af2dced8d6ff8\_img.jpg\)](#)

<b>Established</b>	January 1, 1998
<b>Last revised</b>	April 1, 2024 (12th edition)
<b>Languages</b>	<b>18 languages</b> Japanese, English, Chinese, Spanish, Portuguese, German, Dutch, Italian, Polish, French, Swedish, Finnish, Indonesian, Thai, Russian, Tamil, Taiwanese, Korean

### ■ Five Principles of Compliance

The "Five Principles of Compliance" (the "Five Principles") are the fundamental compliance actions that must be adhered to by all companies and employees within the Komatsu Group. These principles, summarized in short phrases, were established in 2006 and have been revised once since then.

To ensure employees are reminded of and follow the "Five Principles" daily, posters are displayed in the workplace.

## Five Principles of Compliance

<b>Trust</b>		1. To fulfill the trust of society, we must always follow the "Rules."
<b>Check</b>		2. Check or ask if you are uncertain about the "Rules." Lack of awareness of the "Rules" is not an excuse for not following them.
<b>Report</b>		3. Never cover up or disregard any wrongdoings or mistakes that violate the "Rules." Report any issue immediately to the appropriate person(s) or department(s).
<b>Correct</b>		4. Promptly correct any wrongdoings or mistakes and take effective measures to prevent recurrence.
<b>Non-retaliation</b>		5. Never obstruct anyone from reporting or using the compliance hotline (whistleblowing); never retaliate against the reporter/whistleblower for reporting a concern in good faith. <i>(Komatsu is committed to ensuring that no unfavorable action will be taken by any Komatsu Group entity against any person for providing such reporting or whistleblowing.)</i>

Every Komatsu employee must follow the above principles and the priorities of SLQDC (Safety, Law, Quality, Delivery, Cost) to earn and maintain trust with each other and society. We should also visit the actual workplace (Gemba), examine the real thing (Gembutsu), and understand the real situation (Genjitsu) to find solutions, and anticipate issues and proactively address compliance and ethics concerns.

## 2. Implement the Code

### ■ Various training programs

Komatsu systematically implements hierarchical training programs across various levels of officials and employees. These programs are conducted as needed within domestic affiliated companies, overseas subsidiaries, construction equipment DB and forklift dealers, as well as partner companies.



Scene from an educational training session

	Educational targets
Komatsu and domestic affiliated companies	Executive officers
	Employees at all hierarchical levels
	Employees scheduled for overseas assignments
	Factories and business headquarters
Overseas subsidiaries	Managerial level
Construction equipment DB and forklift dealers	For managers / all employees
Partner companies	For managers / leaders

	Number of participants
Global training on the code of conduct (e-learning and group training)	Approx. 5,700 people
<Group training (in Japan)> <ul style="list-style-type: none"> <li>• Level-based training</li> <li>• Individual training by request (offices and related companies in Japan)</li> </ul>	Approx. 1,530 people Approx. 2,880 people
<Group training (overseas)> <ul style="list-style-type: none"> <li>• Individual training by request (overseas subsidiaries)</li> </ul>	50 people

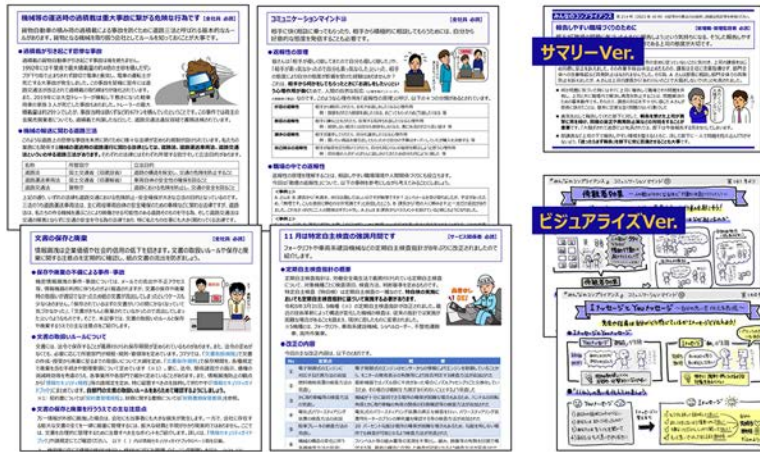


### Compliance for Everyone

"Compliance for Everyone" is a monthly information magazine on compliance. Since it was first published in 2006, this magazine has kept being distributed to all Komatsu Group employees on the first working day of each month.

The magazine covers a wide range of topics beneficial to all employees, from legal matters to communication, manners, morals, and ways of thinking.

In addition to the regular edition, a summary edition highlighting key points for use in morning assemblies and meetings, and a visualized edition visualizing the content are published as well.



Compliance for Everyone

### Compliance portal

The "Compliance Portal" is an intranet platform where Komatsu Group employees can access essential information about compliance. It includes details on the "Compliance Hotline" and the "Komatsu's Worldwide Code of Business Conduct," as well as educational materials and relevant regulations. This portal is used to share information and ensure that all Komatsu Group employees are well-informed about compliance matters.



Compliance portal top page



### 3. Understanding the actual situation

#### ■ Visualization survey

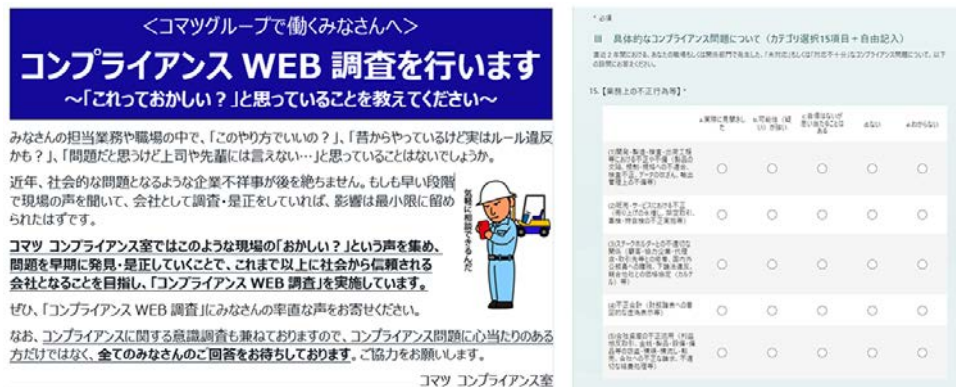
The purpose of these measures is to facilitate the early detection, correction, and prevention of potential compliance issues within the workplace. This involves gathering information during regular operations to identify any actions that might violate laws, internal regulations, or business society rules.

##### 【Workplace Compliance Interview】

The aim of these interviews is to provide opportunities for supervisors and subordinates to discuss and reflect on compliance issues. This is done through a formal interview format to ensure thorough communication and understanding.

##### 【Web Survey】

These surveys, conducted in questionnaire format, target all employees of Komatsu and its group companies on a biennial and alternating basis. They also serve as compliance awareness surveys.



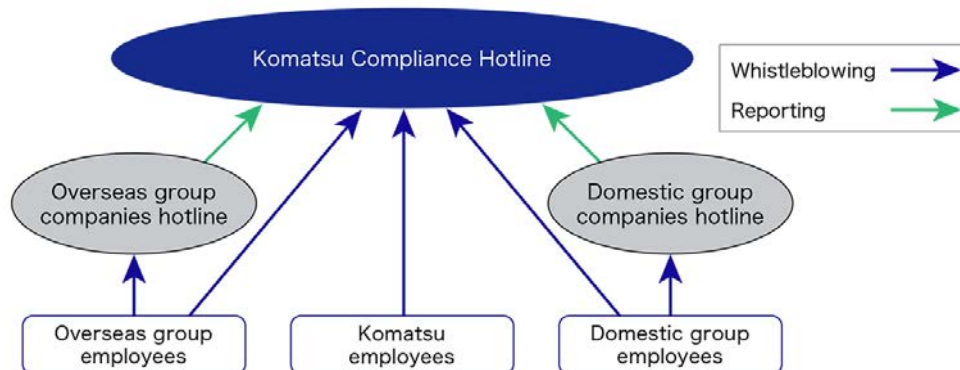
Web survey invitation flyer and questionnaire form screen

#### ■ Compliance hotline (Internal reporting system)

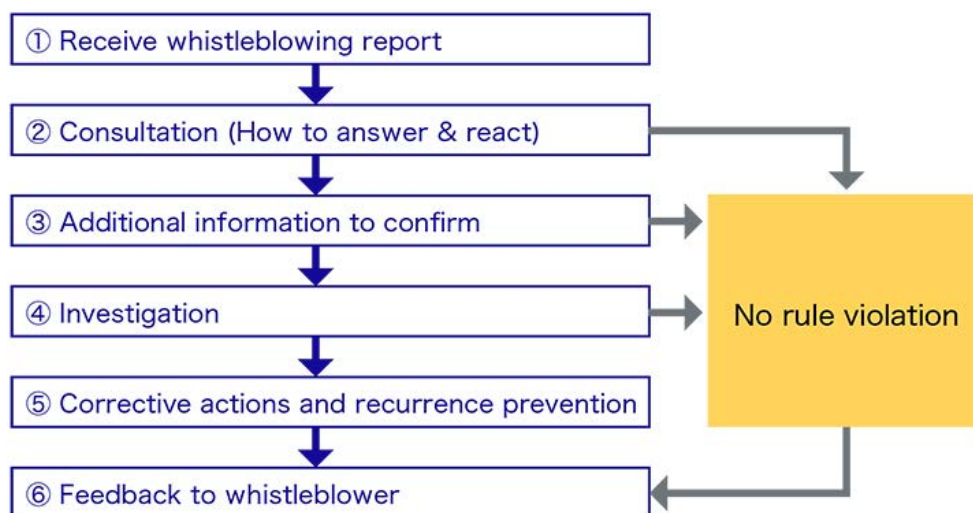
To address inquiries and reports from group employees regarding the rules of the business world, we have established a Global Compliance Hotline at our headquarters. This aims to detect and correct issues at an early stage. Additionally, Komatsu Group companies have set up and operate regional compliance hotlines to ensure that all employees can make inquiries and reports.

This system ensures that employees who make legitimate reports should not suffer any disadvantage as a result of their reporting. This is clearly stated in "Komatsu's Worldwide Code of Business Conduct," the "Five Principles of Compliance," and the employment regulations of each company, thereby encouraging the use of the inquiry and reporting system.

## Internal whistleblowing hotline



## Whistleblowing process



	FY2021	FY2022	FY2023
Number of reports worldwide (number of serious cases)	420(0)	534(0)	638(0)
Number of reports received through internal reporting hotlines in Japan out of the above	126	141	194

## ■ Compliance risk audit

As part of our risk management activities, Komatsu has been conducting compliance risk audits (CR Audits) since FY 2008.

› For details, please refer to the link provided. [🔗](#)

## ■ External consultation hotlines

We have established various external consultation hotlines. To maintain appropriate procurement activities within the Komatsu Group, "Supplier Consultation Hotline" is established to address and rectify issues reported by suppliers, particularly those concerning violations of the Subcontract Act. "Driver Consultation Hotline," is also established to specifically address transportation-related inquiries from drivers in response to the 2024 Logistics Issue. These hotlines aim to identify and resolve individual problems effectively.

## 4. Reacting to contingencies

If any issues arise, we take prompt corrective actions, investigate the root cause, and strive to prevent recurrence.

1. Number of compliance violations in FY 2023 (violations with a significant impact on management): 0 (zero)

2. Regarding anti-corruption

<b>Number of employees who were dismissed because of conflict with Komatsu's anti-corruption policy (global)</b>	FY 2023: Zero
<b>Fines imposed on Komatsu related to corruption / amount of penalties (global)</b>	FY 2023: Zero
<b>Number of employee training sessions on anti-corruption prevention (in Japan)</b>	FY 2023: 12 times Approx. 130 people (planned overseas assignment)
<b>Establishment of internal reporting system related to corruption (global)</b>	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 foundation of Komatsu's management is to maximize its corporate value through the pursuit of "Quality and Reliability." Any uncertainty that hinders this pursuit is considered a "risk," and measures are taken to address all risks threatening the sustainable development of the Komatsu Group.

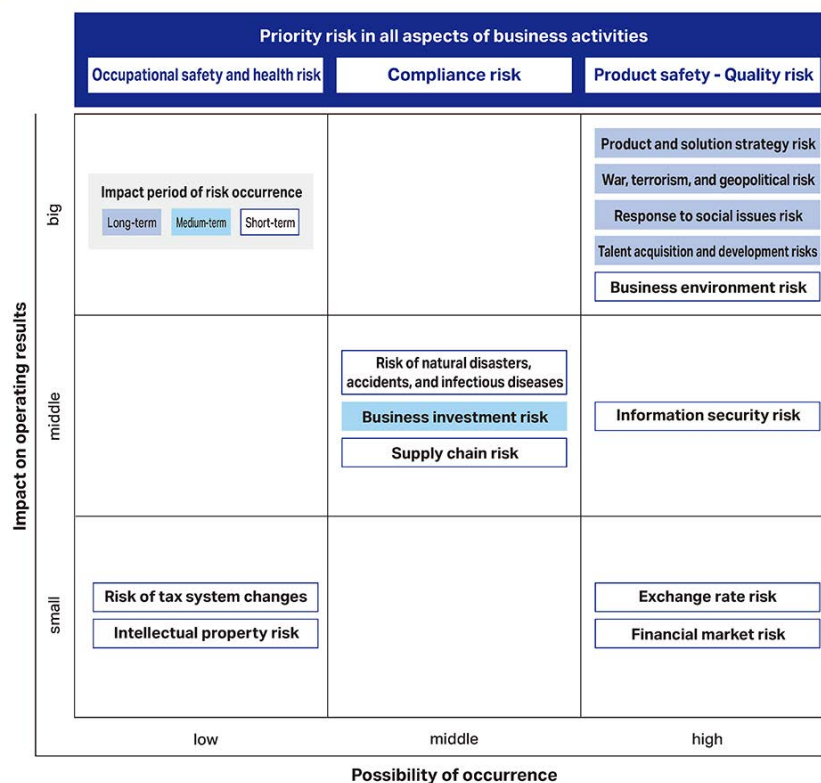
## 1. Major risks and assessment

Komatsu identifies risks that may affect its business activities from an enterprise-wide perspective and evaluates them based on "impact on business performance," "likelihood of occurrence," and "impact duration in case of risk occurrence," to determine the priority of risks. In this assessment, risks related to important issues derived from materiality analysis are also incorporated. Furthermore, the company identifies "corporate risks," which are significant enterprise-wide risks, and "regional risks," which are specific to the business activities of each country and region. After determining the responsible departments for countermeasures, activities are carried out to avoid or minimize risks and maximize opportunities. To further strengthen its risk management, Komatsu has established a Risk Management Committee, chaired by the President, with the Executive Officer Supervising General Affairs as Vice Chairman and the Risk Management Group of the General Affairs Department acting as the Secretariat. This committee is responsible for developing a comprehensive corporate policy on risk management, identifying "corporate risks" through the selection and evaluation of risks from an enterprise-wide perspective, inspecting and following up on the implementation status of risk countermeasures, and controlling risks when they materialize. This committee was held in November and February of the fiscal year 2023, and the content of its deliberations and activities is regularly reported to the Board of Directors.

### (1) Risk map (risk prioritization)

The risk map (risk prioritization) based on FY2023 risk assessment results is as follows. For details on the risks, please refer to the 155th Securities Report.

Figure: Risks factors





## (2) Overview, impact, and countermeasures for "Corporate risks"

The corporate risks for FY2023 are as follows.

Risk name	Risk description	Impact on Business	Risk mitigation actions
Risks related to product and solution strategies	<p>Our company defines its purpose as "creating value through manufacturing and technology innovation to empower a sustainable future where people, businesses, and our planet thrive together."</p> <p>Based on future market and societal needs, we are promoting the creation and market introduction of new products and solutions, such as electrified machinery, Smart Construction, mine automation (e.g., AHS), and data-driven businesses (e.g., KOMTRAX). However, if we fail to develop products and solutions that meet customer needs by the required time or if our developed products and solutions do not receive favorable evaluations from customers, we may lose competitiveness in the market.</p>	<p>If we are unable to provide products and solutions that maintain an advantage over competitors, it could affect our business performance, and this impact could be prolonged.</p>	<p>We have designated fiscal year 2023 as "the first year of market introduction of electrified construction machinery" and have introduced four electrified models (3-ton class electric mini excavator "PC30E-6", 20-ton class electric excavator "PC200LCE/210LCE-11", electric micro excavator "PC05E-1", 13-ton class electric excavator "PC138E-11") to the Japanese and European markets. Additionally, we have started demonstration tests of hydraulic excavators equipped with hydrogen fuel cells and have signed a joint development agreement with General Motors for hydrogen fuel cells in ultra-large dump trucks. We are developing and verifying hydrogen fuel cell modules for our main ultra-large dump truck model, the 930E, in mining. Furthermore, we acquired American Battery Solutions, a US battery manufacturer, to integrate their battery technology with our expertise and network, aiming to develop and produce optimized batteries for various construction and mining machinery used under different environments and conditions, accelerating our electrification efforts.</p> <p>To grow our solution business, we established a new company, EARTHBRAIN Ltd., in April 2021, in collaboration with NTT Docomo, Sony Semiconductor Solutions Corporation, and Nomura Research Institute, Ltd. As workstyle reforms are required at construction sites worldwide, we are promoting DX (Digital Transformation) in the construction industry, aiming to improve safety, productivity, and environmental performance. For example, we jointly developed a remote control system for construction machinery with EARTHBRAIN and started providing it to customers in March 2023. This system is expected to maximize work efficiency and further improve safety through coordination with Smart Construction Fleet and Smart Construction Retrofit. Moreover, in addition to expanding sales of ICT construction machinery, we expanded our business by promoting "Smart Construction 3D Machine Guidance," which allows retrofitting of ICT functions such as machine guidance, in overseas markets. Regarding the promotion of mine site automation, we have steadily advanced the introduction of the Autonomous Haulage System (AHS) for mines, with a cumulative total of 727 units in operation as of the end of March 2024. Additionally, to establish new solutions for balancing safety and productivity at mine sites, we have been promoting activities to introduce remote control bulldozers for mines since June 2020 and started commercial operation of the large ICT bulldozer "D375Ai-8 Remote Control Specification" for mines in May 2023.</p>



Risk name	Risk description	Impact on Business	Risk mitigation actions
Geopolitical risks	Our company operates globally, with development, production, and sales bases in various countries worldwide. Social, political, and military tensions in specific regions can potentially impact our business. We monitor and analyze political and economic conditions, as well as regulatory trends in each country, to minimize the impact of diverse geopolitical risks, such as resource price fluctuations, import/export regulations, and supply chain disruptions. However, geopolitical uncertainties are increasing, including the situation between Russia and Ukraine. Political divisions and military tensions on global scale may cause supply chain disruptions and affect financial and economic stability. We gather and analyze information on economic security-related regulations, including the Economic Security Promotion Act, but unexpected situations may negatively impact our business performance.	Considering the Russia-Ukraine situation, Komatsu has halted shipments of main units, parts, and components to Russia and suspended operations of its production subsidiary in Russia. The business environment in the CIS (including Russia, Belarus, and six non-sanctioned countries) remains uncertain. Continued inability to support customers in these resource-rich Central Asian countries could impact future business. Our electronics-related products incorporate advanced technologies, some of which are subject to export controls under the Export Trade Control Order. While the current impact is minimal, further tightening of regulations could result in lost sales opportunities and hinder service support, affecting our business.	The six non-sanctioned CIS countries are important markets in resource-rich Central Asia. To enhance sales and profitability in this region, we established Komatsu Central Asia LLP, a wholly-owned subsidiary in Kazakhstan, to handle sales and service functions. We have set up a dedicated department to promptly collect and share information on amendments to the Export Trade Control Order with relevant business units, ensuring timely and appropriate responses. Regarding export controls on advanced technologies, we aim to offset any sales declines by developing markets outside regulated regions, enhancing product differentiation, improving capabilities with long-life modules, and increasing the profitability of the parts business, thereby diversifying and expanding revenue sources.
Risks associated with addressing social issues	Our company operates globally and recognizes various social issues, including climate change, water resource depletion, and human rights concerns. While we aim to address these issues sincerely and fulfill our social and environmental responsibilities as a global company, contributing to society through our business activities, there is a risk that our efforts may be deemed insufficient by society. This perception could negatively impact our business performance by damaging our brand image and social credibility.	We have long prioritized environmental initiatives as one of our top management priorities. In 2021, we declared our goal to achieve carbon neutrality by 2050, and in our medium-term management plan launched in April 2022, we set this declaration as a challenge goal and actively pursued related activities. However, if our responses to social issues are deemed inadequate by stakeholders, it could affect our business performance and potentially prolong these impacts.	To significantly reduce CO <sub>2</sub> emissions across the entire lifecycle, we are advancing the market introduction of electric construction machinery and conducting pioneering research into fuel cells and hydrogen engines. We are also developing "power agnostic trucks" that can operate with any power source. Additionally, by utilizing advanced digital technologies for autonomous driving and remote operation, we aim to enhance construction efficiency and promote activities towards a low-carbon society as an industry leader. Based on the TCFD recommendations, we assess the risks and opportunities that climate change poses to Komatsu and strengthen our resilience through scenario analysis. We also promote initiatives addressing climate change and water security through constructive dialogue with stakeholders.



Risk name	Risk description	Impact on Business	Risk mitigation actions
Risks associated with talent acquisition and development	At our company, we consider talent to be one of the critical management resources that generate new value. Under this belief, we continuously invest in our workforce, aiming for sustainable growth and development of both the company and employees, in alignment with internal and external environmental changes and management policies. However, due to the declining labor force, a decrease in experienced engineers, and a shortage of engineering talent—particularly in key areas such as digital technology and EV-related technology—the competition for talent acquisition is intensifying globally. If we fail to secure these talents as planned or develop employees with the skills required in these specialized fields and secure the capabilities necessary for product research and development, our ability to execute our business plans and achieve sustainable growth could be significantly impacted.	Our medium-term management plan is built on three pillars: 1) Accelerating growth through innovation, 2) Maximizing earning power, and 3) Building a resilient corporate structure, with a focus on "enhancing a diverse talent base." To advance "accelerating growth through innovation," it is crucial to acquire and develop digital talents proficient in software development. Failure to secure and develop these talents as planned could affect the medium-term management plan and the company's sustainable growth. In progressing our solution business, it is essential to speed up technological innovation by integrating our core technologies with external knowledge through partnerships and M&A. If these do not proceed as planned, it could impact the medium-term management plan and the company's sustainable growth. In a challenging environment for talent acquisition, the retention and development of acquired employees become critical. Without understanding and addressing employee engagement appropriately, there is a risk of increased talent turnover due to declining engagement, affecting the company's sustainable growth.	We promote Diversity & Inclusion to create a workplace where diverse employees can work with peace of mind, fostering an environment conducive to innovation, enhancing individual motivation, and driving cultural change for overall company growth. As part of this, we are improving the ratio of female employees, supporting LGBTQ, and promoting the employment of people with disabilities while disclosing human capital information. With the reconstruction of our headquarters building, we aim to strengthen our functions as an urban innovation center that revitalizes co-creation and collaboration activities, including industry-academia collaboration and open innovation. Additionally, to secure outstanding talent, we position our global headquarters as a key recruitment hub, expanding opportunities to experience Komatsu through new recruitment events and internships utilizing both real and online formats, thereby enhancing our recruitment capabilities. Due to the difficulty in acquiring digital talents, we are advancing internal development. Since 2019, we have been implementing the "AI Talent Development Program" with a unique curriculum to cultivate talents with knowledge and skills in AI, the ability to convert customer business challenges into AI-solvable problems, and the capability to drive projects in collaboration with leading companies. Furthermore, we regularly conduct engagement surveys globally to understand, analyze, and address employee engagement, identifying strengths and challenges by region and organization, and reflecting these insights in HR policies.
Risks associated with AI utilization	The evolution of AI has the potential to change the fundamental assumptions of our business, and its effective utilization is essential for our strategy of "accelerating growth through innovation." Already, in our major business of construction equipment and vehicles, approximately half of the sales, particularly in mining equipment, come from the aftermarket business of parts and services, which accounts for about two-thirds of the sales. Through the promotion of DX (Digital Transformation) utilizing ICT such as online parts sales and AI-based failure diagnosis, we are globally enhancing the added value across the entire value chain after new vehicle sales. Failure to strategically incorporate AI may result in the loss of new business opportunities and reduced competitiveness of our product and services in the future.	Generative AI is a rapidly evolving field, and there is much public debate about its opportunities and risks. Rather than viewing these changes as threats, we need to see them as opportunities and make effective use of generative AI. If we fail to respond swiftly to these rapid technological changes and improve productivity and efficiency for our company, clients, and agents, it could affect our competitiveness. Conversely, incorrect use of generative AI could lead to information leaks due to the input of confidential information or violations of others' rights.	To strengthen coordination among our global bases and promptly respond to changes brought about by AI utilization, we have established a cross-departmental project led by the Chief Technology Officer (CTO). This project ensures we quickly adapt to changes through AI utilization. By developing and implementing advanced use cases, we gain knowledge and capabilities in new AI technologies and ensure safe implementation. Furthermore, as part of our risk management for AI usage, we have established global AI usage policies and rules, along with conducting internal training based on these guidelines. This approach ensures we prevent information leaks and rights violations while safely incorporating AI into our business.



## Regional risks for FY2023

Risk name	Risk description	Impact on Business	Risk mitigation actions
Risks related to human rights issues in emerging markets	As it becomes increasingly important for companies to respect human rights and act responsibly, the emergence of human rights violations in business activities can lead to community backlash, boycotts, social criticism, loss of corporate reputation, business delays or interruptions, and cessation of transactions. Particularly in emerging markets, which are considered our "Next Volume Zone" for promising new markets, the risk of human rights issues is more pronounced, posing a higher impact on our business growth.	Komatsu's overseas sales ratio reaches approximately 90%, with emerging markets accounting for about 54% of these sales. As economic growth continues, the contribution of emerging markets to sales is expected to increase further. In this context, insufficient efforts to address human rights risks in emerging markets or failure to respond adequately can lead to decreased sales, slowed growth, and significant financial losses.	In 2019, Komatsu established the "Policy on Human Rights," declaring that it would conduct business globally in compliance with international standards for human rights respect. This policy is reflected in the "Komatsu Code of Conduct" and is thoroughly communicated to all employees across the global group. Based on this human rights policy, we continuously identify, prevent, mitigate, and address human rights issues in business activities through due diligence, in collaboration with external experts. In FY2022, we conducted web-based human rights surveys targeting all Group companies both in Japan and overseas, as well as major suppliers. The results were feedbacked to the responding companies, and we are working on risk mitigation measures. Additionally, in FY2022, we conducted an impact assessment in the Republic of South Africa. We engaged in focused discussions on human rights with various stakeholders, achieving results in sharing and deepening the understanding of issues and values with customers. All these initiatives strive to ensure objectivity by incorporating participation, support, and advice from external research institutions.



## 2. Our specific initiatives

### (1) Information security

Komatsu recognizes that threats to information security are becoming increasingly sophisticated and complex each year. We are implementing activities to enhance the overall information security level of the group.

#### (a) Management and promotion system

To establish and operate an organizational structure for information security, including the capability to respond to cyberattacks, Komatsu operates a global CSIRT (Computer Security Incident Response Team) covering all global bases. The role of the CSIRT is to carry out peacetime activities to prevent information security incidents through information gathering, various system measures, and employee education, and to respond promptly to minimize damage and restore systems early in the event of an incident. Additionally, we conduct regular cyber BCP drills to strengthen our response capabilities in case of emergencies. CSIRT activities are regularly reported to the "Risk Management Committee," which manages enterprise-wide risks, to share issues with the committee members, including the President and Directors, ensuring proper operation.

Furthermore, in FY2023, we established the FSIRT (Factory Security Incident Response Team) to respond promptly to information security incidents involving networks and connected equipment at each production plant, continuously working to enhance information security throughout the group.

#### (b) Personal information protection

Komatsu recognizes that appropriately protecting the personal information of customers, business partners, employees, etc., is essential for conducting business. We have formulated and adhere to the "Global Privacy Policy." Additionally, we ensure proper handling through e-learning and internal audits. Overseas, we also work to protect personal information in accordance with laws and social demands in each country and region, such as compliance with the General Data Protection Regulation (GDPR) in Europe.

#### (c) System measures

To counter threats such as unauthorized access and computer virus infections from outside and prevent information leaks resulting from these threats, we have built a multilayered defense system combining various system measures. For example, when implementing telework, we have a system that requires multiple processes to access the system from outside, ensuring strict verification of identity.

#### (d) Education and training

To enhance the awareness and knowledge of all employees who handle information, we mandate that all employees regularly take e-learning courses. As a measure against suspicious emails, we conduct several training sessions each year using mock spear-phishing emails. This training is conducted not only in Japan but also for some overseas subsidiaries, promoting the improvement of information security levels globally.

#### (e) Information security audits

By conducting information security audits on group companies, we strive to improve the information security level of the entire Komatsu Group. Komatsu employees with specialized knowledge conduct the audits and provide advice to enhance effectiveness, ensuring independence and fairness by acting as third parties without direct interests.

#### (f) Efforts to improve information security across the supply chain

Komatsu requests that not only our company and group companies but also dealers and partner companies that share our business secrets manage information security in line with our policies. We also provide ongoing and effective support. We recommend periodic checks and interviews using checklists and the use of designated information security materials to our dealers and partner companies regarding system measures and proper information management methods. Through these activities, we share the necessity of proper information system management for handling business secrets and ensuring stable business continuity with all stakeholders, aiming to reduce risks.

## (2) Response to economic security

Greater political divisions globally may lead to tighter regulations in some countries. The Komatsu Group collects and analyzes information on trends related to the Economic Security Promotion Act and other economic security-related regulations.

## (3) Compliance risk audits

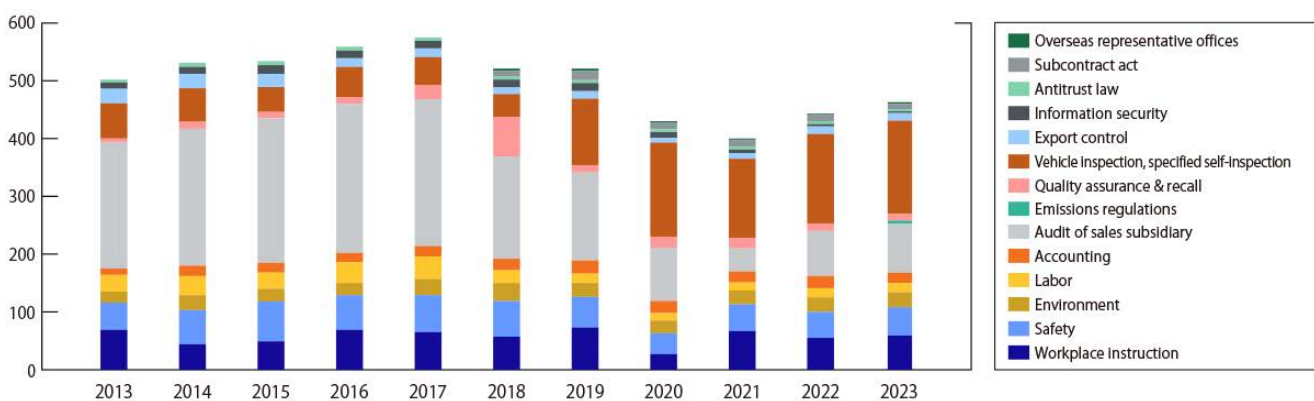
As a part of its risk management activities, Komatsu has been conducting compliance risk audits (CR audits) since FY2008. These covered areas are not included in J-SOX audits, which are conducted in accordance with the Financial Instruments and Exchange Act of Japan to evaluate the internal controls 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 continually review our audit method according to changes in the business environment and raising the quality of CR audits. The status of CR audits is reported monthly to the president and annually to the board of directors.

The audited items in FY2023 are:

1. Safety, 2. Environment, 3. Labor, 4. Finance and treasury, 5. Quality assurance and recall, 6. Emissions regulations, 7. Vehicle inspections and specific voluntary inspections (inspections required by law), 8. Export control, 9. Information security, 10. The Anti-Monopoly Act, 11. 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 risk audits



## With the planet

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# Our concept of environmental activities and promotion system

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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

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#### ■ 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 CO<sub>2</sub> emissions by 2050, and contribute to sustainable development through efforts to reduce CO<sub>2</sub> 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

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#### ■ 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.

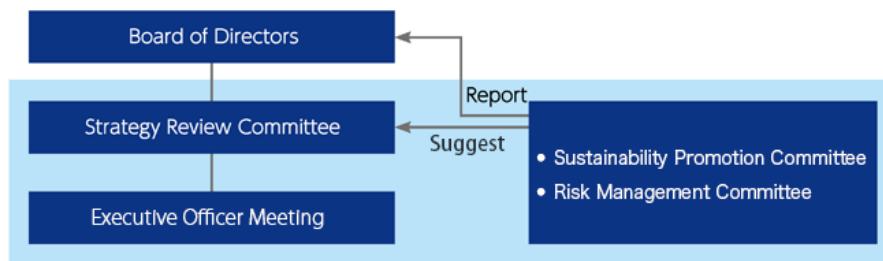
## Organizational chart of the environmental management structure

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

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

## 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 CO<sub>2</sub> emissions from product operation and production by 50%.

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

### Mid- and long-term targets

Area	Application	Object	Index	Base Year	2030 Targets	FY2023 Achievements and Progress
Products	Construction Equipment Mining Equipment Forest machines etc.	CO <sub>2</sub>	Fuel consumption reduction	2010	50% reduction	22% reduction
Production	Domestic and overseas production bases	CO <sub>2</sub>	Improvement rate of basic unit	2010	50% reduction	51% reduction
		Electricity	Ratio of renewable energy in total electricity usage	-	50%	25%
		Water	Improvement rate of basic unit	2010	2024 target: 70% reduction 2030 target: under consideration	67% reduction
		Waste	Improvement rate of basic unit	2010	40% reduction	54% reduction
Logistics	Japan	CO <sub>2</sub>	Improvement rate of basic unit	2006	39% reduction	41% reduction
	Overseas	CO <sub>2</sub>	Improvement rate of basic unit	2011	22% reduction	14% 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.

## 《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	Sales and service divisions are added to integrated certification in Japan. 2018: Komatsu Customer Support Japan Ltd. 2019: Four bases (Nagoya, Osaka, Hiroshima, Fukuoka) of Komatsu Industries Corp. 2022: One base (Kantou) of Komatsu Industries Corp.

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

## ISO14001:2015 Domestic Integrated Certification





## Scope of the integrated certification in Japan

[> Scope of the Integrated Certification in Japan \(212KB\) !\[\]\(cf531ed27e91483460120fcc057b3901\_img.jpg\)](#)

## Global operations list of certified sites

[> Global Operations List of certified sites \(125KB\) !\[\]\(4b7a79268f6ba26c1471d4232fffa85a\_img.jpg\)](#)

## Environmental policies of plants in Japan

[> Awazu Plant \(260KB\) !\[\]\(b4eeff342f60cc7bcd67d869b4fedca2\_img.jpg\)](#)

[> Kanazawa Plant \(212KB\) !\[\]\(4f6bf54ae7e4144a72d78316053e412d\_img.jpg\)](#)

[> Osaka Plant \(212KB\) !\[\]\(3342c215b2a8b663596a81468d5dc314\_img.jpg\)](#)

[> Oyama Plant \(396KB\) !\[\]\(56549452e01ca28bdf2500ced9653143\_img.jpg\)](#)

[> Ibaraki Plant \(160KB\) !\[\]\(1f56542a42e2413e44a2b2023033aa2e\_img.jpg\)](#)

[> Koriyama Plant \(212KB\) !\[\]\(19d44b37fb4fa155bf9d60c77a3d3cb2\_img.jpg\)](#)

[> Himi Plant \(212KB\) !\[\]\(5a351309c3b87e4420622c1f0e57efc0\_img.jpg\)](#)

[> Shiga Plant \(164KB\) !\[\]\(bff896c19919791b89ab521f039b410a\_img.jpg\)](#)

[> Hiratsuka district \(188KB\) !\[\]\(23a2e9ddc7bb0ef55393d38b772a848d\_img.jpg\)](#)

[> Techno Center \(208KB\) !\[\]\(9f3852d68d41e1e95bc4ec10e81aba4b\_img.jpg\)](#)

[> Test Engineering Center \(780KB\) !\[\]\(4186b6ce3a1c83eabb297c1bfd00309c\_img.jpg\)](#)



# Relationship between business activities and the environment

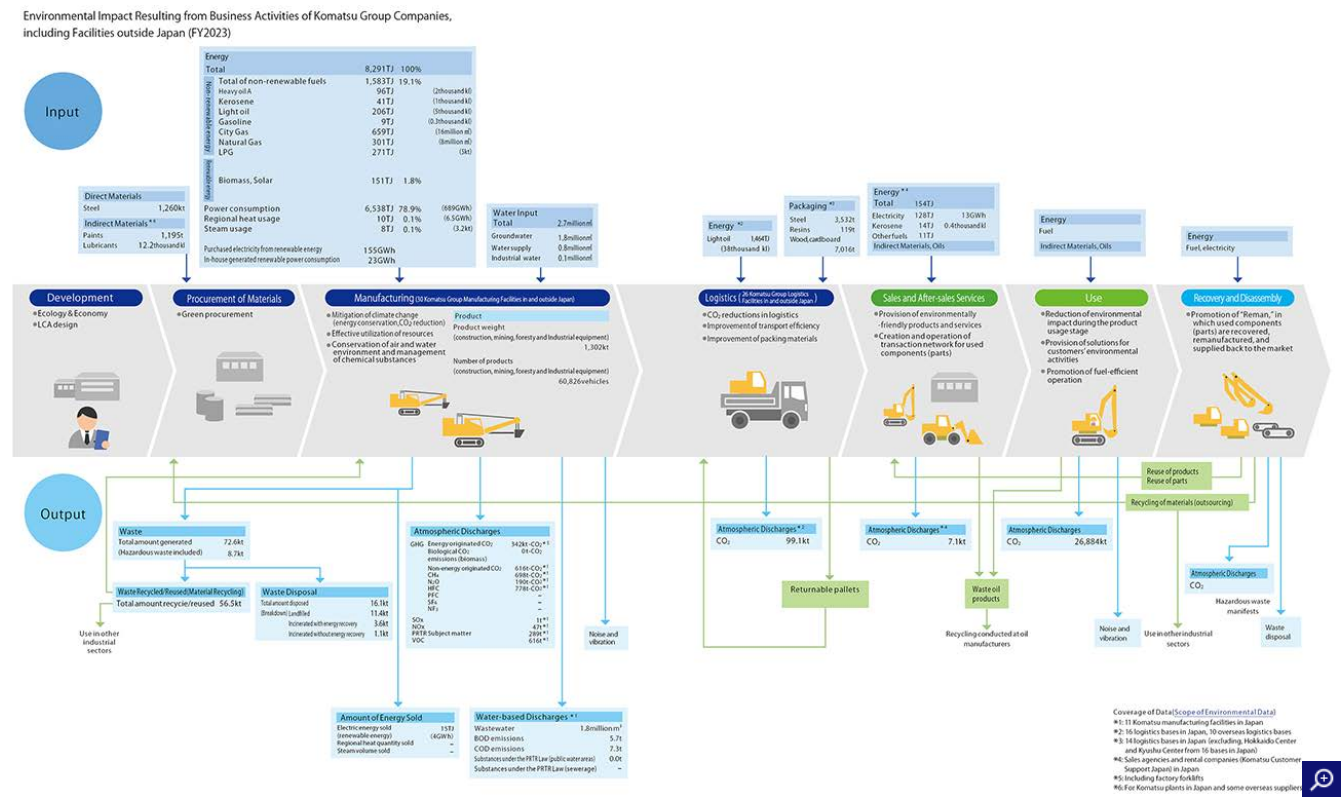
## Inputs and outputs in the product life cycle

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 (FY2023)

Independent Practitioner's Assurance

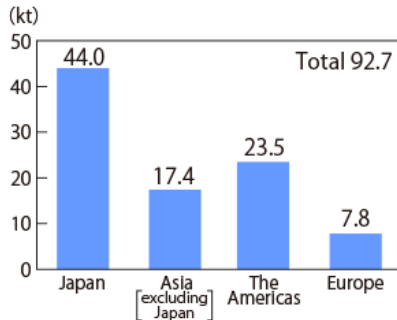


Environmental Impact Resulting from Business Activities of Komatsu Group Companies, including Facilities outside Japan (FY2023)(516KB)

## Environmental impact indicators by region

### Scope1 : CO<sub>2</sub> emitted directly by manufacturing facilities

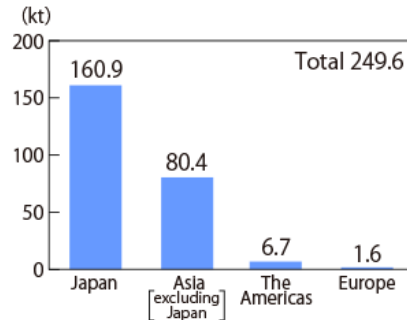
Independent Practitioner's Assurance



(by using generators, boilers, etc.)

### Scope2: CO<sub>2</sub> emitted indirectly by manufacturing facilities

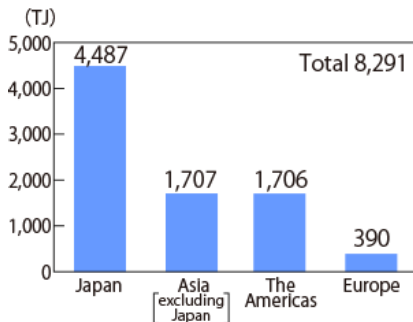
Independent Practitioner's Assurance



(by purchasing electricity, steam and hot water)

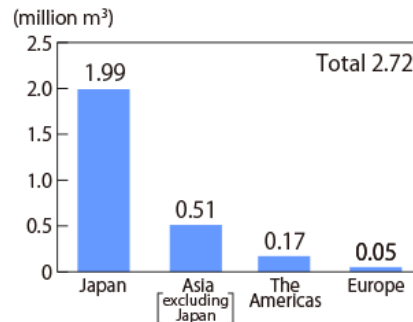
### Energy

Independent Practitioner's Assurance



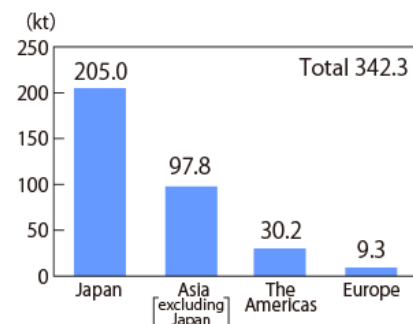
### Water Input

Independent Practitioner's Assurance



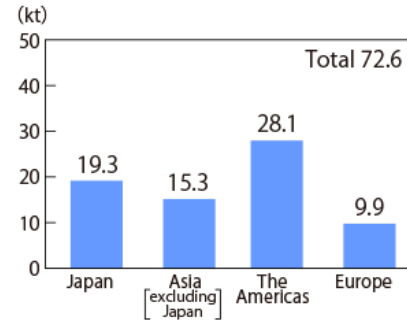
### Energy related CO<sub>2</sub> (Scope1 and Scope2)

Independent Practitioner's Assurance



### Amount of generated waste

Independent Practitioner's Assurance



# Climate change

## Mitigating climate change through products and service

### Reducing CO<sub>2</sub> emissions from construction equipment

The main bulk of CO<sub>2</sub> 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 CO<sub>2</sub> emissions through DANTOTSU Products

We provide products which have been designed to operate with great fuel efficiency while reducing gross CO<sub>2</sub> 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."

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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions.

## Step3: reduction of CO<sub>2</sub> emissions for overall construction work through DANTOTSU Solutions (providing solutions with Smart Construction)

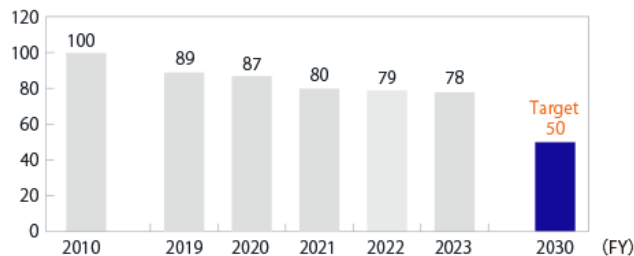
In 2013, Komatsu introduced the world's first automatic blade control ICT bulldozer, D61PXi-23, to the North American, European, and Japanese markets. Following this, in 2014, Komatsu developed and released a hydraulic excavator with semiautomatic control functions (PC210LCi-10 for North America and 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions from product operation

Komatsu has set the target of reducing the CO<sub>2</sub> 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 CO<sub>2</sub> reductions through the improvement of fuel consumption and work efficiency. The products of FY2023 achieved a CO<sub>2</sub> reduction of 22%, compared to the reference year.

### CO<sub>2</sub> emission index for product operations Independent Practitioner's Assurance



Note: Some data have been partially revised as a result of revisions to past data.

## Aiming to create a market for electrified construction equipment

All seven of Komatsu's models of electrified construction equipment receive initial GX construction machinery certification

Komatsu has received the initial certification for all seven models in its lineup of electric construction machinery under the newly established GX construction machinery certification system by the Ministry of Land, Infrastructure, Transport and Tourism.

The GX Construction Machinery Certification System is designed to promote the spread of GX construction machinery contributing to carbon neutrality, aiming to reduce CO<sub>2</sub> emissions in construction work and contribute to the protection of the global environment.

Komatsu has obtained certification for all seven models, including five battery-powered electric hydraulic excavators and two cable-powered electric hydraulic excavators for the domestic market.



Komatsu's Seven Electrified Construction Equipment Models Receiving Initial Certification

Komatsu has set a challenging goal of achieving carbon neutrality with net-zero CO<sub>2</sub> emissions by 2050. This initiative extends not only to its own facilities and product usage but also encompasses efforts to reduce CO<sub>2</sub> emissions across customer sites.

Electrified construction equipment has hurdles in terms of introduction costs and infrastructure development, and the market has not yet been formed in Japan. Komatsu aims to create this market early by introducing a diverse range of models to meet customer needs, positioning FY2023 as the inaugural year for market introduction of electrified construction equipment, having already announced the market introduction of four models. The initial certification under the GX Construction Machinery Certification System will accelerate these efforts.

Through the DANTOTSU Value, which creates customer value that generates a virtuous cycle of profit enhancement and ESG issue resolution, as outlined in the mid-term management plan "DANTOTSU Value – Together, to 'The Next' for sustainable growth," Komatsu aims to take the next stage toward future job sites and create new value for a sustainable future for the next generation.

## Reducing CO<sub>2</sub> emissions in manufacturing operations

As part of our efforts to address climate change, Komatsu promotes activities to reduce CO<sub>2</sub> emissions per unit of internal manufacturing value, using this as a key indicator, for all energy used in research, development, and production at our global locations, including electricity, gas, and oil.

In FY2023, energy-saving improvements focused on high-load plants in Japan and overseas (such as those for casting, forging, heat treatment, and machining), the expansion of solar and biomass power facilities, and increased purchases of green electricity overseas have significantly reduced our CO<sub>2</sub> emissions per unit. Additionally, the proportion of renewable energy used in our electricity increased to 25%.

Item	FY2022	FY2023	Target of FY2030
CO <sub>2</sub> emissions basic unit (compared to FY2010)	57	49	50
The rate of renewable energy use	17%	25%	50%

### Major achievements in FY2023

#### Japan

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

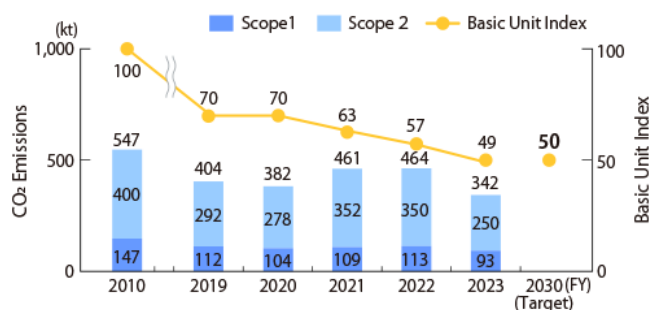
#### Overseas

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

### CO<sub>2</sub> emissions, energy indicators in production activities

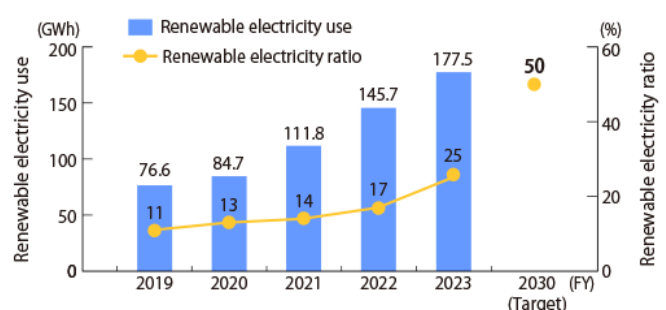
#### Energy related CO<sub>2</sub> emissions

Independent Practitioner's Assurance



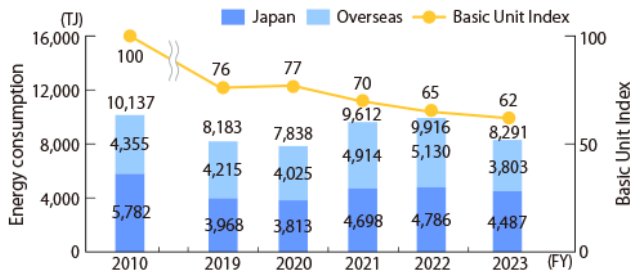
#### The amount and ratio of renewable electricity

Independent Practitioner's Assurance



## Energy consumption

Independent Practitioner's Assurance



## Significant CO<sub>2</sub> reduction by improving casting yield

The Himi Plant produces cast components for construction machinery and is Komatsu's largest CO<sub>2</sub>-emitting plant. Since FY2019, a project team has been working on reducing CO<sub>2</sub> emissions in the casting process, achieving over a 10% reduction in CO<sub>2</sub> emissions per unit through energy-saving improvements.

The melting process of iron in casting is particularly energy-intensive and produces a large amount of CO<sub>2</sub>, accounting for about 40% of the plant's total CO<sub>2</sub> emissions. This is due to the high electricity consumption for heating and the difficulty in improving product yield, which lowers efficiency.

Amid these challenges, by revising material shapes, improving riser injection, and enhancing directional solidification, it is expected that the molten metal yield for some parts will be improved by more than 20%, we are challenging to further reduce CO<sub>2</sub> emissions.

Improvement method for yield of representative products

	Previous method	New method
Appearance	<p>Sprue, Sprue runner, Insulation Material, Product, Riser</p>	<p>Exothermic Material</p>
Yield	41%	68%



## Reduction CO<sub>2</sub> emissions in logistics

### CO<sub>2</sub> emissions reduction conditions in global transport

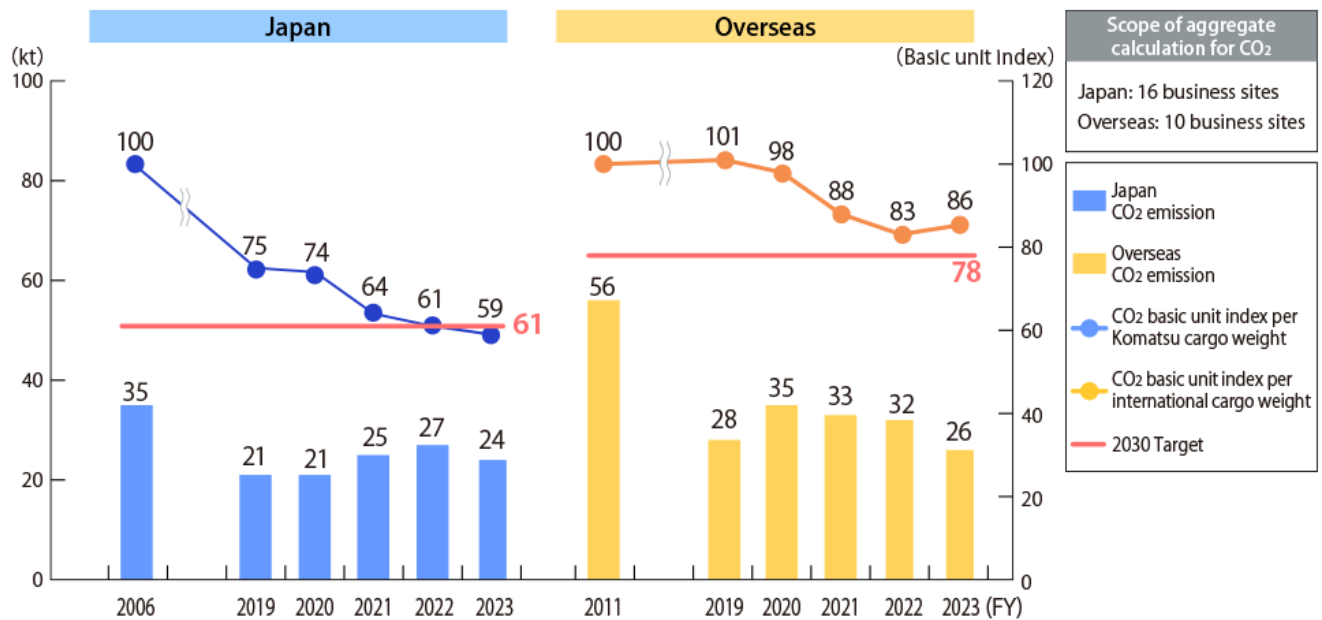
#### (Basic unit of CO<sub>2</sub> emissions per cargo weight)

Komatsu is promoting modal shift to use coastal vessels and railways in domestic transportation while enhancing transportation efficiency by improving the loading ratio. Additionally, to shorten transportation distances to ports for export products, we actively use Kanazawa and Hitachinaka ports close to our factories.

In FY2023, domestic modal shift improvements reduced the basic unit of CO<sub>2</sub> emissions per cargo weight by 2 points from the previous year, achieving the target. However, overseas, a decrease in production volume led to a 3-point deterioration in the basic unit of CO<sub>2</sub> emissions compared to the previous year.

Komatsu will continue to promote efficiency in both domestic and overseas transportation to reduce CO<sub>2</sub> emissions associated with logistics.

#### CO<sub>2</sub> emissions in transport Independent Practitioner's Assurance



\* A basic unit index is an index relative to the CO<sub>2</sub> emissions per cargo weight in a reference year (2006 for Japan, 2011 for Overseas) as 100.

## Improvement of CO<sub>2</sub> Emissions in overseas transportation

- Starting the transport of construction machinery with electric vehicles (EV trailers) at BKC -

BKC (Thailand) has started transporting construction machinery using electric vehicles (EV trailers).

We transport Komatsu products exported to North America and Southeast Asia from factories to ports.

The fuel consumption of EV trailers used for transportation is about half that of conventional diesel engine vehicles, which not only reduces energy consumption during transportation, but also significantly reduces CO<sub>2</sub> emissions.

We will monitor the situation and consider further expansion of these activities in the future, so that they will be evaluated as initiatives that enhance the value and image of a company that takes environmental measures into account.



## For the creation of a recycling-based society

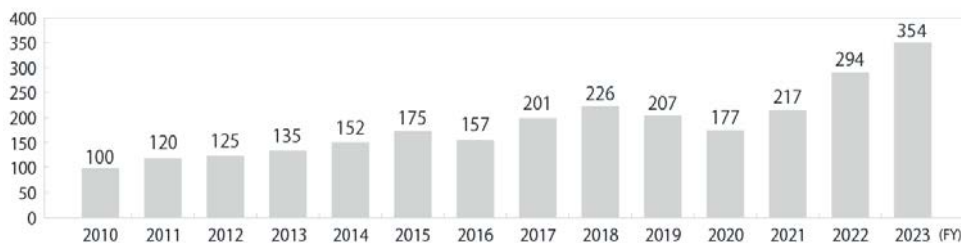
### Development of our "Reman" remanufacturing business

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 40,416 tons of CO<sub>2</sub> reduction effect in FY2023 was estimated compared to the case of making new products.

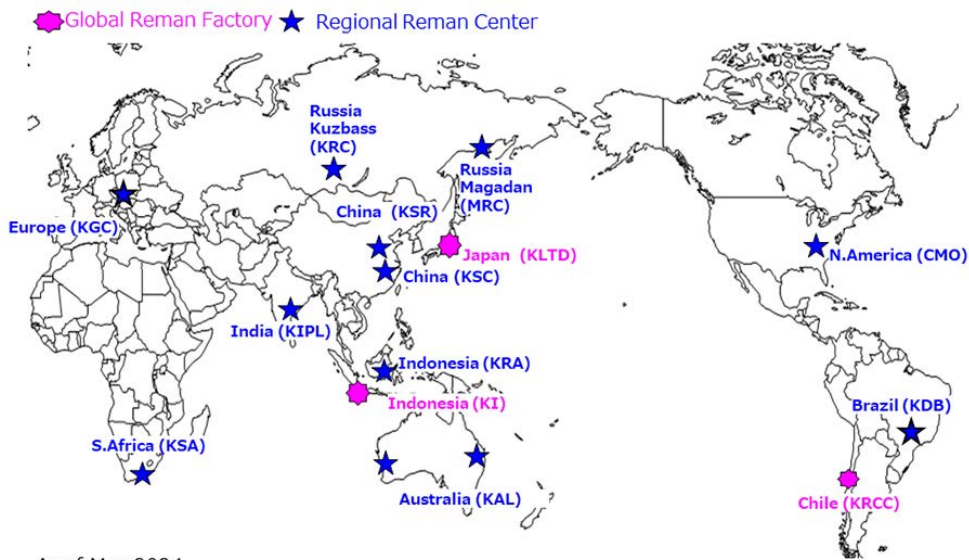
We offer the following benefits to customers.

- 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

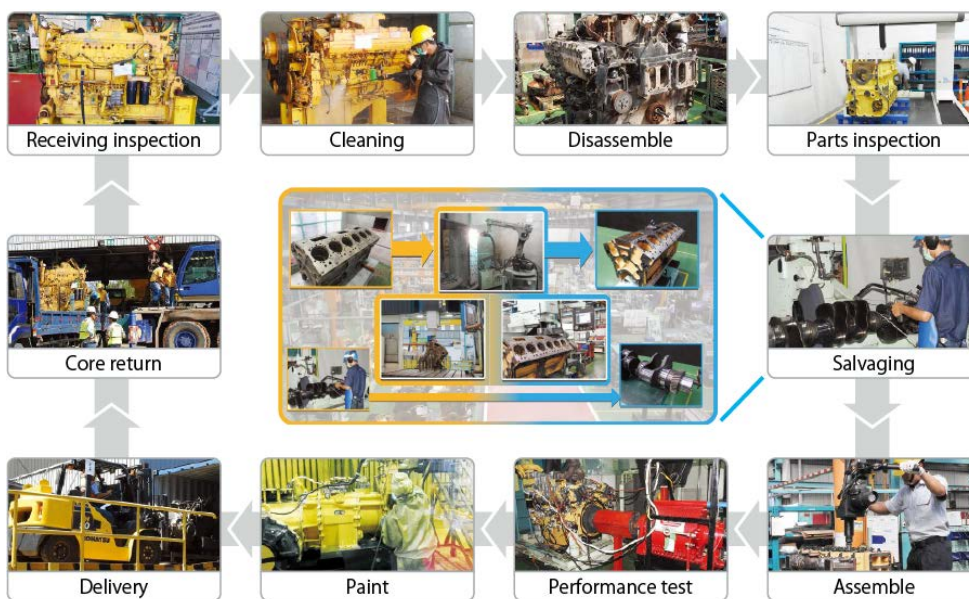
### Changes in Reman sales (base FY 2010 = 100)



## 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 (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 domestic manufacturing sites, we are mainly working to convert waste plastic into valuable resources, reduce wood waste by improving packaging methods, and reuse packaging materials. We are also actively promoting recycling through waste separation at overseas sites. In FY2023, we promoted the effective use of sand used in the casting process at overseas factories, significantly reducing waste discharge. As a result, the basic unit of waste emissions was reduced by 54% compared to FY2010, achieving our target.

Item	FY2022	FY2023	Target of FY2030
Index of waste generated per unit (Reference year: 2010)	62	46	60

## Major activities in the previous fiscal year

### 《Japan》

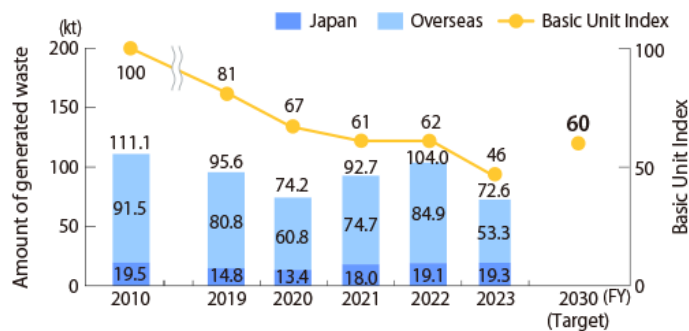
- Reduction of wood chips through packing mode improvements for items procured overseas
- Promotion of waste sorting to turn waste plastics into valuable commodities

### 《Overseas》

- Effective use of sand in the casting process

## Amount of generated waste

Independent Practitioner's Assurance



## Resource circulation initiatives

Plastic product industrial waste generated at the Osaka Plant is outsourced to external contractors for processing, contributing to solid fuel conversion and thermal recycling. Amid growing concerns about plastic waste in Japan, the "Act on the Promotion of Resource Circulation for Plastics" was enacted on April 1, 2022. In line with the acceleration of resource circulation across society, the Osaka Plant has also aimed to enhance the level of recycling by turning plastic product waste into valuable resources. Given the difficulty of consolidating various plastic materials into valuable resources, we focused first on polyethylene packaging materials, which have a single material composition and stable quality. We strengthened activities to properly separate these materials.

As a result, from FY2022, we successfully turned these materials into valuable resources to be used as raw materials for plastic products such as agricultural containers. Currently, we are exploring the valorization of polypropylene plastic cases and plastic pallets, and we continue to expand our recycling efforts further.



Valuables:  
After compression of polyethylene packaging sheets



Valuables storage status

## Improvement of transportation packaging for sub-assembly parts

At Komatsu Logistics, we assemble sub-assemblies of transmissions, a key component of Komatsu construction machinery, and deliver them to the Komatsu Ibaraki Plant. To prevent quality issues such as rain damage during delivery, we cover them with plastic bags.

The Ibaraki Plant has been improving the layout of storage areas to efficiently transport the delivered parts. In response, Komatsu Logistics proposed changing the storage location of the transmissions to a roofed area with less risk of rain damage.

This proposal was adopted by the Ibaraki Plant, reducing the quality risks associated with rain exposure.

With the reduced risk, discussions among the relevant parties concluded that covering the transmissions with plastic bags was no longer necessary.

This improvement eliminated the cost of purchasing plastic bags and the labor involved in covering and uncovering them, achieving both cost reduction and waste reduction.

Moving forward, we will continue to identify and address areas for improvement, ensuring there is no excessive packaging or unnecessary transportation.



Before improvement



After improvement

## Environmental impact reduction activities in indirect departments

Komatsu actively engages in environmental activities within its indirect departments as well. In FY2023, in preparation for the temporary relocation in January 2024 due to the reconstruction of the head office building, many items such as equipment, splash prevention panels, chairs, and desks were to be discarded. These discarded items were targeted for reuse activities within the Komatsu Group and external organizations such as Midori-kai companies. As a result, many of the discarded items were effectively utilized. Furthermore, during the ISO14001 external audit, these activities were highly evaluated for their contributions to reducing plastic waste and improving CO<sub>2</sub> reduction performance.



## Activities to effectively utilize resources (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 2023, although the total water input volume decreased, the basic unit dropped by 2 points from the previous fiscal year to 33 points.

Item	FY2022	FY2023	Target of FY2024
Index of water input volume per unit (Reference year: 2010)	31	33	30

\* New target for 2030 is under consideration.

### Major activities in the previous fiscal year

#### 《Japan》

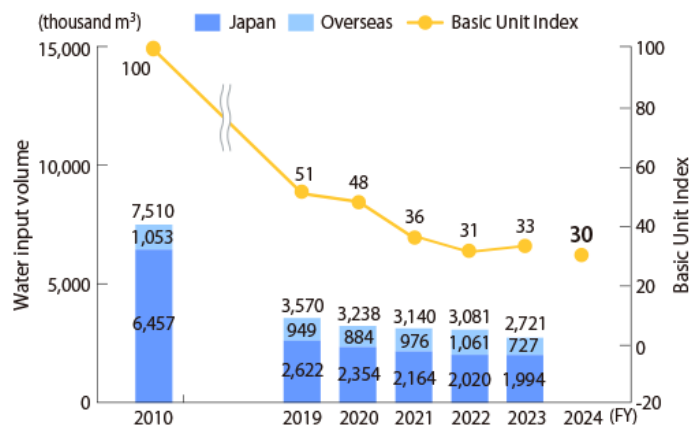
- Recycling cooling water for heat treatment facilities and air-cooling compressors
- Optimization of water use for snow melting; installation of water-saving nozzles in welfare buildings

#### 《Overseas》

- Use of rainwater and recycled water for sprinklers

### Water input in production activities

#### Water input volume Independent Practitioner's Assurance



## Increase the Recycled Water Quality and Quantity by Improve the Water Treatment Plant



PT Komatsu Undercarriage Indonesia commits to conserving clean water for the future. Water is essential not only to health but also to poverty reduction, food security, peace and human rights, ecosystems, and education. Because of these reasons, all employees of Komatsu Undercarriage Indonesia contribute to these activities, starting from the president's policy, providing facilities, and increasing employee awareness of using water. Komatsu Undercarriage Indonesia started implementing 3R (Reduce, Reuse, Recycle) in FY2010, and since then succeeded in reducing it by 60% in FY2023.

In FY2015, Komatsu Undercarriage Indonesia created a Water Treatment Plant to recycle the wastewater and also created a groundwater tank to collect the wastewater from ablution. In FY2023, the quality of recycled water improved to be within clean water standards and the capacity also improved. In parallel with the increased quality and capacity, the rainwater harvesting container was also created by building a dam at the sewer canal. After improvement, Komatsu Undercarriage Indonesia can produce clean water of around 800 m<sup>3</sup>/month, and reduce with the same amount of water. In the future, to achieve the final target reduce water usage 70% vs FY2010 by increase the recycled water, the water pond will be created to increase the capacity of rainwater harvesting containers and increase the collected wastewater.



## 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 FY2023, we supported the development of environment management systems and improvements of our worksites. Additionally, we conducted on-site compliance checks and follow-up study sessions to ensure improvements. Furthermore, to enhance information sharing with sales companies, we revamped the intranet for providing information to sales companies, including updated legal information and educational materials to offer extensive support.

Item	FY2022	FY2023	Year-on-year
CO <sub>2</sub> (kt-CO <sub>2</sub> )	7.5	7.1	6.4% decrease

### Acquisition of ISO14001 certification

Komatsu Customer Support Co., Ltd. ("KCSJ") has implemented activities in FY2023 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.



Emergency Training

## 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.



2024 Environmental Exhibition Exhibit (PC30E)

# Environmental risk management

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## 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 FY2023, there were nine minor violations of environmental regulations in Japan. No fines were imposed, and all issues have been resolved.

At overseas sites, there was a minor violation related to emergency training in North America (KAC). No fines were imposed, and the issue has been resolved.

### Addressing soil and groundwater contamination

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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 FY2023, the number of PRTR\* substances with a handling volume of 1 ton or more (0.5 tons or more for Class 1 Designated Chemical Substances) increased 4 from the previous fiscal year, reaching a total of 29 substances. This increase is due to the addition of new substances subject to PRTR following the revision of the PRTR law. The three substances, xylene, ethyl benzene, and toluene, account for approximately 81% of the emissions from Komatsu and Komatsu Group production sites, with most of these emissions being released into the atmosphere.

In FY2023, each business site has been making improvements by switching to paints and thinners with lower PRTR Class 1 content, resulting in a reduction in the handling volume.

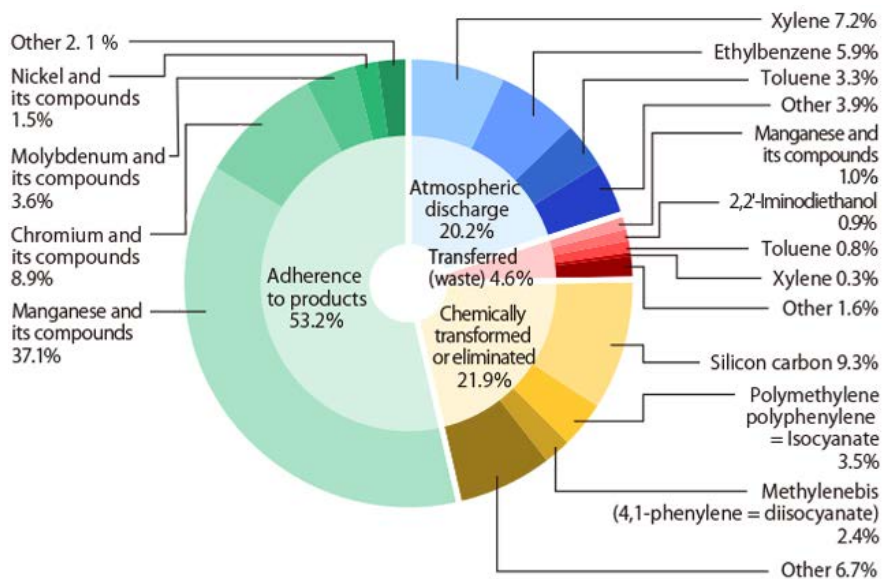
In FY2024, we will continue to switch to sub-materials with lower PRTR Class 1 content, improve coating efficiency, reduce coating film thickness, and recycle paint thinner.

\* 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



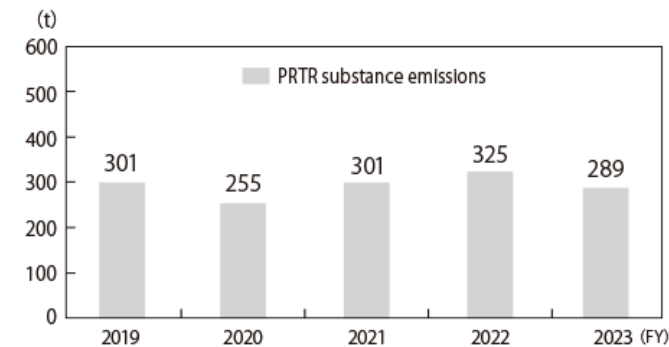
Note: Substances subject to notification from FY2023 onwards, handled in quantities of 1 ton or more (however, 0.5 ton or more for specific type 1 substances)

\* 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)

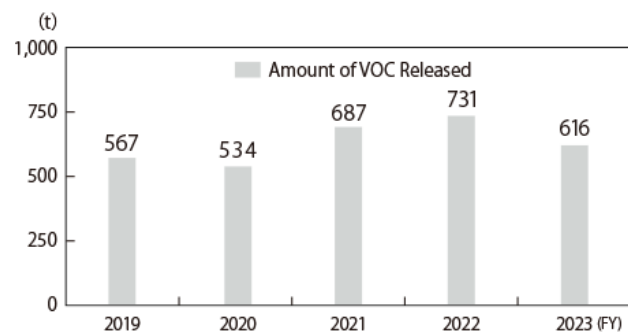
## Reducing VOC Emissions

The majority of VOC emissions are from VOCs contained in paint and thinner, such as xylene and ethyl benzene. In FY2023, VOC emissions decreased by approximately 16% compared to FY2022. We will continue our efforts to reduce VOC emissions in the future.

## 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

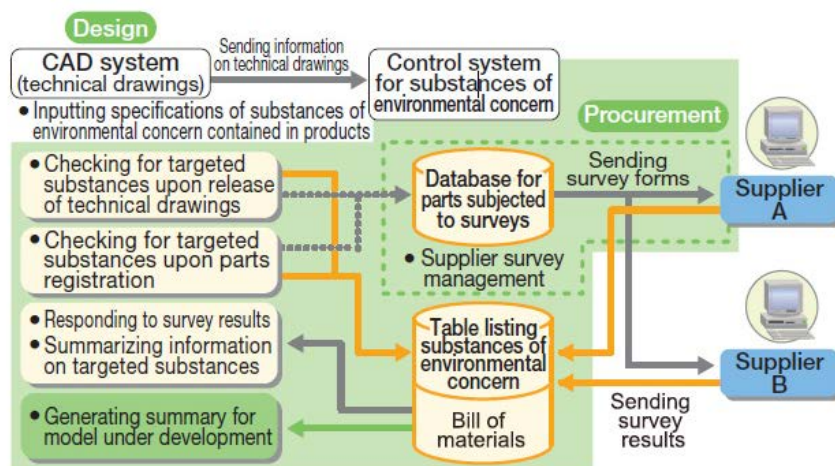
Komatsu is aware of the harmful environmental impacts that certain materials possess, and has made continuous efforts from an early stage to reduce the use of a number of such substances. These included asbestos, lead, and other such items. In FY 1999, we created our own list of banned and limited-use 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\*<sup>1</sup> and SCIP\*<sup>2</sup>, 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 May, 2024, there are 240 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"> <li>■ Hexavalent Chromium</li> <li>■ PBB/PBDE/DBDE *4/HBC DD</li> <li>■ PCB</li> <li>■ Trichloroethylene</li> <li>■ PFOS (Perfluorooctane sulfonate)</li> <li>■ Pentachlorothiophenol *4</li> <li>■ Cadmium</li> <li>■ Tri-substituted Organostannic Compounds</li> <li>■ Asbestos</li> <li>■ Triethanolamine</li> <li>■ RCF (Fire-Resistant Ceramic Fibers) (Alumina and Scilica Types)</li> <li>■ Hexachlorobutadiene *4</li> <li>■ Mercury</li> <li>■ Sulfur Hexafluoride *4</li> <li>■ Specified CFCs/Alternative CFCs (HCFC)</li> <li>■ Hexachlorobenzene</li> <li>■ 2,4,6-Tri-tert-butylphenol *4</li> </ul>
To be reduced (Subject to limited use)	15	<ul style="list-style-type: none"> <li>■ Lead</li> <li>■ Alternative CFCs (HFC)</li> <li>■ Polycyclic Aromatic Hydrocarbons (PAH)</li> <li>■ BNST</li> <li>■ Arsenic</li> <li>■ Specified phthalate ester (DEHP/DBP/BBP/DIBP) *3</li> <li>■ Methanol</li> <li>■ DOTE</li> <li>■ Selenium</li> <li>■ Specified Chlorinated Flame Retardents (TCEP)</li> <li>■ DZ</li> <li>■ UV327</li> </ul>
Substances of Very High Concern (SVHC) under EU REACH Regulations	(240)*5	<p>Komatsu controls the use of the following substances, which might be used in Komatsu products.</p> <ul style="list-style-type: none"> <li>■ DEHP/DBP/BBP/DIBP etc (5 substances)</li> <li>■ Specified Lead Compounds (4 substances)</li> <li>■ HBCDD/DBDE/Trisphosphates (2-Chloroethyl)</li> <li>■ DOTE</li> <li>■ RCF</li> <li>■ UV327</li> </ul>

\*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, 2024. 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 73% of the construction machinery manufactured in FY2023 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

	FY2021	FY2022	FY2023
NOx(g/kWh)	3.5	3.5	3.7
PM(g/kWh)	0.18	0.17	0.19

## 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, recycling, and activities focused on water quality protection. In 2023, we conducted a "Water Risk Survey" at 58 key business sites, both domestic and international, regardless of production status. This survey included: (1) the identification of general and objective water risks using the WRI Aqueduct, and (2) a subjective awareness survey of water risks deemed important by Komatsu. By combining these two approaches, we achieved a more comprehensive "Water Risk Survey."

The results of this "Water Risk Survey" revealed that some areas within the Komatsu Group face significant risks, such as water scarcity (water stress) and disaster risks from river flooding. Moving forward, we will continue to conduct regular "Water Risk Surveys" to update and address water-related issues within the Komatsu Group.

### Water stress risk survey

Using WRI Aqueduct, we surveyed the water stress risks at 30 main domestic and international production bases of the Komatsu Group, focusing on the use of water resources necessary for production activities, including clean water (tap water/city water), industrial water (clean water for industrial use), and well water.

As of 2023, the business locations rated as having high or middle-to-high water stress risks accounted for approximately 6% of our total water usage. While about 68% of the water used by Komatsu overall is well water, we found that all the water used in the locations with high water stress risks is clean water. This underscores the importance of reducing water usage and increasing water recycling to secure water resources in these areas.

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 FY2007 to prevent risks at overseas subsidiaries.

In FY2023, we conducted audits in Europe, China, and North America. The audits were carried out with the support of environmental managers at mother plants in Japan, after verifying the self-check sheets prepared by the local subsidiaries. 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 impact.

We will continue to conduct follow-up audits and expand environmental audits to local subsidiaries in other regions.

### ■ Past Environment Audits

Year	Area	Year	Area
2007	China	2016	India and Indonesia
2008	—	2017	Russia and China
2009	Thailand and Indonesia	2018	Indonesia and Brazil
2010	India	2019	China and the United States
2011	Brazil	2020	Europe
2012	Russia and Czech Republic	2021	China and Europe
2013	United State	2022	Southeast Asia and the United States
2014	United States and Brazil	2023	Europe, China, and North America
2015	Thailand		



## 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. In FY2023, meetings were held in Oceania, North America, Latin America, Europe, Southeast Asia, South Africa, and China. 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 CO<sub>2</sub> 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



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# Environmental data

## 1. Changes in major environmental data

Independent Practitioner's Assurance

Item	FY2019	FY2020	FY2021	FY2022	FY2023	Unit
Scope1 CO <sub>2</sub> emission	112	104	109	113	93	kt
Scope2 CO <sub>2</sub> emission	292	278	352	350	250	kt
Scope1+2 emission	404	382	461	464	342	kt
Scope3 CO <sub>2</sub> emission	22,125	21,729	30,893	34,271	30,425	kt
Energy consumption	8,183	7,838	9,612	9,916	8,291	TJ
Renewable electricity use	76.6	84.7	111.8	145.7	177.5	GW h
Renewable electricity ratio	11	13	14	17	25	%
Generated waste	95.6	74.2	92.7	104.0	72.6	kt
(Included) Hazardous waste generated	-	-	-	11.0	8.7	kt
Water input	3,570	3,238	3,140	3,081	2,721	thousand m <sup>3</sup>

Note: The above data show total data for manufacturing sites

## 2. Manufacturing sites

Independent Practitioner's Assurance

### ■ Total of Manufacturing Sites

	Item	Actual value
Energy consumption	Purchased electricity	689 GWh
	Light oil,Gasoline, et al.	9,273 kℓ
	Gas	23,495 thousand m <sup>3</sup>
	LPG	5,420 t
	District heating	6 GWh
	Steam	3,216 t
	Total energy consumption	8,291 TJ
	CO <sub>2</sub>	342 kt-CO <sub>2</sub>
	Private Power generation	25 GWh
Water input		2,721 thousand m <sup>3</sup>
Total emissions of waste		72,644 t



Independent Practitioner's Assurance

**Japan**

Environmental impact	Item	Actual value
	Total CO <sub>2</sub> emissions	205 kt-CO <sub>2</sub>
	NOx total amount	47 t
	SOx total amount	1 t
	Total emissions of waste	19,310 t
	BOD emissions	6 t
	COD emissions	7 t
	Wastewater	1,724 thousand m <sup>3</sup>
	Output of in-house power generation	12 GWh

Energy consumption	Item	Actual consumption	Converted to calorie equivalents (TJ)
	Purchased electricity	387 GWh	3,669
	Heavy oil A	2,464 kℓ	96
	Kerosene	1,123 kℓ	41
	Light oil	3,928 kℓ	149
	City gas	4,786 thousand m <sup>3</sup>	197
	LPG	4,475 t	224
	Gasoline	124 kℓ	4
	Biomass, Solar	-	107
Total		4,487	

Water input	Item	Actual consumption	Converted to calorie equivalents (TJ)
	Groundwater	1,766 thousand m <sup>3</sup>	
	Industrial water	0 thousand m <sup>3</sup>	
	Supply water	228 thousand m <sup>3</sup>	
Total	1,994 thousand m <sup>3</sup>		

\*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

**The Americas**

	Item	Actual value
<b>Energy consumption</b>	Purchased electricity	135 GWh
	Light oil,Gasoline, et al.	720 kl
	Gas	9,365 thousand m <sup>3</sup>
	LPG	276 t
	District heating	- GWh
	Steam	- t
	Total energy consumption	1,706 TJ
	CO <sub>2</sub>	30 kt-CO <sub>2</sub>
	Private Power generation	2 GWh
	<b>Water input</b>	
<b>Total emissions of waste</b>		28,059 t

Independent Practitioner's Assurance

**Europe**

	Item	Actual value
<b>Energy consumption</b>	Purchased electricity	24 GWh
	Light oil,Gasoline, et al.	147 kl
	Gas	3,308 thousand m <sup>3</sup>
	LPG	0 t
	District heating	6 GWh
	Steam	- t
	Total energy consumption	390 TJ
	CO <sub>2</sub>	9 kt-CO <sub>2</sub>
	Private Power generation	2 GWh
	<b>Water input</b>	
<b>Total emissions of waste</b>		9,933 t



Independent Practitioner's Assurance

## ■ Asia

	Item	Actual value
<b>Energy consumption</b>	Purchased electricity	143 GWh
	Light oil,Gasoline, et al.	768 kl
	Gas	6,037 thousand m <sup>3</sup>
	LPG	670 t
	District heating	- GWh
	Steam	3,216 t
	Total energy consumption	1,707 TJ
	CO <sub>2</sub>	98 kt-CO <sub>2</sub>
	Private Power generation	8 GWh
<b>Water input</b>		506 thousand m <sup>3</sup>
<b>Total emissions of waste</b>		15,343 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 CO<sub>2</sub> emissions (Total of production sites)**

Standard	CO <sub>2</sub> (kt)
Location-based	334
Market-based	267

### 3. Sales and after-sales sites

Independent Practitioner's Assurance

FY2023 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		193
Number of employees		4,555
Data of ISO14001 certification acquisition	May 2018	

Environmental impact	Item	Actual value
	Total CO <sub>2</sub> emissions	7.1 kt-CO <sub>2</sub>
	Total emissions of waste	12,597 t
	Amount recycled	10,235 t
	Recycling rate	81.2 %

Energy consumption	Item	Actual consumption	Converted to calorie equivalents (TJ)
	Electricity	12.9 GWh	128.5
	Heavy oil A	128 kℓ	5.0
	Kerosene	393 kℓ	14.3
	Light oil	78 kℓ	3.0
	Gasoline	7 kℓ	0.2
	LPG	17 t	0.8
	City gas	49 thousand m <sup>3</sup>	2.0
	Total		153.8



## 4. Other sites

Independent Practitioner's Assurance

Site data of non-manufacturing divisions			
<b>Manufacturing facility included</b>	Head Office, Field Testing Department, Techno Center, General Education Center, Recreation Facilities (5 sites)		
<b>Environmental impact</b>	<b>Item</b>	<b>Actual value</b>	
	Total CO <sub>2</sub> emissions	3.0 kt-CO <sub>2</sub>	
<b>Energy consumption</b>	<b>Item</b>	<b>Actual consumption</b>	<b>Converted to calorie equivalents (TJ)</b>
	Purchased electricity	4.4 GWh	41.6
	Heavy oil A	37 kℓ	1.5
	Light oil	318 kℓ	12.1
	City gas	7 thousand m <sup>3</sup>	0.3
	LPG	81 t	4.1
	Gasoline	2 kℓ	0.1
	Total		59.6



## Amount of CO<sub>2</sub> emissions by Scope3

Independent Practitioner's Assurance

Category	Rate (%)	Summary Data kt-CO <sub>2</sub>
Scope3 (1)Manufacturing of Purchasable Goods	9.6	2,934
Scope3 (2)Capital Goods Construction and others	0.7	204
Scope3 (3)Fuel Procurement	0.3	93
Scope3 (4)Upstream Transportation disposal	0.3	99
Scope3 (5)Waste Transportation	0.0	13
Scope3 (6)Business Trips	0.4	134
Scope3 (7)Commuting	0.2	46
Scope3 (8)Upstream Leased Assets Operation	-	-
Scope3 (9)Downstream Transportation	-	-
Scope3 (10)Processing Sold Products	-	-
Scope3 (11)Customer Use	88.4	26,884
Scope3 (12)Product disposal	0.1	17
Scope3 (13)Downstream Leased Assets Operation	-	-
Scope3 (14)Franchise Member Companies	-	-
Scope3 (15)Investment Management	-	-
<b>Total CO<sub>2</sub>Emission Amount (kt-CO<sub>2</sub>/year)</b>	<b>100.0</b>	<b>30,425</b>

Due to the decimal values in each category, the totals may not match.

Category 8 is included in the calculation for Scope 1 and 2.

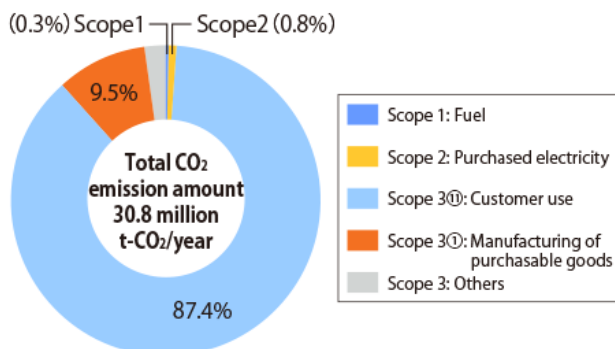
Category 9 is included in the calculation for Category 4.

Category 13 is included in the calculation for Category 11.

There are no activities subject to calculation for Categories 14 and 15.

### 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 CO<sub>2</sub> 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)

### Progress of SBT

Independent Practitioner's Assurance

	Base year (2019)	FY2022		FY2023		
		Emission amount	Rate of change (from base year)	Emission amount	Rate of change (from base year)	
Scope1+2	470 (kt-CO <sub>2</sub> )	524 (kt-CO <sub>2</sub> )	+11%	402 (kt-CO <sub>2</sub> )	-15%	
Breakdown	Scope1	128 (kt-CO <sub>2</sub> )	128 (kt-CO <sub>2</sub> )	0%	108 (kt-CO <sub>2</sub> )	-16%
	Scope2	343 (kt-CO <sub>2</sub> )	396 (kt-CO <sub>2</sub> )	+16%	294 (kt-CO <sub>2</sub> )	-14%
Scope3	20,819 (kt-CO <sub>2</sub> )	30,361 (kt-CO <sub>2</sub> )	+46%	26,884 (kt-CO <sub>2</sub> )	+29%	

\* Scope1+2 includes manufacturing sites and major sales sites etc.

\* Scope3 indicates category-11 (customer use)

\* Scope 1 and 2 emission amounts may not match exactly due to the use of decimal points.



## Environmental education in FY2023

Komatsu follows a basic educational framework where common knowledge education is overseen by the Head Office, and specific education tailored to the uniqueness and characteristics of each division is managed by the respective business units. Various vocational training programs include environmental courses to raise awareness of energy reduction, waste reduction, and water usage reduction.

In FY2023, we focused on online training programs to develop and enhance the skills of internal auditors in environmental and safety practices.

Environmental education for newly appointed managerial employees, which has been conducted since FY2014, is also provided through online training.

While we already meet the legally required number of personnel with environment-related certifications, we are actively promoting planned acquisition to further increase this number.

### Courses in environmental education and training in Japan (excluding general environmental courses) \*

Independent Practitioner's Assurance

Hosted by	No.	Course name	Target	Participants			
				FY2020	FY2021	FY2022	FY2023
Head office	1	Newly appointed manager training	Komatsu Group newly appointed managers	207	182	213	230
	2	Training new employees	New Employees (Komatsu and affiliates)	318	314	288	321
	3	Advanced environmental education (held every two years)	Environmental specialists (Komatsu and affiliates)	-	19	-	11
	4	Overview of the ISO14000 series	Managers (Komatsu, affiliates, and business associates))	98	182	259	352
	5	Training of internal auditors / Refresher courses	Environmental auditors (Komatsu, affiliates, and business associates)	80	182	190	163
	6	Explanation of Environmental Regulations and Risks	Managers and employees	-	-	-	-
	7	Development and manufacturing (introductory)	Development and manufacturing staff (for second-year employees)	208	202	140	167



Hosted by	No.	Course name	Target	Participants			
				FY2020	FY2021	FY2022	FY2023
Head office	8	Environmental training for manufacturing engineers	Assistant foremen/ foremen/ manufacturing engineers/ students of Komatsu Institute of Technology	80	218	129	145
	9	Lectures on the environment, experience-oriented education	Komatsu Group employees	645	745	411	1,023
Divisions overseeing environmental management at plants	1	Education in the basics of auditing	Managers and employees	57	57	35	78
	2	Overview of the ISO14000 series	Managers and employees	351	338	175	598
	3	Training of internal auditors	Environmental auditors	13	13	5	0
	4	Training new employees	New Employees	1,075	1,351	1,605	1,833
	5	Regulatory education and personnel exchange	Employees (and other participants)	172	123	247	272
	6	Specialist training	Environmental conservation practitioners (persons involved in regulatory affairs, etc.)	370	435	581	720

\* In addition to the education and training courses listed above, Komatsu also held courses dealing with environmental issues intended for sales agents.

## 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*			
	FY2020	FY2021	FY2022	FY2023
Pollution control administrators	225 (35)	206 (35)	202 (35)	190 (35)
Energy administrators	37 (9)	36 (9)	34 (9)	31 (9)

\* Figures in parentheses indicate the number of officers required.



# 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

Category		Investment			Expenses		
		FY2022	FY2023		FY2022	FY2023	
		Investment* <sup>1</sup> (millions of yen)	Investment* <sup>1</sup> (millions of yen)	Contents	Expenses* <sup>1</sup> (millions of yen)	Expenses* <sup>1</sup> (millions of yen)	Contents
1.Business area cost		2,174	2,500		2,291	2,242	
Breakdown	(1). Pollution prevention cost	342	245	<ul style="list-style-type: none"> <li>Upgrading Wastewater Separator Measurement Instruments, etc.</li> </ul>	356	326	<ul style="list-style-type: none"> <li>Environmental measurement and sludge/soil treatment costs</li> </ul>
	(2). Global environmental conservation cost	1,638	1,999	<ul style="list-style-type: none"> <li>Introducing Solar Power Generation, etc.</li> </ul>	936	867	<ul style="list-style-type: none"> <li>Biomass boiler fuel and other facilities maintenance costs, etc.</li> </ul>
	(3). Resource circulation cost	195	255	<ul style="list-style-type: none"> <li>Upgrading Waste Liquid Concentration Equipment, etc.</li> </ul>	999	1,048	<ul style="list-style-type: none"> <li>Waste material processing cost</li> </ul>
2.Upstream/downstream cost		2	3	<ul style="list-style-type: none"> <li>Manufacturing Transport and Fixation Jigs, etc.</li> </ul>	661	656	<ul style="list-style-type: none"> <li>Reduction of the environmental impact of mass-production units</li> </ul>
3.Administration cost		47	50	<ul style="list-style-type: none"> <li>Introducing a Power Visualization System, etc.</li> </ul>	1,146	1,189	<ul style="list-style-type: none"> <li>Cost of creating green spaces and beautifying manufacturing sites</li> <li>Biodiversity survey costs</li> </ul>

Category	Investment			Expenses		
	FY2022	FY2023		FY2022	FY2023	
	Investment*1 (millions of yen)	Investment*1 (millions of yen)	Contents	Expenses*1 (millions of yen)	Expenses*1 (millions of yen)	Contents
4.R&D cost	4,342	6,490	<ul style="list-style-type: none"> <li>Implementing Measures for Faster Spindle Break-in Operation, etc.</li> </ul>	25,343	27,896	<ul style="list-style-type: none"> <li>Development, Design, and Testing of Environmentally Friendly Solutions</li> <li>Depreciation of investment in development facilities</li> </ul>
5.Social activity cost	0	3		10	25	<ul style="list-style-type: none"> <li>Cost of community beautification activities</li> <li>Membership fee for local environmental groups</li> </ul>
6.Environmental remediation cost	0	0		121	234	<ul style="list-style-type: none"> <li>Soil contamination remediation costs</li> </ul>
<b>Total</b>	<b>6,564</b>	<b>9,046</b>		<b>29,572</b>	<b>32,242</b>	

\*1 All figures are rounded off to the nearest million yen.



## 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 <sub>2</sub> emissions	-14,589	-7
Water input	-26	-1
Waste materials generation	239	+1

### Economic benefits

Komatsu and Komatsu Group manufacturing facilities in Japan (except group companies in the facilities),  
Field Testing Department

Tangible benefits			Avoidance benefits of environmental risks* <sup>2</sup>	Contribution to profits* <sup>2</sup>
Type	Monetary value* <sup>1</sup> (millions of yen)	Major activities		
Energy conservation	475	Expanding Solar Power Generation Facilities, etc.	* In FY2023, there were no major accidents or legal infractions that would contaminate the environment. * No litigation costs were required in Japan during FY2023.	<ul style="list-style-type: none"> <li>Proceeds from mobile recycling equipment</li> <li>Proceeds from value added due to reduced environmental impact of products</li> </ul>
Resource conservation	65	Reduce heavy oil for heating and cooling by biomass utilization		
Waste materials reduction	93	Control the amount of waste generated and promotion of recycling through thoroughgoing sorting		
Gain on sale of valuables	633	Sale of scrap, used paper, waste oil, etc.		
Other	0	-		
<b>Total</b>	<b>1,267</b>			

\*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 <sup>\*1</sup>

### 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

<sup>\*1</sup> 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 FY2023

### Environmental management

Theme	Index	Reference year	FY2023 Goal	FY2023 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(August)	

### Research & Development

Theme	Index	Reference year	FY2023 Goal	FY2023 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 <sub>2</sub> emissions from products (Promotion of fuel efficiency improvement during product operation)	CO <sub>2</sub> emissions reduction (unit: %)	2010	- Reduction of CO <sub>2</sub> emissions from use of products (construction machinery, mining machines) Goal: 22% reduction	- Continued development Achievement: 22% reduction	Goal for 2030: 50% reduction
Reduction of CO <sub>2</sub> 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)	



Theme	Index	Reference year	FY2023 Goal	FY2023 Achievement	Remarks
Thorough management and reduction of materials with environmental burdens in construction machinery and industrial vehicles			<ul style="list-style-type: none"> <li>- Reduction of the volume of hazardous substances in the next vehicle to be developed (Maintaining a 90% reduction compared to 1998)</li> <li>- Operating a system that manages hazardous substances per part (REACH Compliant)</li> </ul>	<ul style="list-style-type: none"> <li>- Maintained 90% reduction of lead usage compared to 1998</li> <li>- 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)</li> </ul>	

## Production

Theme	Index	Reference year	FY2023 Goal	FY2023 Achievement	Remarks
CO <sub>2</sub> emissions	Improvement of basic unit	2010	47% or more reduction	51% reduction	Goal for 2030: 50% reduction
Recyclable energy usage	Percentage of electricity consumed		18% or more	25%	Goal for 2030: 50%
Water input volume	Improvement of basic unit	2010	68% or more reduction	67% reduction	Goal for 2024: 70% reduction
Discharged waste volume	Improvement of basic unit	2010	27% or more reduction	54% reduction	Goal for 2030: 40% reduction





## Logistics

Theme	Index	Reference year	FY2023 Goal	FY2023 Achievement	Remarks
Shift to transportation means with a low environmental burden Increase use of domestic vessels and JR	Modal shift rate per 500km	-	66%	67%	Himi, Tochigi, and Koriyama plants achieved their targets by expanding the use of JR and coastal shipping.
Improvement of CO <sub>2</sub> emissions per cargo weight (basic unit) from transportation of products and parts  Domestic transportation	Improvement per basic unit	2006	66	59	Goal for 2030: 39% reduction (Basic Unit 61)
Improvement of CO <sub>2</sub> emissions per cargo weight (basic unit) from transportation of products and parts  Overseas transportation	Improvement per basic unit	2011	86	86	Goal for 2030: 22% reduction (Basic Unit 78)

## Procurement

Theme	Index	Reference year	FY2023 Goal	FY2023 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 on 38 high-risk facilities	All 38 facilities already implemented	
Activities to reduce water consumption (10 companies)	-	-	Reduce clean water use 15% or more	15% reduction	



## Sales & Services

Theme	Index	Reference year	FY2023 Goal	FY2023 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 (6 companies)	Implemented at 13 companies	
Provision of environmental education	Number of bases where on-site instruction workshops were held	-	62 bases	59 bases	Conducted on-site instruction workshops (three locations not yet completed due to distributor circumstances).
Sales expansion of environmental products	-Sales expansion activities for Tier4 models -Sales expansion activities for FE	-	-Sales plan criteria for FY 2023 -Sales plan criteria for FY 2023	-86.1% of the criteria -81.0% of the criteria	
Promotion of Smart Construction work	Number of Smart Construction sites	-	BP for FY 2023	79.4% 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 11 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 [including KE LK Ltd.], Tochigi Plant, Himi Plant, Shiga Plant, Komatsu NTC 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 19 business units appearing on the world map below.



- Overseas logistics offices: the following 10 companies  
Komatsu Americas Corp. [Chattanooga][Peoria], Komatsu do Brasil Ltda., Komatsu UK Ltd., Komatsu Germany GmbH [Düsseldorf], Komatsu (Changzhou) Construction Machinery Co., Ltd., Komatsu Shantui Construction Machinery Co., Ltd., PT Komatsu Indonesia, Bangkok Komatsu Co., Ltd. and Komatsu India Pvt. Ltd.
- Komatsu Group manufacturing facilities including overseas: All 30 facilities listed above (11 in Japan and 19 overseas).

### 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 2023 to the end of March 2024, with a portion of information that involves data acquired after April 2024.

## 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"> <li>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)</li> <li>Biomass fuel: National Woodchips Industry Association (Japan)</li> <li>Regional heat: site reported value (1.54 GJ / MWh)</li> </ul>	
	GHG	Energy originated CO <sub>2</sub> = (fuel quantity, electricity quantity) x CO <sub>2</sub> emission factor Non-energy originated GHG = Gas emissions x Global warming potential (GWP) <ul style="list-style-type: none"> <li>CO<sub>2</sub>emission factor Electricity: 2010 value of IEA CO<sub>2</sub> 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</li> <li>GWP: Value of greenhouse gas emissions calculation, reporting and publication system</li> </ul>	
	Energy, CO <sub>2</sub> emission in basic unit	Basic unit for each plant = (energy, CO <sub>2</sub> ) / (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 <sub>2</sub> emissions ratio in the base year.	
	Location-based Scope 2	CO <sub>2</sub> emission = purchased electricity quantity x CO <sub>2</sub> emission factor <ul style="list-style-type: none"> <li>CO<sub>2</sub> 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 CO<sub>2</sub> EMISSIONS FROM FUEL COMBUSTION 2012</li> </ul>	
	Market-based Scope 2	CO <sub>2</sub> emission = purchased electricity quantity x CO <sub>2</sub> emission factor <ul style="list-style-type: none"> <li>CO<sub>2</sub> emission factor: Japan;Emission Factor by Electric Power Company Overseas; 2010 value of IEA CO<sub>2</sub> EMISSIONS FROM FUEL COMBUSTION 2012 However, the electricity generated from renewable energy source has zero emission factors</li> </ul>	
	Scope3	C1	Purchased product service: Product weight x emission factor + cooperating company CO <sub>2</sub> 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	

Classification	Item	Calculation Method
GHG Energy	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
	C11	Use of products sold: $\Sigma$ (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
		Emission factor 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 C3 Fuel: Carbon Footprint Communication Program Basic Database (Ver 1.01)
	CO <sub>2</sub> emissions index during product operation	CO <sub>2</sub> 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.
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%

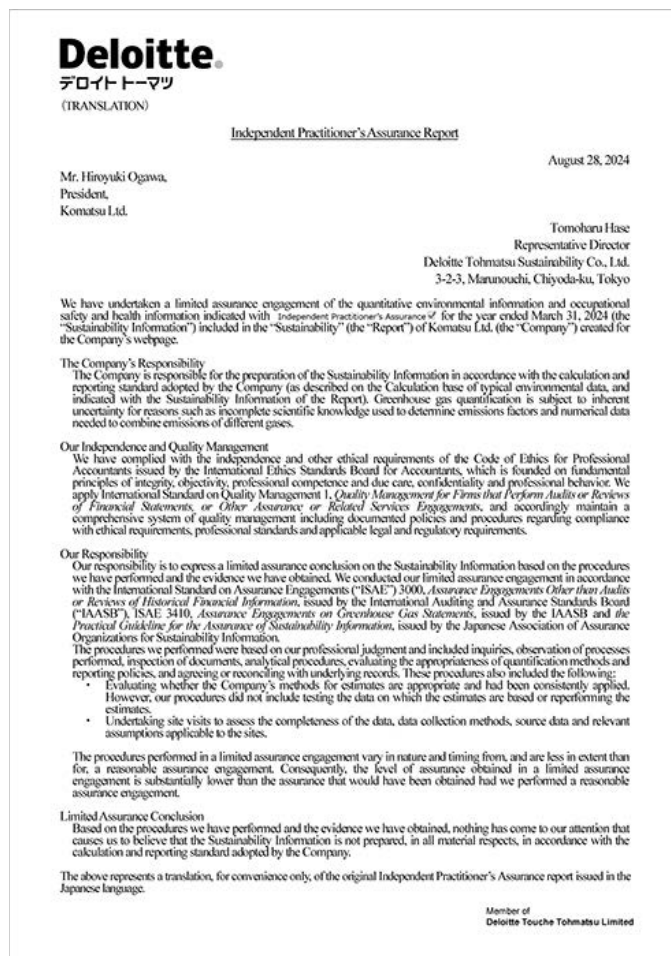
### 2. ISO 14001 certification acquisition coverage

ISO 14001 certification acquisition coverage rate at production sites: 94% (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 2023 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 \(PDF : 124KB\)](#)

## 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 where appropriate.

## Other CSR data

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### Political contributions

Our political contributions in FY2023 totalled 8 million yen.\*

\* Described in the Income and Expenditure Reports on Political Funds released on November 24, 2023 (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.

### Collaboration with external organizations

Komatsu is a member of the Japan Business Council in Europe (JBCE), which aims to contribute to the development of European policies aligned with the Paris Agreement and other agreements.



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



## 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

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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:

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To clarify the responsibilities of Komatsu Group and its employees as members of the local community and guide their activities for social contribution accordingly.

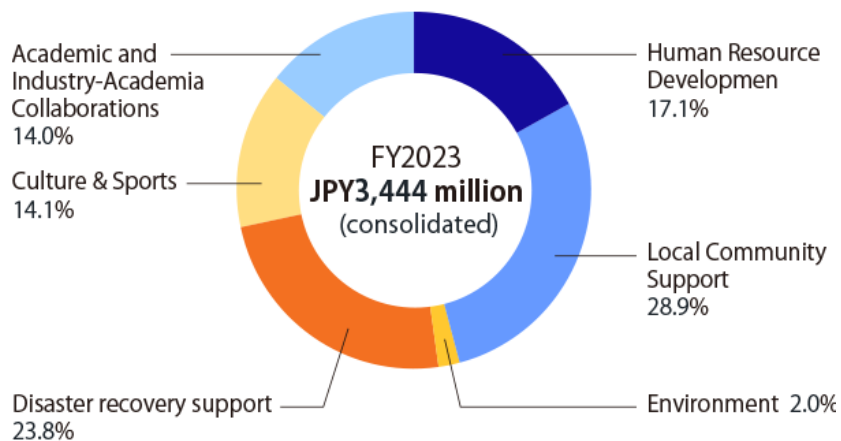
### Principles: Activities for social contribution should:

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- 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 FY2023

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	2,296
Time contributions	531
In-kind support (such as facility access and vehicle loans)	321
Management overheads	296
<b>Total</b>	<b>3,444</b>

## Nurturing the next generation

The Komatsu Group acknowledges that a company, as a good corporate citizen, should live up to the expectations of the society by promoting harmonious relations with, and contributing to the benefit of, the community in which it operates. Accordingly, we shall be proactively and continuously engaged in regional activities for social contribution. Nurturing the next generation of children is one of these initiatives.

### Efforts for nurturing children and environmental conservation at Komatsu no Mori

Komatsu no Mori was established on May 13, 2011, in Komatsu City, Ishikawa Prefecture, to commemorate Komatsu's 90th anniversary. It aims to foster the healthy development of children in local communities and preserve the natural environment through activities such as nature observation in the satoyama (undeveloped woodland near populated area), science and manufacturing classes at the Waku-Waku Komatsu Kan, and social studies field trips for elementary schools. The Waku-Waku Komatsu Kan and the NPO Midori-no-Komatsu Sukusuku-kai jointly operate Komatsu no Mori, with over 290 volunteers, including former employees of the Komatsu Awazu Plant, participating in these activities.

#### Satoyama event committee

This committee plans and executes events that allow children to experience the joy of playing in nature through activities such as observing plants and animals in the satoyama and rice cultivation in the fields.



Sweet potato planting



Rice seedling planting



Leaf bookmark making

#### Satoyama green committee

This committee assists in maintaining the satoyama by cleaning up lawns, collecting fallen leaves, tending to flower beds, and planting seasonal flowers in the Satoyama, Plaza, and Stream Zone. They also conduct floral education activities in collaboration with local preschool and daycare center children.



Education through flowers (Pottin



Education through flowers (Garden Making)



Garden Maintenance

### Sukusuku classroom committee

At the Waku-Waku Komatsu Future Pavilion, we organize and implement curriculums for elementary school children that inspire interest in science and manufacturing through learning, crafting, and experiments.



Crafting at Science Class



Science Class in Cambodia



Lecture at Komatsu Tutoring Class

### Support committee

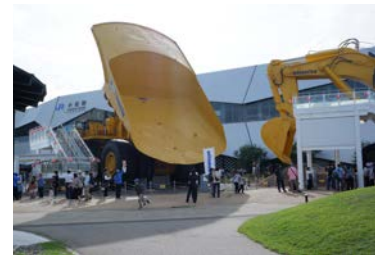
This committee supports the operation of Komatsu no Mori and Waku-Waku Komatsu Kan by organizing activities such as rides on the ultra-large mining machines 930E and PC4000, and operating the electric mini shovel, as well as assisting visitors and events.



Online Tours (broadca



Online Tours (screen)



Waku-Waku Autumn Festival

## Komatsu Australia: Science and Engineering Challenge 2023

In May 2023, Komatsu Australia (KAL) volunteered in the Science and Engineering Challenge (SEC) held in New South Wales, Australia. The SEC is a nationwide STEM\* outreach program presented by the University of Newcastle in partnership with communities, Rotary clubs, universities and sponsors. Through the SEC, students experience aspects of science and engineering which they would not usually see in their school environment.

This is the second year KAL sponsored the event and KAL employees volunteered to assist students with the Bridge Challenge for Year 10 students and the Get Over It Challenge for Year 6 students. This event not only provided learning opportunity for the students but also offered significant fulfillment for the supporters. One of the KAL employees commented, "I feel fortunate to be working for an organisation that is dedicated to guiding future students towards STEM. It's inspiring to see the passion and commitment of our team!"

\* STEM: "Science, Technology, Engineering and Mathematics," a term that collectively refers to these educational fields.



Bridge Challenge



SEC participants group photo

## 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



## Komatsu Philippines: Support of training for university students majoring in engineering

At many universities in the Philippines, practical training experience with private companies is a mandatory requirement for graduation from the engineering faculty. To meet the need for accepting trainees from those universities and to secure excellent talent for Komatsu Philippines Corporation (KPC), KPC has developed the Student Traineeship Program (STP).

KPC is an important hub to train "Global Engineers" who are involved in product support at operational sites worldwide. Since 2011, a total of 216 university students have participated in the STP at KPC, with 38 of them joining KPC after graduation. The students selected from each university to participate in the STP are generally highly motivated. On the final day of the approximately 260-hour training period, they deliver highly specialized presentations on the structure and functions of construction and mining equipment.

Many of the 16 students (mainly junior students) who participated in the STP in FY2023 have expressed their intention to join KPC in 2025. Through the STP, Komatsu will continue to contribute to the development of local human resources.





## Komatsu America Corp.: Pre-apprenticeship program at Chattanooga Manufacturing Operation

Chattanooga Manufacturing Operation (CMO) and Chattanooga State College's Polytech partnered to create the area's first state-certified pre-apprenticeship program, which coexists with conventional classes. Under this program, participants develop valuable skills under the guidance of seasoned technicians and earn income by working 4 hours a day, 5 days a week.

The course covers safety and health hazards in different industries, workers' rights and employers' obligations. The rigorous requirements ensure that participants are well-prepared for the demands of the manufacturing industry.

What makes this program truly special is its long-term outlook. Graduates of this program are eligible to kickstart their careers through full-time apprenticeships in industrial maintenance or welding at Chattanooga State after they graduate from high school. This seamless transition from pre-apprenticeship to apprenticeship gives students a clear path to pursuing a career in the manufacturing industry.

The program addresses the immediate talent needs of local businesses while laying the foundations for long-term economic growth. Moreover, it offers young adults the unique opportunity to learn from experienced professionals in a structured and supportive environment.

By bridging the gap between education and industry, it is not only shaping a skilled workforce but also empowering a new generation of workers to thrive in the manufacturing sector. Through CMO's visionary commitment to local talent, they are contributing to the economic prosperity of the region while inspiring young minds to reach new heights.



## 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.



South Africa



Salt Lake City, USA



Peru

### Cummins Profile

<b>Corporate name</b>	Cummins Inc.
<b>Established</b>	1919
<b>Headquarters</b>	Columbus, Indiana, U.S.
<b>Business segments</b>	Engine, Power systems, Components, Distribution
<b>URL</b>	<a href="http://www.cummins.com/">http://www.cummins.com/</a>

## 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, knowledge and experience 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

FY2023 results in Cambodia  
(Accumulative, as of April 2024)

**4,386 ha**

Demined area

**106 km**

Road construction /  
maintenance

**10**

Schools

**48**

Ponds

**1,000**

Students

**147 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 2024. All of these elementary schools were built on former minefields, and many of the students are from economically disadvantaged families. However, after graduating from elementary school, some students have begun to pursue higher education. Therefore, Komatsu launched a new scholarship program in FY2022 for students graduated from these Komatsu-built elementary schools. In FY2023, six students utilized the program, and in FY2024, fourteen students are benefiting from it.



University students attending school on scholarships

## News: Second study tour conducted



In May 2024, a study tour was conducted to visit demining sites and reconstruction areas, targeting Komatsu Group employees and their families. The tour, focused mainly on employee-participation CSR activities, and a total of 45 employees and their families participated. In addition to observing Komatsu construction machinery at work in minefields, agricultural lands, and infrastructure development sites, the group visited elementary schools built with Komatsu's support. At the schools, participants engaged in activities such as painting, repairing desks, and interacting with students through science experiments and crafting paper planes.





## - Laos -

### Demining and reconstruction project

FY2023 results in Laos  
(Accumulative, as of April 2024)

**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.



## Visiting lectures in Japan

As part of the "Visiting Lecture" initiative, Komatsu employees visit schools in Japan to introduce the activities of the demining project to a wide range of young people, from elementary school students to university students. To date, we have conducted approximately 115 lectures, reaching about 10,000 students (including online sessions).

Feedback from high school students included comments like, "I learned that Komatsu, a construction machinery company, is extending its support to regions such as Cambodia by collaborating with the government and JMAS. I realized that many fields hold great potential. Working with various people can expand possibilities in many directions, which is something I want to keep in mind moving forward," and "Even when we talk about 'social contribution' or 'international contribution,' I realized there are countless issues and many organizations and people striving to solve these issues. I have a big dream of being involved in international contribution in the future, and I now understand that there are many paths besides the one I am currently thinking of pursuing."

Komatsu will continue to provide visiting lectures to inspire children, who will lead the future, 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 !\[\]\(9db214d549b9aeebe72aa11d3a5c4b1a\_img.jpg\)](#)

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
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. The latest activities are as follows:

### Assistance for people affected by the Noto Peninsula Earthquake in 2024

In January 2024, an earthquake centered in the Noto Peninsula of Ishikawa Prefecture caused significant damage to the community.

In consideration of the extensive damage caused, Komatsu made a total donation of totaling JPY600 million (JPY500 million for Ishikawa Prefecture and JPY100 million for Toyama Prefecture) to provide emergency aid for the affected areas and people. In addition, in line with requests from the affected areas, we have been continuously providing support, including free-of-charge lending of equipment such as construction machinery, forklifts and generators, as well as personnel support to our suppliers that have been affected by the disaster.

Furthermore, Komatsu and the Federation of All Komatsu Workers' Unions jointly solicited donations from Komatsu Group employees and made a "matching donation" in which Komatsu donated an amount corresponding to the amount of the donation by the employees.

Komatsu was established in May 1921 in Komatsu City, Ishikawa Prefecture. Today, we operate in a total of four production bases in Ishikawa and Toyama Prefectures. We have also been actively engaged in business activities deeply rooted in the local community, collaborating with numerous local suppliers and distributors. Our pursuit of coexistence with local communities has been handed down through generations, and our basic stance is to contribute to society through business activities.

Moving forward, we will continue to provide the necessary support to contribute to the prompt restoration of the affected areas.



© Image courtesy : The Nippon Foundation / Japan Platform



© Image courtesy : The Nippon Foundation / Japan Platform

## Assistance for people affected by the Moroccan earthquakes and flooding in Libya

In September 2023, a strong earthquake centered inland occurred in Morocco, and a large-scale flood caused by a storm hit Libya.

To support the recovery of the affected areas, Komatsu decided to provide a total of EUR 70,000 worth of assistance through its wholly owned subsidiary, Komatsu Europe International N. V., for the purpose of reconstruction of the affected areas.

To the affected area in Morocco, Komatsu donated construction equipment to the Ministry of Equipment and Water through its local distributor, Stokvis Engins S. A. To Libya, we made a financial donation through the Belgian Red Cross.

We express our deepest sympathies to all those affected by the disasters.

## 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 compact excavator PC30MR, as well as rental costs for 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

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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.

### Komatsu South Africa: Extending compassion for those in need

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On the 18th of July 2023, Mandela Day, employees of Komatsu South Africa (KSA) actively engaged in different acts of kindness such as donating clothes and food to "Little Eden" which is one of the homes that provide a safe haven for people with profound intellectual disability.

KSA believes that in today's fast-paced world, it is important to remember those in our society who are vulnerable and in need of our support, and promotes the spirit of contributing and uplifting others. This creates a sense of purpose and belonging within the people of KSA and creates a sense of gratitude.

Not only was it emotional for some members of the Komatsu family but it was also an eye-opener for all of us. The gratitude felt within the Komatsu family not only helped us see the blessings in front of us but also strengthened our relationship with each other.



## Komatsu Mining Corp.: A fall filled with giving

Employees of Komatsu Mining Corp. (KMC) continued their spirit of giving into the fall with several activities serving the local Milwaukee community. Highlights from November 2023 included:

### Stew Crew

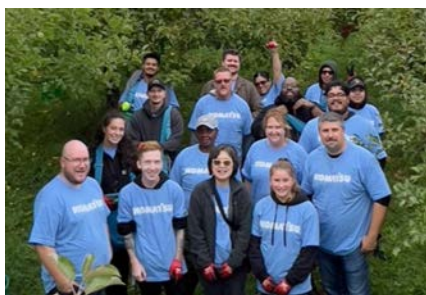
Since 2008, KMC has volunteered to help keep our community beautiful by hosting a "Stew Crew," short for Stewardship Crew. Volunteers meet at the front lobby at 11:30 a.m. and head out to a local park called Harbor View Plaza and along the access road to the campus to pick up trash in the neighborhood. This casual volunteer experience allows employees to participate as their schedule allows.



### Hunger Task Force

During the fall harvest season, employees working out of the Milwaukee Distribution Center volunteered more than 140 hours over the course of three days harvesting broccoli, peppers, apples, and corn at the Hunger Task Force (HTF) farm. HTF is a nonprofit organization dedicated to providing a steady supply of healthy and nutritious food to hungry children, families, and seniors in the Milwaukee area.

Support for HTF continued in a variety of ways throughout November. A group of 25 Komatsu employees, family and friends visited HTF to pack stockboxes for low-income seniors. The stockboxes included things like beef stew, peanut butter, spaghetti, fruit, vegetables, cereal, boxed milk and more. In total 600 stockboxes were packed and employees also donated 89 lbs. of food.



## Komatsu India: New community center for the society

Komatsu India Private Limited (KIPL) is actively engaged in new initiatives through Corporate Social Responsibility (CSR), aimed at social welfare activities, contribute to the overall development of communities continuously.

In February 2024, KIPL built a new community center in Kancheepuram district to serve as a hub for various activities and programs for the village people that will benefit the surrounding communities. This community center was built based on the request of the Council Chair of this region, and many KIPL representatives were invited to the opening ceremony.

During the inaugural session, the Council Chair received the keys on behalf of the village administration, symbolized the collaborative effort between Komatsu and local government to uplift the community by creating value together. Such initiatives showcase the commitment of KIPL to bring positive impact towards building better nation.

### **New Community Center Inaugural!**



## An employee-participatory social contribution program "One World One Komatsu"

Komatsu positions CSR as "activities to respond to societal demands through our core business" and strives to achieve sustainable growth together with society by resolving ESG issues. In 2021, the year we celebrate our 100th anniversary, Komatsu launched "One World One Komatsu" employee-participation social contribution project as the Komatsu Group's first global initiative in which allows all Komatsu Group employees to participate. 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 CO<sub>2</sub> emission

Water conservation

Renewable energy

Reduction of waste

### Komatsu Global Watch Party on June 2024

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 2024, 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 2024 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 CO<sub>2</sub>/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

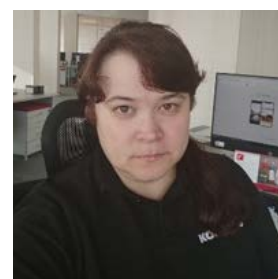
Rustam runs a YouTube channel (Rumah Anggur Indonesia) which he uses to educate viewers about sustainability issues. He also uses the channel to provide gardening assistance and promote a campaign to reduce carbon emissions.



#### ○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**

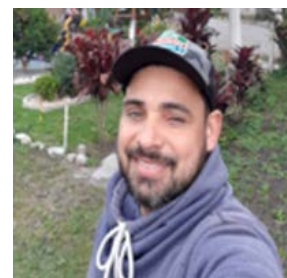
Award Category : Water Wise

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 33rd year. Over this period, including alumnae, about 90 athletes have competed in tournaments worldwide. The club has actively engaged in promoting and developing judo by welcoming foreign athletes and providing judo instruction both domestically and internationally.

### Results of club activities in FY 2023

In 2023, fierce competition continued in domestic and international tournaments to earn a spot in the Paris Olympics. Miku Takaichi, in the 63 kg weight class, represented Japan at the World Judo Championships in Doha, Qatar, in May 2023 but was eliminated in the third round. In August, she won a silver medal at the Masters Tournament by defeating Tokyo Olympic gold medalist Clarisse Agbegnenou of France. However, the competition for the 63 kg Olympic spot continued until the Grand Slam Tokyo in December. At the Grand Slam Tokyo, Takaichi secured her place in the Paris Olympics by winning crucial matches, including the quarterfinals and finals, through her strong groundwork. As a result, two athletes represented their countries at the 2024 Paris Olympics: Lien Chen-ling in the 57 kg weight class representing Taiwan and Miku Takaichi in the 63 kg weight class representing Japan, both for their third Olympic appearance.

At the Asian Games, Lien Chen-ling won a historic gold medal as the first Taiwanese judoka to achieve this feat. Additionally, Wakaba Tomita secured her fourth consecutive victory in the over 78 kg class at the All-Japan Judo Championships by Weight Category.



Miku Takaichi winning her second consecutive title in the 63 kg category at the Grand Slam Tokyo



Miku Takaichi responding to cheers with a smile



Lien Chen-ling winning Taiwan's first gold medal at the Asian Games



Miku Takaichi winning gold at the Asian Games



Wakaba Tomita winning her fourth consecutive title at the All-Japan Judo Championships

[> Komatsu Women's Judo Club](#)

## Social contribution activities through judo

The Komatsu Women's Judo Club continues to coach the Komatsu Kids Judo Club locally and hosts judo classes worldwide, including in Japan, to promote judo and foster the next generation of judoka.

Due to societal conditions and the COVID-19 pandemic, judo classes could not be held for a while. However, in October 2023, we were able to resume these classes at the Shonan Plant Fair. Children with no prior experience participated with their siblings and families, enjoying judo enthusiastically with our athletes. In November, we also held a judo class in Shika Town, Ishikawa Prefecture, where we built strong bonds with local children through judo. We will continue our efforts to promote judo in the future.



Children playing tug-of-war with athletes at the Shonan Plant Fair



Many children participated



Judo class in Shika Town, Ishikawa Prefecture



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# GRI content index

<b>Statement of use</b>	Komatsu has reported the information cited in this GRI content index for the period April 1, 2023 to March 31, 2024 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	<ul style="list-style-type: none"> <li>&gt; <a href="#">Company info</a></li> <li>&gt; <a href="#">Global locations</a></li> <li>&gt; <a href="#">Industries we support</a></li> <li>&gt; <a href="#">Innovation</a></li> </ul>
	2-2 Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> <li>&gt; <a href="#">Annual Securities Report Overview of Subsidiaries and Affiliates</a></li> <li>&gt; <a href="#">Global locations</a></li> </ul>
	2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> <li>&gt; <a href="#">ESG Databook: Editorial policy</a></li> <li>&gt; <a href="#">Contact for inquiries</a></li> </ul>
	2-4 Restatements of information	
	2-5 External assurance	<ul style="list-style-type: none"> <li>&gt; <a href="#">ESG Databook: Independent practitioner's assurance</a></li> </ul>
	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> <li>&gt; <a href="#">Company info</a></li> <li>&gt; <a href="#">Industries we support</a></li> <li>&gt; <a href="#">Innovation</a></li> <li>&gt; <a href="#">Global locations</a></li> <li>&gt; <a href="#">Performance by business division / region (full year)</a></li> <li>&gt; <a href="#">ESG Databook: Outline of procurement policy and supply chain</a></li> </ul>
	2-7 Employees	<ul style="list-style-type: none"> <li>&gt; <a href="#">Company info</a></li> <li>&gt; <a href="#">ESG Databook: The Komatsu Way and policy on human resource development</a></li> </ul>
	2-8 Workers who are not employees	—
	2-9 Governance structure and composition	<ul style="list-style-type: none"> <li>&gt; <a href="#">Articles of incorporation</a> </li> <li>&gt; <a href="#">Komatsu Report (Corporate governance)</a></li> <li>&gt; <a href="#">Corporate Governance Report</a> </li> <li>&gt; <a href="#">ESG Databook: Corporate governance</a></li> <li>&gt; <a href="#">ESG Databook: Corporate governance indicators</a></li> <li>&gt; <a href="#">ESG Databook: Structure for promoting sustainability</a></li> <li>&gt; <a href="#">ESG Databook: Organizational chart of the environmental management structure</a></li> </ul>
	2-10 Nomination and selection of the highest governance body	<ul style="list-style-type: none"> <li>&gt; <a href="#">Articles of incorporation</a> </li> <li>&gt; <a href="#">Corporate Governance Report</a> </li> <li>&gt; <a href="#">Notice of convocation</a> </li> <li>&gt; <a href="#">Results of the Exercise of Voting Rights (Extraordinary Report)</a> </li> </ul>



GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	<ul style="list-style-type: none"> <li>› Management team</li> <li>› Komatsu Report (Corporate governance)</li> <li>› Corporate Governance Report </li> <li>› ESG Databook: Corporate governance</li> </ul>
	2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> <li>› ESG Databook: Dialogue with our stakeholders</li> <li>› ESG Databook: Materiality analysis</li> <li>› Komatsu Report (Corporate governance)</li> <li>› ESG Databook: Structure for promoting sustainability</li> <li>› ESG Databook: Organizational chart of the environmental management structure</li> <li>› Komatsu Report (TCFD)</li> </ul>
	2-13 Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> <li>› ESG Databook: Structure for promoting sustainability</li> <li>› ESG Databook: Organizational chart of the environmental management structure</li> </ul>
	2-14 Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> <li>› ESG Databook: Structure for promoting sustainability</li> </ul>
	2-15 Conflicts of interest	<ul style="list-style-type: none"> <li>› Komatsu's Worldwide Code of Business Conduct </li> <li>› Corporate Governance Report </li> </ul>
	2-16 Communication of critical concerns	<ul style="list-style-type: none"> <li>› ESG Databook: Risk management</li> </ul>
	2-17 Collective knowledge of the highest governance body	<ul style="list-style-type: none"> <li>› Notice of convocation </li> <li>› Komatsu Report (Corporate governance)</li> </ul>
	2-18 Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> <li>› Komatsu Report (Corporate governance)</li> <li>› Corporate Governance Report </li> </ul>
	2-19 Remuneration policies	<ul style="list-style-type: none"> <li>› Annual Securities Report : Compensation </li> <li>› Notice of Convocation Policy, etc. regarding the determination remuneration, etc. for individual Directors </li> </ul>
	2-20 Process to determine remuneration	<ul style="list-style-type: none"> <li>› Annual Securities Report : Compensation </li> <li>› Notice of Convocation Policy, etc. regarding the determination remuneration, etc. for individual Directors </li> </ul>
	2-21 Annual total compensation ratio	—
	2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> <li>› Komatsu Report(Message from the President)</li> <li>› Investor Relations: President interview</li> </ul>
	2-23 Policy commitments	<ul style="list-style-type: none"> <li>› Corporate Governance Report </li> <li>› ESG Databook: Risk management</li> <li>› ESG Databook: Compliance</li> <li>› ESG Databook: Promoting legal compliance, and pollution mitigation and prevention</li> <li>› ESG Databook: Management of chemical substances and pollution prevention</li> <li>› Komatsu's Worldwide Code of Business Conduct </li> <li>› ESG Databook: The Komatsu Way and policy on human resource development</li> </ul>



GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	<ul style="list-style-type: none"> <li>› <a href="#">Komatsu's Worldwide Code of Business Conduct</a> </li> <li>› <a href="#">CSR procurement guidelines</a></li> </ul>
	2-25 Processes to remediate negative impacts	› <a href="#">ESG Databook: Materiality analysis</a>
	2-26 Mechanisms for seeking advice and raising concerns	› <a href="#">ESG Databook: Compliance</a>
	2-27 Compliance with laws and regulations	› <a href="#">ESG Databook: Environmental risk management</a>
	2-28 Membership associations	—
	2-29 Approach to stakeholder engagement	<ul style="list-style-type: none"> <li>› <a href="#">ESG Databook: Dialogue with our stakeholders</a></li> <li>› <a href="#">Investor Relations: Shareholder events (Japanese)</a></li> </ul>
	2-30 Collective bargaining agreements	› <a href="#">ESG Databook: Condition of labor unions</a>
GRI 3: Material Topics 2021	3-1 Process to determine material topics	› <a href="#">ESG Databook: Materiality analysis</a>
	3-2 List of material topics	<ul style="list-style-type: none"> <li>› <a href="#">ESG Databook: Materiality analysis</a></li> <li>› <a href="#">Komatsu Report (TCFD)</a></li> </ul>
	3-3 Management of material topics	› <a href="#">ESG Databook: Materiality analysis</a>
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	<ul style="list-style-type: none"> <li>› <a href="#">ESG Databook: The Komatsu way and policy on human resource development (remuneration data)</a></li> <li>› <a href="#">ESG Databook: Promoting diversity and inclusion (Work-life balance data)</a></li> <li>› <a href="#">Annual Securities Report: Income Taxes</a> </li> <li>› <a href="#">ESG Databook: Developing people needed by the community</a></li> <li>› <a href="#">ESG Databook: Komatsu's initiatives for social issues</a></li> <li>› <a href="#">ESG Databook: Disaster relief</a></li> </ul>
	201-2 Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"> <li>› <a href="#">Komatsu Report (TCFD)</a></li> <li>› <a href="#">ESG Databook: Mitigating climate change through products and services</a></li> <li>› <a href="#">ESG Databook: Reducing CO<sub>2</sub> emissions in manufacturing operations</a></li> </ul>
	201-3 Defined benefit plan obligations and other retirement plans	› <a href="#">Annual Securities Report: Pension and Retirement Benefits</a>
	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	› <a href="#">ESG Databook: Promoting diversity and inclusion</a>





GRI STANDARD	DISCLOSURE	LOCATION
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	<ul style="list-style-type: none"> <li>› <a href="#">ESG Databook: Komatsu's initiatives for social issues</a></li> <li>› <a href="#">ESG Databook: Disaster relief</a></li> </ul>
	203-2 Significant indirect economic impacts	<ul style="list-style-type: none"> <li>› <a href="#">Smart construction (Japanese)</a></li> <li>› <a href="#">Investor Relations: President interview</a></li> <li>› <a href="#">ESG Databook: Developing people needed by the community</a></li> <li>› <a href="#">ESG Databook: Komatsu's initiatives for social issues</a></li> <li>› <a href="#">ESG Databook: Disaster relief</a></li> </ul>
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	› <a href="#">ESG Databook: Outline of procurement policy and supply chain</a>
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	› <a href="#">ESG Databook: Compliance</a>
	205-3 Confirmed incidents of corruption and actions taken	› <a href="#">ESG Databook: Compliance</a>
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	(None for FY2023)
GRI 207: Tax 2019	207-1 Approach to tax	› <a href="#">Annual Securities Report: Financial Information</a>
	207-2 Tax governance, control, and risk management	› <a href="#">Annual Securities Report: Financial Information</a>
	207-3 Stakeholder engagement and management of concerns related to tax	› <a href="#">Annual Securities Report: Financial Information</a>
	207-4 Country-by-country reporting	› <a href="#">Annual Securities Report: Financial Information</a>
GRI 301: Materials 2016	301-1 Materials used by weight or volume	› <a href="#">ESG Databook: Inputs and outputs in the product life cycle</a>
	301-2 Recycled input materials used	› <a href="#">ESG Databook: Activities to effectively utilize resources in production</a>
	301-3 Reclaimed products and their packaging materials	› <a href="#">ESG Databook: Activities to effectively utilize resources in production</a>
GRI 302: Energy 2016	302-1 Energy consumption within the organization	<ul style="list-style-type: none"> <li>› <a href="#">ESG Databook: Inputs and outputs in the product life cycle</a></li> <li>› <a href="#">Scope of environmental data/calculation standards</a></li> </ul>
	302-2 Energy consumption outside of the organization	—
	302-3 Energy intensity	<ul style="list-style-type: none"> <li>› <a href="#">ESG Databook, Environmental data</a></li> <li>› <a href="#">ESG Databook: Inputs and outputs in the product life cycle</a></li> </ul>
	302-4 Reduction of energy consumption	<ul style="list-style-type: none"> <li>› <a href="#">ESG Databook, Environmental data</a></li> <li>› <a href="#">ESG Databook: Inputs and outputs in the product life cycle</a></li> </ul>
	302-5 Reductions in energy requirements of products and services	› <a href="#">ESG Databook: Mitigating climate change through products and services</a>



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 <sub>2</sub> emissions by scope 3 › Amount of CO <sub>2</sub> emissions by scope3 › Scope of environmental data/calculation standards
	305-4 GHG emissions intensity	› ESG Databook: Reducing CO <sub>2</sub> 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 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 STANDARD	DISCLOSURE	LOCATION
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
	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 STANDARD	DISCLOSURE	LOCATION
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	<ul style="list-style-type: none"> <li>› ESG Databook: Promoting diversity and inclusion</li> </ul>
	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 FY2023)
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	<ul style="list-style-type: none"> <li>› ESG Databook: Human rights policy</li> <li>› ESG Databook: Business and human rights</li> <li>› ESG Databook: CSR procurement guidelines</li> <li>› ESG Databook: Komatsu group's supply chain management and promotion of CSR procurement</li> <li>› ESG Databook: Offering of a variety of talent development opportunities and improvement of employee engagement (Condition of labor unions)</li> </ul>
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	<ul style="list-style-type: none"> <li>› ESG Databook: Human rights policy</li> <li>› ESG Databook: Business and human rights</li> <li>› ESG Databook: CSR procurement guidelines</li> <li>› ESG Databook: Komatsu group's supply chain management and promotion of CSR procurement</li> </ul>
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> <li>› ESG Databook: Human rights policy</li> <li>› ESG Databook: Business and human rights</li> <li>› ESG Databook: CSR procurement guidelines</li> <li>› ESG Databook: Komatsu group's supply chain management and promotion of CSR procurement</li> </ul>
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	<ul style="list-style-type: none"> <li>› ESG Databook: Human rights policy</li> <li>› ESG Databook: Business and human rights</li> </ul>
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	(None for FY2023)
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> <li>› ESG Databook: Business and human rights</li> <li>› ESG Databook: Developing people needed by the community</li> <li>› ESG Databook: Komatsu's initiatives for social issues</li> <li>› ESG Databook: Disaster relief</li> </ul>
	413-2 Operations with significant actual and potential negative impacts on local communities	<ul style="list-style-type: none"> <li>› ESG Databook: Developing people needed by the community</li> </ul>
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	<ul style="list-style-type: none"> <li>› ESG Databook: Human rights policy</li> <li>› ESG Databook: Business and human rights</li> <li>› ESG Databook: CSR procurement guidelines</li> <li>› ESG Databook: Komatsu group's supply chain management and promotion of CSR procurement</li> </ul>
	414-2 Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> <li>› ESG Databook: Human rights policy</li> <li>› ESG Databook: Business and human rights</li> <li>› ESG Databook: CSR procurement guidelines</li> <li>› ESG Databook: Komatsu group's supply chain management and promotion of CSR procurement</li> </ul>
GRI 415: Public Policy 2016	415-1 Political contributions	<ul style="list-style-type: none"> <li>› Political contributions</li> </ul>



GRI STANDARD	DISCLOSURE	LOCATION
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	<a href="#">ESG Databook: Improving safety of products and solutions</a>
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	(None for FY2023)
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 FY2023)
	417-3 Incidents of non-compliance concerning marketing communications	(None for FY2023)
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	(None for FY2023)



## 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 <sub>2</sub> 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 <sub>2</sub> emissions from product operation	RT-IG-410a.2
	(3) Sales-weighted fuel efficiency for stationary generators	N/A	RT-IG-410a.3
	NO <sub>x</sub> , PM Sales-weighted emissions of: (1) nitrogen oxides (NO <sub>x</sub> ) 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 <sub>x</sub> 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