



VERIFICATION STATEMENT OF KOMATSU LTD. KOMATSU GROUP SUSTAINABILITY-LINKED BOND (POST-ISSUANCE)

Project No.: PRJN-419254-2023-VER-JPN-01

< Scope of Verification >

DNV Business Assurance Japan K.K. has been commissioned by Komatsu Group (hereinafter, "Komatsu") to perform a verification of the quantification results regarding the progress status of FY2022 of KPIs^{*1}/SPTs^{*2} set at the pre-issuance of Sustainability-Linked Bond^{*3} in accordance with the principles and guidelines that the bond applies.

*1 KPIs: Key Performance Indicators

*2 SPTs: Sustainability Performance Targets

*3 Unsecured straight corporate bond in US dollars through Komatsu Finance America Inc.

(Sustainability-Linked Bond, Issuance amount: USD 600 million, period: five years, redemption date: 6 October 2027)

< Quantification and Verification Criteria >

The quantification criteria for KPIs/SPTs are that DNV provides the verification (limited assurance) required for a Sustainability-Linked Bond with regard to the quantification results in accordance with Komatsu's internal quantification protocols for each KPI/SPT, treating the underlying GHG data as accurate information, which received limited assurance from Deloitte Tohmatsu Sustainability Co., Ltd. on 18 July 2023.

< Verification Statement >

It is DNV's opinion that with limited assurance level nothing has come to our attention which causes us to believe that the quantification results assertions of Komatsu's progress status of FY2022 of KPIs/SPTs set at the pre-issuance of Sustainability-Linked Bond do not accurately reflect the company's KPIs/SPTs in accordance with the criteria identified as stated above.

< Process and Methodology >

The reviews of the quantification reports, the relevant documents and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfillment of stated criteria.

KPIs	SPTs	SPTs progress status (verification results)
KPI 1: CO ₂ emissions from production (basic unit)	SPT 1.1: 45% reduction by 2024 vs 2010 SPT 1.2: 50% reduction by 2030 vs 2010	SPT1.1 progress status: 43% reduction as of 2022 vs 2010 base year
KPI 2: CO ₂ emissions from product use (basic unit)	SPT 2.1: 24% reduction by 2024 vs 2010 SPT 2.2: 50% reduction by 2030 vs 2010	SPT2.1 progress status: 21% reduction as of 2022 vs 2010 base year

The verification has been performed under supervision of:

Independent Validation Verification Body: DNV
Business Assurance Japan K.K.

Masato Kanedome, Project Leader
3rd October 2023

Naoki Maeda, Management Representative
3rd October 2023



< Quantification of KPIs/SPTs >

The KPIs/SPTs covers the period from 1 April 2022 to 31 March 2023. It is DNV’s opinion that the verification statement results in quantification that is real, transparent and measurable.

< Consolidation Methodology >

KPI-1: CO₂ emissions (sourced from energy only, related to Scope 1 and 2) from major manufacturing plant in Japan and overseas as defined by Komatsu and in-house production amount*

*The scope of quantification of internal production amount was changed in FY2021, but DNV confirmed that the impact on the base year (FY2010) and SPTs was negligible.

KPI-2: CO₂ emissions calculated to be directly emitted* under standard conditions (product operating conditions) based on the classification of the shipment number of construction equipment etc., into vehicle rating groups as defined by Komatsu (Scope 3 Category 11; due to the expansion of the scope of quantification (target products) since FY2021, CO₂ emissions in the base year (FY2010) increased, but DNV confirmed that appropriate standardization of quantification conditions for KPI-2 was implemented and the impact on the evaluation of progress in SPTs was negligible).

*This is assumed to be zero emissions for electrified construction machinery etc., as there are no direct emissions.

< KPIs/SPTs Verified >

KPIs	SPTs progress status (verification results)
KPI 1: CO ₂ emissions from production (basic unit)	SPT1.1 progress status: 43% reduction as of 2022 vs 2010
KPI 2: CO ₂ emissions from product use (basic unit)	SPT2.1 progress status: 21% reduction as of 2022 vs 2010

<KPI/SPT-1(SPT1.1) progress status>

FY2022 CO ₂ emissions from production (basic unit) ...A	57%
FY2010 CO ₂ emissions from production (basic unit) ...B	100%
<u>SPT-1.1 progress status (B-A)</u>	<u>43% reduction</u>

*The scope of quantification was changed, but the impact on the base year and SPT is negligible.

<KPI/SPT-2(SPT2.1) progress status>

FY2022 CO ₂ emissions from product use (basic unit) ...A	79%
FY2010 CO ₂ emissions from product use (basic unit) ...B	100%*
<u>SPT-2.1 progress status (B-A)</u>	<u>21% reduction</u>

*The standardization of quantification conditions has been implemented, but the impact on the SPT progress evaluation is negligible.

The reported values (SPTs progress status) above are fully covered by the verification.

< Verification Opinion >

- Unmodified Opinion*
- Modified Opinion*
- Adverse Opinion*

As an independent third party, DNV has no financial dependencies on Komatsu.