

# Corporate governance

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## Discussion with Outside Board Members

Two Outside Directors discussed the Komatsu medium- and long-term challenges to create new value, the effectiveness of the Board of Directors, and their expectations for the Komatsu Group. (This dialogue was held in June 2024)



**Naoko Saiki**  
Outside Director

Naoko Saiki possesses a high degree of insight and extensive experience in international affairs, international law, and economics, having served as Director General of the Economic Affairs Bureau and the International Legal Affairs Bureau in the Ministry of Foreign Affairs. She took office as an Outside Director of the Komatsu in June 2021.

**Tatsuro Kosaka**  
Outside Audit & Supervisory Board Member

Tatsuro Kosaka possesses a high degree of insight and extensive experience in the business world, having engaged in global corporate management as President and Representative Director and Chaired the Board of Directors of Chugai Pharmaceutical Co., Ltd. He took office as an Audit & Supervisory Board Member of the Komatsu in June 2022.

### Changes in the business environment and issues to be addressed

**Saiki:** I recognize that the future external environment surrounding Komatsu will become increasingly uncertain and unpredictable. This is particularly true for divisions in international communities. Across the globe, we see conflicts between democracies and autocracies and rifts between developed countries and the Global South. Countries of

the Global South are of course not monolithic. In any one country, conflict and strife arise throughout the various social classes. To this end, international divisions are expected to become more radicalized going forward. In other words, the free trade system can no longer be guaranteed. This implies a possibility that supply chains may be disrupted easily. Moreover, there are too many risks to keep an eye on such as carbon neutrality, digital transformation (DX), pandemics, natural disasters, and geopolitical risks. I think it has become an emerging major issue for Komatsu to consider how to respond to the external environ-

ment changes keeping those various risks in mind, given that our business model is based on global cross-sourcing.

**Kosaka:** Speaking from my many years of experience in the business world, there are several changes in society that have a particularly large impact on Komatsu. The first is green transformation (GX). As the world transitions to carbon neutrality, I have no doubt that initiatives to advance electrification and hydrogen and ammonia engines will be a major key to future growth. The second change is DX. Komatsu must make full use of digital technologies such as automation, remote oper-

## Discussion with Outside Board Members

ation of company equipment, digital twins, and, above all, generative AI. The third change is in declining birthrates, aging populations and population declines. The Company must address the underlying issue behind digital transformation: how to increase productivity in the midst of a labor shortage. Finally, the fourth change is diversity. To create innovation, Komatsu needs to not only focus on women's empowerment and the development and utilization of human resources within the company but also recruit and promote talented human resources from outside the company.

**Saiki:** As you mentioned, declining birthrates and aging populations put severe pressure on the competition for talent acquisition, making it extremely difficult to secure talented personnel. Addressing issues related to human resources is unavoidable to achieve sustainable growth for the future.

**Kosaka:** Competition against rival companies is another crucial point to address. It is true that Chinese manufacturers have the potential to be game changers in the future, especially in emerging markets such as Asia, which is Komatsu's main battlefield. In this light, I think Komatsu must approach this competition with a sense of urgency. The same could be applied to any industry.

**Saiki:** Under such circumstances, Komatsu has implemented a two-line model strategy in strategic markets in response to competitors that focus on low-cost strategies. This two-line model strategy is a product strategy to sell standard models for high-load applications and specific models for light-load applications such as urban civil engineering. I think Komatsu has taken appropriate measures in response to its competitive environment. Looking at the medium- to long-term perspective, however, I also believe that it Komatsu must also prepare for multiple other scenarios and increase readiness to put them into practice.

## Komatsu's strengths and areas for enhancement

**Kosaka:** I think one of Komatsu's greatest strengths is the corporate culture. A few key phrases come to mind when I think of Komatsu, including DANTOTSU, quality and reliability, SLQDC (safety, law, quality, delivery, and cost), and the 5 Gs principle: *gemba* (workplaces), *genbutsu* (real things), *genjitsu* (real situation), *genten* (origin) and *kenzaika* (visualization). I believe these phrases are more than just words to Komatsu, and they are fully disseminated throughout the organizations. I believe that this corporate culture is not something that can be cultivated in one generation, rather that is cultivated as a result of successive management leadership demonstrated with a strong will.



**Saiki:** From my perspective, I believe one of the major strengths of Komatsu lies in a strong determination to take on changes in the business environment, such as those I had previously mentioned, as business opportunities and to respond to these changes to grow. For example, Komatsu sets its long-term vision, which is to create safe, highly productive, smart and clean workplaces of the future with customers, while generating a positive cycle of solving ESG issues and improving profitability. Top management verbalizes the purpose and values of Komatsu, which employees equally share, enabling each employee to focus on what they have to accomplish in their own duties with pride. I believe this earnestness of the organization shows the characteristics of Komatsu.

**Kosaka:** On the contrary, it seems that society may not be fully aware of this outstanding corporate culture and the foresight the Company possesses when doing business. Komatsu signed a sponsorship agreement with the Williams F1 racing team, striving to strengthen communication of the corporate brand. I think the Company could take more aggressive measures to promote its brand. Such measures would increase global recognition and help attract more talented human resources.

**Saiki:** Komatsu established a new business model to solve issues at

customer sites by combining products and solutions to optimize the entire construction processes of customers. The company also makes continuous efforts to evolve this business model. I think evolving to create workplaces of the future is quite inspiring. Komatsu aspires to create workplaces of the future, maintains high profitability and engages in various meaningful activities for society, including activities to remove land mines. Given the wonderful nature of the Company, it would be unfortunate if students had little interest in working for Komatsu. Unfortunate for both Komatsu and the students. Komatsu has the virtue of being earnest and sturdy, and at the same time, it is a Company that dreams of exploring the future. I feel these characteristics could also contribute to talent attraction and acquisition by communicating these points more proactively.

**Kosaka:** I agree. Currently, Komatsu is discussing the next mid-term management plan. Through discussions, I have high expectations for the Company to depict who they want to be in 2040 and 2050, back-cast the vision and communicate this vision proactively.

**Saiki:** Looking at the strengths of Komatsu from a strategy perspective, it is a significant strength of the Company to conduct the in-house development and production of key components. However, developing and producing everything in-house is not suitable from a cost and

## Discussion with Outside Board Members

efficiency standpoint. It remains important to develop a strategy for acquiring technology by clearly defining technologies that should be in-house and those that can be outsourced utilizing M&A and through collaboration with partners. I believe that the Company may face the risk of losing competitiveness without defining such matters.

**Kosaka:** Even if the strategies have the right directions, the Company could lose to competitors if its speed of execution is insufficient. I would like to expect Komatsu to execute the strategies with a sense of speed.

## Komatsu's approach to new value creation

**Saiki:** The forestry machinery business will be one of the focus areas going forward. While the scale of the business remains moderate, I believe that the forestry machinery business has great potential to

contribute to society. This is because the business can contribute to a circulating forestry industry by providing total support for forest management through tree-planting mechanization and solutions for forest resources management. The forestry machinery business has the potential to expand further in terms of maximizing earning power in the future as well. Komatsu established the Forest and Agriculture Business Division in fiscal 2023 to oversee the forestry machinery business globally. It is my understanding that the establishment of the division expresses the strong commitment of the Company to the forestry machinery business. I have high expectations for the forestry machinery business to symbolize Komatsu's commitment to addressing broad environmental issues toward a carbon-free society, as well as for biodiversity in the future.

**Kosaka:** Looking at construction materials for high-rise buildings, for instance, we see fire-resistant, strong materials made by layering wood as an alternative to concrete. In this regard, I have great expect-

tations for the forestry machinery business as a new growth area. In terms of absorbing and storing CO<sub>2</sub>, the roles of the forestry machinery business will be quite significant, too.

**Saiki:** In addition to the forestry machinery business, I also pay attention to the underground hard rock mining equipment business. Komatsu should make significant investments in the underground hard rock mining business to address the two seemingly incompatible challenges of increasing demand for resources and achieving zero emissions. I see this business as a very significant area in the sense that Komatsu promotes solving customer issues through innovations such as automation, remote control and electrification, while striving to work together with customers to solve such issues. Komatsu has expanded the scale of the underground hard rock mining equipment business through M&A in recent years. I hope that the business will engage in more diverse cooperations and collaborations to achieve a decarbonized society.

**Kosaka:** When it comes to what kind of values Komatsu can provide, I believe it boils down to innovation. The most important thing for the Company is to focus on the development of products and services based on technology. Komatsu already has solid strengths in terms of products and solutions. Accordingly, I think the Company should further develop these strengths. In this sense, it will be necessary for Komatsu to steadily strengthen R&D expenditures and further promote open innovation, without limiting themselves to closed innovation.

**Saiki:** In my understanding, one of the biggest risks Komatsu currently recognizes is the risk of being unable to provide products and services to meet market needs. Innovation is the best way to avoid such risks. This point reflects back to the importance of acquiring and developing talented human resources to enable Komatsu to create innovation.

**Kosaka:** This is especially true for digital talent. Competition to acquire digital talent is intensifying throughout the world, making the recruitment of such human resources a difficult task. One way to support the acquisition of digital talent is to develop such individuals within the company. Since Komatsu also has excellent engineers, the Company can develop them internally as a role model for digital talent, while also making parallel efforts to recruit from outside the company. There is also another way to develop employees in-house who specialize in physics or mathematics as a digital engineer, not limited to IT-related personnel. This way of human resources development can be applied not only in Japan, but also outside of Japan.

**Saiki:** To this end, strengthening the corporate brand and improving corporate recognition becomes more important than ever.



## Discussion with Outside Board Members

### Assessing the effectiveness of corporate governance

**Kosaka:** As to the effectiveness of the Board of Directors, I think Komatsu's Board of Directors is excellent. There are no gaps in the coordination processes of the Board of Directors. In addition, I feel it is also excellent that the secretariat of the Board of Directors plays a solid role in enhancing proactive deliberations at the Board, including through the support of outside directors.

**Saiki:** I agree. Komatsu's Board of Directors is extremely effective. I recognize that very active and frank discussions take place among the members of the Board. In particular, at the beginning of the Board of Directors meeting, the President reports on a wide range of topics in detail. These topics include incidents and accidents related to safety and compliance, matters that may require attention in the future, dialogue with stakeholders (such as investors, shareholders and partners) and recent important events. I highly value the Company's sincere stance to explain and share bad news with outside directors as quickly as possible.

**Kosaka:** I see the executive management team always takes into account outside directors' awareness of issues when addressing management issues. For example, the Company makes considerable progress in utilizing global human resources.

**Saiki:** Peter Salditt, President of Komatsu Mining Corp. (a U.S. subsidiary) was appointed as President of Komatsu's Mining Business Division in April 2024. He currently attends the Board meeting as an observer. This decision has been made based on discussions at the Board on how Komatsu should utilize human resources globally to strengthen its corporate governance. I believe the Company placed the right person in the right position in this case. I look forward to seeing the Company utilize global human resources further from now on.

**Kosaka:** Komatsu has introduced an enterprise risk management system (ERM) in fiscal 2023 based on Board discussions. This system is another important point to touch on in discussing Board effectiveness. I think Komatsu must keep a close eye on risk management from a company-wide perspective and ensure measures to respond to various risks are in place across organizations.

**Saiki:** I also think ERM is extremely important. Among such enterprise risks, there are various incidents that may occur with regard to information security, especially in terms of cyber security. I understand that Komatsu is establishing a system to respond flexibly to such incidents. Unfortunately, cybersecurity has an aspect of a speed battle

with attackers. Accordingly, protecting company information against cyber-attacks requires constant system upgrades, as such attacks are not preventable with a one-time protective measure.

**Kosaka:** While managing risks, it is also important to consider opportunities within the same context. As I mentioned earlier, GX is not solely for the planetary health. Rather, GX particularly presents great business opportunities for Komatsu's businesses.

**Saiki:** Definitely, I expect Komatsu to take the risks which the Company should take to seize opportunities firmly. As outside directors, we are responsible for overseeing the execution of management duties from an objective perspective and improving the transparency of the Board of Directors. We are dedicated to fulfilling these roles. We also strive to leverage our knowledge and experiences to date to make proactive recommendations, through which we would like to support the management team.

### Expectations of the Komatsu Group

**Saiki:** I expect Komatsu to innovate by acquiring and developing the right human resources to explore the future in these uncertain and unpredictable times. Evolving the business model as Komatsu's strength by creating new customer values in both products and solutions by means of technologies will lead to contributions to a decarbonized and recycling-oriented society. I believe that Komatsu has sufficient capabilities to make this happen. I will continue to support the Company to enhance its corporate value further.

**Kosaka:** What I admire most about Komatsu is its unique ability to enhance globalization led by Japanese professionals. In this regard, Komatsu is truly one of a kind. I feel that this ability is the result of the strong will and foresight of successive top management passed down through generations. I expect Komatsu will continue to maintain such visions and strive to become the world's leading construction and mining equipment manufacturer.



# Directors, Audit & Supervisory Board Members and Executive Officers

## Directors (as of June 30, 2024)



**Tetsuji Ohashi**  
Chairman of the Board

Number of year(s) in office	15 years
Number of shares of the Company held	232 thousand shares
Important concurrent positions held in other organizations	Outside Director of Yamaha Motor Co., Ltd. Outside Member of the Board of Nomura Research Institute, Ltd. Outside Director of Asahi Group Holdings, Ltd.
4/1977	Joined the Company
4/2019	Took office as Representative Director and Chairman of the Board
4/2022	Took office as Chairman of the Board (current)



**Takeshi Kunibe**  
Outside Director

Number of year(s) in office	4 years
Number of shares of the Company held	None
Important concurrent positions held in other organizations	Chairman of the Board of Sumitomo Mitsui Financial Group, Inc. Outside Member of the Board of TAISHO PHARMACEUTICAL HOLDINGS CO., LTD Outside Director/Audit & Supervisory Committee Member of Nankai Electric Railway Co., Ltd.
4/1976	Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation, hereinafter "SMBC")
6/2003	Took office as Executive Officer of SMBC
10/2006	Took office as Managing Executive Officer of SMBC
4/2007	Took office as Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc. (hereinafter "SMFG")
6/2007	Took office as Director of SMFG
4/2009	Took office as Director and Senior Managing Executive Officer of SMBC
4/2011	Took office as Representative Director, President and Chief Executive Officer of SMBC
4/2017	Took office as Representative Director and President of SMFG
6/2017	Took office as Director President and Representative Executive Officer of SMFG
4/2019	Took office as Chairman of the Board of SMFG (current)
6/2020	Took office as Director of the Company (current)
10/2021	Took office as Chairman of the Board of SMBC
4/2023	Retired from Director of SMBC

## Audit & Supervisory Board Members (as of June 30, 2024)



**Yasuhiro Inagaki**  
Standing Audit & Supervisory Board Member

Number of year(s) in office	3 years
Number of shares of the Company held	47 thousand shares
Important concurrent positions held in other organizations	None
4/1984	Joined the Company
6/2021	Took office as Standing Audit & Supervisory Board Member (current)



**Mitsuo Nakao**  
Standing Audit & Supervisory Board Member

Number of shares of the Company held	12 thousand shares
Important concurrent positions held in other organizations	None
4/1992	Joined the Company
6/2024	Took office as Standing Audit & Supervisory Board Member (current)



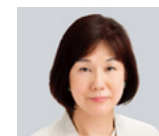
**Kotaro Ohno**  
Outside Audit & Supervisory Board Member

Number of year(s) in office	7 years
Number of shares of the Company held	None
Important concurrent positions held in other organizations	Adviser, Atsumi & Sakai Member of the Board of Directors (Outside Director) of Mizuho Financial Group, Inc.
4/1976	Appointed as Prosecutor
7/2009	Took office as Vice-Minister of Justice
7/2012	Took office as Superintending Prosecutor of Tokyo High Public Prosecutors Office
7/2014	Took office as Prosecutor-General of Supreme Public Prosecutors Office
11/2016	Attorney at law, Special Counsel of Mori Hamada & Matsumoto
6/2017	Took office as Audit & Supervisory Board Member of the Company (current)
1/2023	Took office as advisor of Atsumi & Sakai (current)



**Tatsuhiro Kosaka**  
Outside Audit & Supervisory Board Member

Number of year(s) in office	2 years
Number of shares of the Company held	None
Important concurrent positions held in other organizations	Senior Advisor of Chugai Pharmaceutical Co., Ltd. Outside Director of Mitsubishi Electric Corporation
4/1976	Joined Chugai Pharmaceutical Co., Ltd.
10/2002	Took office as Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd.
10/2004	Took office as Senior Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd.
3/2005	Took office as Senior Vice President, Deputy Managing Director of Sales & Marketing Group of Chugai Pharmaceutical Co., Ltd.
7/2005	Took office as Senior Vice President, Head of Strategic Marketing Unit of Chugai Pharmaceutical Co., Ltd.
3/2008	Took office as Senior Vice President, Head of Lifecycle Management & Marketing Unit of Chugai Pharmaceutical Co., Ltd.
3/2010	Took office as Director, Executive Vice President of Chugai Pharmaceutical Co., Ltd.
3/2012	Took office as Representative Director, President & COO of Chugai Pharmaceutical Co., Ltd.
3/2018	Took office as Representative Director, President & CEO of Chugai Pharmaceutical Co., Ltd.
3/2020	Took office as Representative Director, Chairman & CEO of Chugai Pharmaceutical Co., Ltd.
3/2022	Took office as Senior Advisor of Chugai Pharmaceutical Co., Ltd. (current)
6/2022	Took office as Audit & Supervisory Board Member of the Company (current)



**Mariko Matsumura**  
Outside Audit & Supervisory Board Member

Number of year(s) in office	1 years
Number of shares of the Company held	None
Important concurrent positions held in other organizations	Partner, Shinwa Sogo Law Offices Outside Statutory Auditor of Fund Creation Group Co., Ltd. Outside Member of the Board of Meiji Holdings Co., Ltd. Outside Member of the Board of SODA NIKKA CO., LTD. Outside Audit and Supervisory Board Member of Japan Airlines Co., Ltd.
4/1988	Admitted to the bar in Japan as attorney at law (current) Joined Braun Moriya Hoashi & Kubota
2/1994	Joined Ryudo Sogo Law Offices
1/2006	Joined Shinwa Sohgo Law Offices as a Partner (current)
4/2022	Took office as President of Dai-Ichi Tokyo Bar Association
6/2023	Took office as Audit & Supervisory Board Member of the Company (current)



**Hiroyuki Ogawa**  
President and Representative Director  
Chief Executive Officer (CEO)

Number of year(s) in office	6 years
Number of shares of the Company held	139 thousand shares
Important concurrent positions held in other organizations	None
4/1985	Joined the Company
4/2019	Took office as President and Representative Director (current) CEO (current)

CEO



**Takeshi Horikoshi**  
Representative Director and Senior Executive Officer (Senmu)  
Chief Financial Officer (CFO)

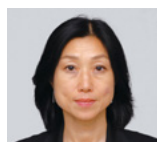
Number of year(s) in office	3 years
Number of shares of the Company held	50 thousand shares
Important concurrent positions held in other organizations	None
4/1985	Joined the Company
4/2024	Took office as Representative Director and Senior Executive Officer (Senmu) (current)

CFO



**Arthur M. Mitchell**  
Outside Director

Number of year(s) in office	4 years
Number of shares of the Company held	None
Important concurrent positions held in other organizations	Foreign lawyer of White & Case LLP
7/1976	Registered as attorney at law in New York State, U.S.A. (current)
1/2003	Took office as General Counsel of Asian Development Bank
9/2007	Joined White & Case LLP
1/2008	Registered as registered foreign lawyer in Japan (current) Registered foreign lawyer of White & Case LLP (current)
6/2020	Took office as Director of the Company (current)



**Naoko Saiki**  
Outside Director

Number of year(s) in office	3 years
Number of shares of the Company held	None
Important concurrent positions held in other organizations	Special Assistant to the Minister for Foreign Affairs Outside Director of Sogit Corporation Outside Member of the Board of Directors of Development Bank of Japan Inc. Outside Director of Sankyu Inc.
4/1982	Joined the Ministry of Foreign Affairs (hereinafter "MOFA")
7/2014	Took office as Director-General, Economic Affairs Bureau, MOFA and Councillor, Cabinet Secretariat
10/2015	Took office as Director-General, International Legal Affairs Bureau, MOFA
7/2017	Took office as Director-General, Foreign Service Training Institute, MOFA
4/2020	Took office as Visiting Professor, Graduate School of Public Policy, The University of Tokyo
6/2021	Took office as Director of the Company (current)
4/2023	Special Assistant to the Minister for Foreign Affairs (current)



**Takuya Imayoshi**  
Director and Senior Executive Officer (Senmu)

Number of shares of the Company held	30 thousand shares
Important concurrent positions held in other organizations	None
4/1987	Joined the Company
6/2024	Took office as Director and Senior Executive Officer (Senmu) (current)

Supervising Business Coordination,  
Responsible for the mid-term management plan



**Michitaka Sawada**  
Outside Director

Number of year(s) in office	2 years
Number of shares of the Company held	None
Important concurrent positions held in other organizations	Executive Advisor of Kao Corporation Outside Director of Panasonic Holdings Corporation Outside Director of Nitto Denko Corporation
4/1981	Joined Kao Soap Co., Ltd. (currently Kao Corporation)
6/2006	Took office as Executive Officer of Kao Corporation
6/2008	Took office as Director, Executive Officer of Kao Corporation
6/2012	Took office as Representative Director, President and Chief Executive Officer of Kao Corporation
1/2021	Took office as Director, Chair of Kao Corporation
6/2022	Took office as Director of the Company (current)
3/2024	Took office as Executive Advisor of Kao Corporation (current)



**Mitsuko Yokomoto**  
Director and Senior Executive Officer (Jomu)

Number of year(s) in office	1 years
Number of shares of the Company held	30 thousand shares
Important concurrent positions held in other organizations	None
4/1985	Joined the Company
6/2023	Took office as Director and Senior Executive Officer (Jomu) (current)

Supervising Human Resource, Education and Sustainability

## Directors, Audit & Supervisory Board Members and Executive Officers

### Executive Officers (Japan) (as of June 30, 2024)

#### Senior Executive Officer (Jomu)

##### Korekiyo Yanagisawa

President, Production Division

##### Koichi Honda

Supervising Legal, General Affairs & Compliance, Safety & Health Care and Brand Strategy  
GM of Komatsu Economic Strategy Research Center

##### Yasuji Nishiura

President, Construction Equipment & Regional Marketing Division

##### Keiko Fujiwara

President, Construction Equipment Solution Division

##### Masami Naruse

President, Quality Assurance Division

##### Taisuke Kusaba

Chief Technology Officer (CTO)  
President, Development Division

#### Executive Officer

##### Chikashi Shike

President, Smart Construction Promotion Division

##### Takashi Yasukawa

Awazu Plant Manager, Production Division  
GM, Business Reform Department, Awazu Plant, Production Division

##### Hidefumi Obikane

Supervising Industrial Machinery Business  
Chairman of the Board, Komatsu NTC Ltd.

##### Toru Sunada

President, Service Division, Construction Equipment Solution Division

##### Hiroyuki Umeda

President, Forest and Agriculture Business Division

##### Takayuki Furukoshi

GM, Manufacturing Engineering  
Development Center, Production Division  
Supervising Simultaneous Engineering Planning

##### Jun Taniguchi

Vice President, Development Division

##### Naoyuki Sakurai

President, Parts & Reman Promotion Division, Production Division

##### Hiroaki Ohno

President, Defense Systems Division

##### Hideki Yoshizawa

President, Japanese Domestic Marketing, Construction Equipment & Regional Marketing Division  
Chairman of the Board, Komatsu Customer Support Japan Ltd.

##### Terumasa Imajo

President, Product Marketing Division

##### Masaki Shinohara

Vice President, Development Division  
GM, Engine Technical Center, Development Division  
Representative Director, President, Industrial Power Alliance Ltd.

##### Goro Senda

President, Procurement Division, Production Division

##### Atsushi Awai

Vice President, Japanese Domestic Marketing, Construction Equipment & Regional Marketing Division  
Representative Director, President, Komatsu Customer Support Japan Ltd.

##### Osamu Kitajima

Vice President, Development Division

##### Shinichi Araie

Oyama Plant Manager, Production Division  
Representative Director, President, Komatsu Cummins Engine Co., Ltd.

##### Norihiko Tanigawa

Osaka Plant Manager, Production Division

##### Yoshie Ideura

President, Sustainability Promotion Division

##### Masafumi Murakami

GM, Human Resources Department  
Group Manager, Human Resources Group, Human Resources Department

##### Seiichiro Harada

Ibaraki Plant Manager, Production Division

##### Kiyoshi Hishinuma

GM, Business Coordination Department

##### Junya Ankyu

GM, Construction Equipment Business Planning & Controlling Department, Construction Equipment & Regional Marketing Division

##### Ryo Asahara

President, Information Strategy Division

##### Shingo Hori

Vice President, Mining Business Division

### Executive Officers (Outside of Japan) (as of June 30, 2024)

\*Executive officers outside of Japan currently serve as Global Officers.

#### North America

#### Senior Executive Officer (Jomu)

##### Rodney Schrader

Chairman & CEO, Komatsu America Corp.

##### Peter Salditt

President, Mining Business Division, Komatsu Ltd.  
President and CEO, Komatsu Mining Corp.

#### Executive Officer

##### Kozo Okuda

President and COO, Komatsu America Corp.

##### Kosei Okamoto

Executive Vice President, North America  
Chief Technology Officer (CTO), and President, North America Engineering & Development, Komatsu America Corp  
Technical Director, Komatsu Mining Corp.

##### Gary Kasbeer

Executive Vice President and CFO, Komatsu America Corp.

##### Nozomu Okamoto

Executive Vice President & COO, Komatsu Mining Corp.

#### Europe

#### Executive Officer

##### Tadashi Maeda

President and CEO, Komatsu Europe International N.V.

##### Göksel Güner

COO, Komatsu Europe International N.V.

#### Asia/Oceania

#### Executive Officer

##### Koji Yanagi

President Director, PT Komatsu Marketing and Support Indonesia

##### Sean Taylor

President and MD, Komatsu Australia Pty. Ltd.

### Global Officers (as of June 30, 2024)

#### North America

##### John Koetz

Executive Vice President & COO, Komatsu Mining Corp.

##### John Fiedler

President & CEO, Hensley Industries, Inc.

#### Latin America

##### Darko Louit

CEO, Komatsu Cummins Chile Ltda.  
CEO, Komatsu Holding South America Ltda.

#### Europe

##### Paul Blanchard

President and MD, Komatsu UK Ltd.

##### Ansgar Thole

President and MD, Komatsu Germany GmbH

##### Ingo Büscher

Executive Vice President and President, Construction Division, Komatsu Germany GmbH

##### David Bazzi

President and MD, Komatsu Italia Manufacturing S.p.A.

##### Jens Bengtsson

CEO, Komatsu Forest AB

#### Africa

#### Executive Officer

##### Michael Blom

President and MD, Komatsu South Africa (Pty) Ltd.

#### Asia/Oceania

##### Charoen Ruengwilai

President, Bangkok Komatsu Co., Ltd.

##### Jamalludin

President and CEO, PT Komatsu Indonesia Indonesia

#### China

##### Chunjiang Fei

Chairman, President and CEO, Komatsu (China) Ltd.

## Directors, Audit & Supervisory Board Members and Executive Officers

### Seven topics of focus and supervision by the Company's Directors and Audit & Supervisory Board Members of the Company

In order to achieve the growth strategies set out in the mid-term management plan, the following seven topics are defined as areas for focus and supervision by the Directors and Audit & Supervisory Board Members with respect to management of the Company.

Three pillars of growth strategies of the mid-term management plan	Growth Strategies Creating DANTOTSU Value					
	Value creation		Core business		Management foundation	
	1. Accelerate growth by means of innovation		2. Maximize earnings power		3. Enhance corporate resilience	
Topics on which Directors and Audit & Supervisory Board Members are to focus particular attention and supervision	Corporate Management	Sales & Marketing	Corporate Management	Sales & Marketing	Corporate Management	Legal Affairs & Compliance
	Innovative Technologies/ DX Environments	Global	Finance/ Economics	Global	Human Rights/ Human Resources & Human Resource Development	Global

Topic	Reasons for selection and content
<b>Corporate Management</b>	The ability to oversee resource allocation across the Company's business segments holistically, and to identify investments in growth areas
<b>Finance/ Economics</b>	The ability to identify and oversee "earnings power" in new and existing areas of business areas from a financial perspective
<b>Innovative Technologies/ DX Environments</b>	The ability to oversee a positive cycle of improving profitability through innovation from technology (production development) and DX and through solving ESG issues, including environmental issues
<b>Sales &amp; Marketing</b>	The ability to identify risks/opportunities in the external environment of our global, multi-site business
<b>Human Rights/ Human Resources &amp; Human Resource Development</b>	The ability to oversee the protection of human rights as it relates to all our business activities and the ability to identify measures to enhance the diversity of our human resource base
<b>Legal Affairs &amp; Compliance</b>	The ability to oversee legal and compliance matters to support the sustainable growth of new and existing businesses
<b>Global</b>	The ability to anticipate and oversee risks/opportunities in global business development from a variety of perspectives (supply chain, geopolitics, etc.)

### Skill matrix for Directors and Audit & Supervisory Board Members of the Company

This skill matrix presents categories of skills that the Board of Directors has deemed particularly worthy of focus and oversight by the respective Directors and Audit & Supervisory Board Members with respect to management of the Company, upon having taken into account the primary abilities and expertise of each individual.

Name	Corporate Management	Finance/ Economics	Innovative Technologies/ DX Environments	Sales & Marketing	Human Rights/ Human Resources & Human Resource Development	Legal Affairs & Compliance	Global	Reason for selection
<b>Tetsuji Ohashi</b>	●		●			●	●	• Has held various important positions in the production departments, and has served as President of the U.S. subsidiary and President of the Company. He oversees overall governance as Chairman
<b>Hiroyuki Ogawa</b>	●	●	●	●	●	●	●	• As President and CEO, he focuses on, and supervises, all aspects of achieving the Company's growth strategies
<b>Takeshi Horikoshi</b>		●				●	●	• Has held key positions in the accounting and finance related departments • Hands-on experience in Europe and on M&As
<b>Takuya Imayoshi</b>	●	●		●	●	●	●	• Hands-on experience in the United States, and has held such key positions as the head of accounting and finance related departments, General Manager of the Business Coordination Department, and Representative of All China Operations
<b>Mitsuko Yokomoto</b>			●		●	●		• Experience in the fields of human resources and general affairs, compliance and sustainability
<b>Takeshi Kunibe</b> <small>Outside Independent</small>	●	●	●					• Knowledge and experience in the business world, including the field of finance and group company management
<b>Arthur M. Mitchell</b> <small>Outside Independent</small>						●	●	• Knowledge and experience in the field of international legal affairs as an attorney
<b>Naoko Saiki</b> <small>Outside Independent</small>					●	●	●	• Knowledge and experience in the fields of international affairs, international law and economics
<b>Michitaka Sawada</b> <small>Outside Independent</small>	●		●	●	●			• Experience in the business world, including global group corporate management and ESG management practices
<b>Yasuhiro Inagaki</b>						●	●	• Knowledge and experience in legal affairs, business development relations, and corporate planning
<b>Mitsuo Nakao</b>		●					●	• Knowledge in the field of accounting and finance • Hands-on experience in Europe and Latin America
<b>Kotaro Ohno</b> <small>Outside Independent</small>					●	●		• Served as the Prosecutor-General of the Supreme Public Prosecutors Office, with knowledge and experience in the legal profession
<b>Tatsuro Kosaka</b> <small>Outside Independent</small>	●		●	●				• Knowledge and experience in the business world as a top executive
<b>Mariko Matsumura</b> <small>Outside Independent</small>					●	●		• Knowledge and experience in the legal and compliance fields as an attorney

**Outside** : Outside Director, Outside Audit & Supervisory Board Member  
**Independent** : Director or Audit & Supervisory Board Member who meets the Company's independence standards and for whom the Company has submitted or plans to submit an Independent Director or Audit & Supervisory Board Member Notification to the Tokyo Stock Exchange (the Japanese stock exchange on which the Company's shares are listed).



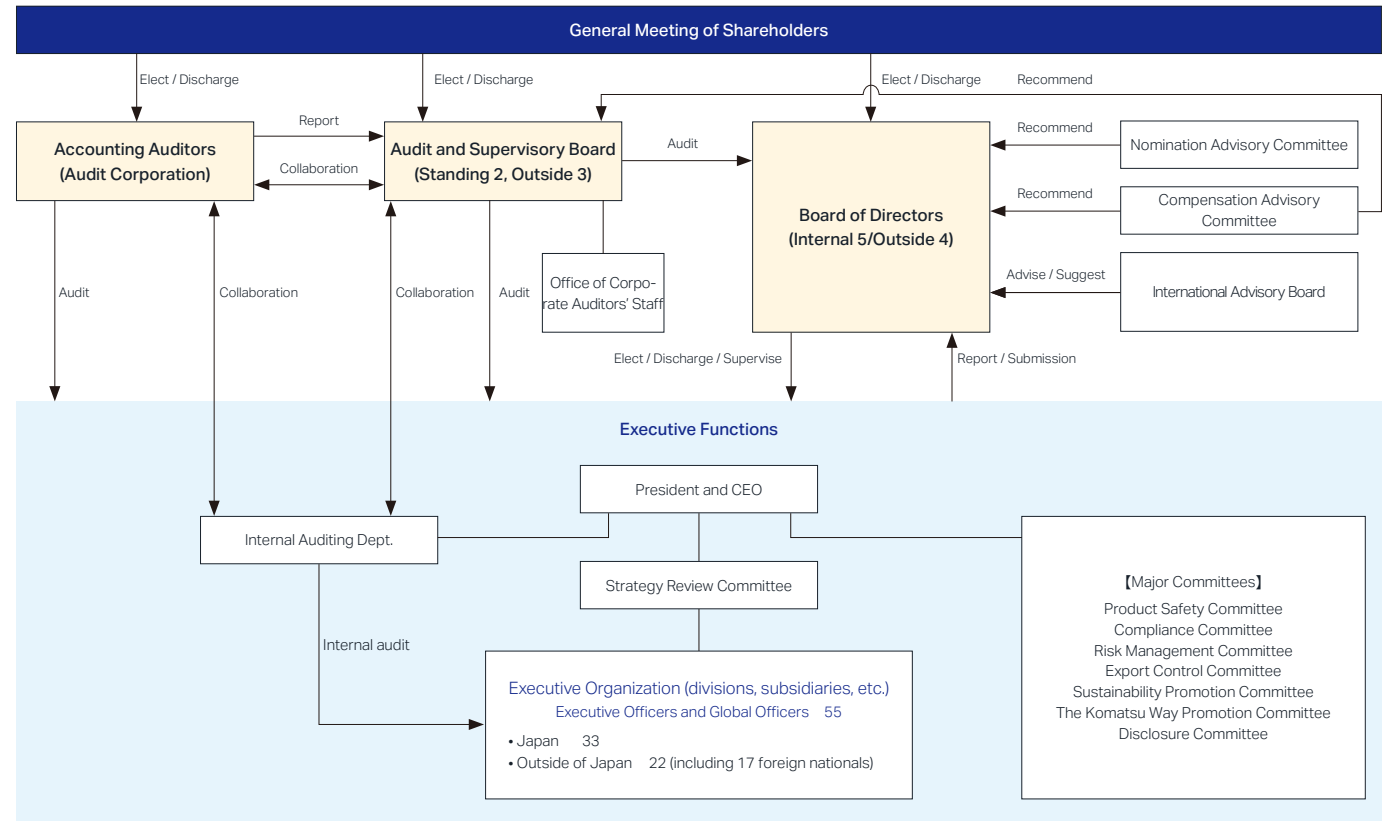
# Corporate governance

It has been our management principle to commit ourselves to quality and reliability in order to maximize the total sum of trust given to us by society and all Komatsu stakeholders. To become a company that enjoys more trust from all stakeholders, Komatsu is working to strengthen corporate governance, improve management efficiency, advocate corporate ethics, and ensure sound management on a group-wide basis.

## Corporate governance framework

At Komatsu, 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, we have 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, we have separated management decision-making and supervisory functions from executive functions to the extent permitted by laws and regulations, limiting the Board of Directors to a small number of members while appointing Outside Directors and Outside Audit & Supervisory Board Members to ensure objectivity and the soundness of management.

Figure: Corporate governance chart\*



\*As of June 30, 2024.

## Corporate governance

### ■ Corporate governance reforms

Komatsu has proceeded to implement reforms to its corporate governance system in order to ensure effective and adequate performance of matters related to management decision-making and oversight. Specific reforms have included separation of corporate management from business execution, enhancement of corporate management decision making by the Board of Directors, strict management and supervision of business execution, measures undertaken by Outside Directors to improve transparency and objectivity of management, and measures undertaken by the Audit & Supervisory Board to appropriately audit Directors' execution of duties. As a means of supplementing business execution, we established the International Advisory Board (IAB) in 1995. Through the IAB, we aim to secure objective advice and suggestions from experts about how to function as a global company by exchanging opinions and holding discussions. Going forward, we will pursue increases to the effectiveness of the Board of Directors while appointing Outside Directors to ensure transparency and soundness and promoting openness and accountability in management.

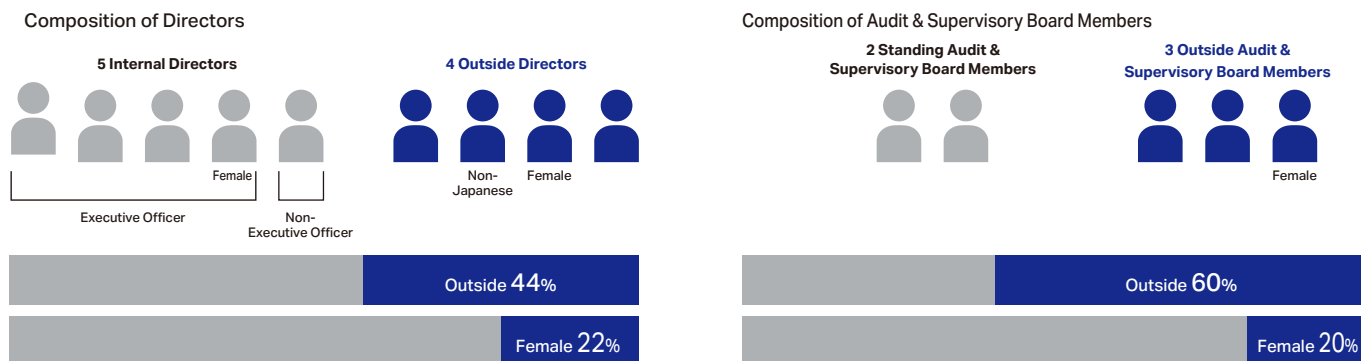
Figure: Number of the Board Members



Figure: Number of Audit & Supervisory Board Members



Figure: Composition of Directors and Audit & Supervisory Board Members (as of June 30, 2024)



### Other organizations and systems

Organization / System	Establishment	Overview
Nomination Advisory Committee	2015	The Nomination Advisory Committee consists of four Outside Directors (including one committee chair) and two Internal Directors (the Chairman and the President). The committee deliberates the nominations of candidates for Directors and Audit & Supervisory Board Members, as well as the selection and dismissal of Executive Officers, including the President (CEO), and reports to the Board of Directors.
Compensation Advisory Committee	1999	The Compensation Advisory Committee consists of five outside members (four Outside Directors (including the chair and one Outside Audit & Supervisory Board Member) and one Internal Director (the Chairman). For greater objectivity and transparency in Director and Outside Audit & Supervisory Board Member compensation, the committee deliberate compensation policies and compensation levels, and report to the Board of Directors or Audit & Supervisory Board Members.
International Advisory Board	1995	It was established with the purpose of incorporating the objective advice and suggestions of external experts on the management and corporate activities expected of a global company into the discussions of the Board of Directors.
Executive Officer System	1999	It was introduced in 1999 to separate supervisory functions from executive functions. This system has enabled the Company to limit the Board of Directors to a small number of members.
Global Officers	2016	Global officers are appointed to senior management positions at major group companies outside of Japan to facilitate the consolidated management of the Komatsu Group.

## Corporate governance

### Board of Directors

The Company holds Board of Directors' meetings periodically, at least once every month. The Board of Directors deliberates and makes resolutions on important matters, determines management policies of the Komatsu Group, and rigorously controls and supervises the execution of duties by all members of the executive management team including Representative Directors. Of the nine (9) Directors on the Board, four (4) are Outside Directors to ensure transparent and objective management. The members of the Board of Directors are as listed under 1) Meeting frequency and attendance, below. The chairman of the board chairs meetings of the Board of Directors.

The Board of Directors make decisions on important management matters based on the Standards for Matters to be Referred to a Meeting of the Board of Directors and reports on business execution. The Board holds free discussions on topics related to medium- and long-term issues at Board of Directors meetings and opportunities outside Board of Directors meetings.

To ensure thorough discussions by the Board of Directors, the Company secures ample time for thorough discussions and has adopted a process in which the Board of Directors meets twice to discuss and resolve important agenda items separately. While the business execution reports in Board meetings cover virtually 100% of businesses on a consolidated revenue basis, details of very small operations are also reported, focusing on safety, compliance, and risk matters.

The President reports at Board of Directors meetings monthly regarding the most recent important matters and topics, including safety, compliance, and risk. The CFO also reports monthly on the status of sales, profit and loss, orders received, and borrowings.

#### (1) Activities of the Board of Directors

##### 1) Meeting frequency and attendance

During FY2023, the Company held 16 meetings of the Board of Directors, and the attendance of individual directors is shown as follows.

Position	Name	Frequency*	Attendance rate
Chairman of the Board	Tetsuji Ohashi	16	100%
President and CEO	Hiroyuki Ogawa	16	100%
Representative Director	Masayuki Moriyama	16	100%
Representative Director	Kiyoshi Mizuhara	4	100%
Director	Takeshi Horikoshi	16	100%
Director	Mitsuko Yokomoto	12	100%
Outside Director	Takeshi Kunibe	16	100%
Outside Director	Arthur M. Mitchell	15	93%
Outside Director	Naoko Saiki	16	100%
Outside Director	Michitaka Sawada	16	100%
Standing Audit & Supervisory Board Member	Yasuhiro Inagaki	16	100%
Standing Audit & Supervisory Board Member	Terumi Sasaki	16	100%
Outside Audit & Supervisory Board Member	Eiko Shinotsuka	4	100%
Outside Audit & Supervisory Board Member	Kotaro Ohno	16	100%
Outside Audit & Supervisory Board Member	Tatsuro Kosaka	16	100%
Outside Audit & Supervisory Board Member	Mariko Matsumura	12	100%

\*Representative Director Kiyoshi Mizuhara and Outside Audit & Supervisory Board Member Eiko Shinotsuka retired at the 154th Ordinary General Meeting of Shareholders held in June 2023, and Director Mitsuko Yokomoto and Outside Audit & Supervisory Board Member Mariko Matsumura were appointed at the same Ordinary General Meeting of Shareholders. Therefore, the number of meetings of the Board of Directors to be attended differs from that of other Directors and Audit & Supervisory Board Members.

2) Number of agenda items, etc., for Board of Directors meetings in FY2023

Agenda item numbers	Resolutions	29
	Deliberations	4
	Reports	43
Free discussion	2	

### Activities outside the Board of Directors

In addition to meetings, of the Board of Directors Members took part in the following activities.

- (1) Free discussions were arranged centering on the topic of medium- to long-term management issues.
- (2) Outside Directors and Outside Audit & Supervisory Board Members held meetings at which these Outside Board Members shared opinions regarding management issues from their objective and independent standpoints. Discussions with the President were also arranged to foster sharing recognition.
- (3) Outside Directors and Outside Audit & Supervisory Board Members participate in business site tours to gain a deeper understanding of the Group's business and exchange opinions with employees.



Tour of the Test Engineering Center (Oita Prefecture)



Plant tour of the Komatsu NTC Ltd.

## Corporate governance

### Supporting system for Outside Directors and Audit & Supervisory Board Members

The support systems for Outside Directors and Outside Audit & Supervisory Board Members include the following.

Distribution of materials and pre-meeting briefings	As a general rule, the Company provides materials for Board of Directors meetings to Outside Directors and Outside Audit & For newly appointed Outside Directors and Outside Audit & Supervisory Board Members, the concerned departments conduct explanatory meetings on the agenda items to be discussed at meetings of the Board of Directors, as needed. Such meetings are attended by the Secretariat of the Board of Directors and held prior to Board of Directors meetings.
Discussion process	With respect to matters that may be of particular importance, the Board of Directors discusses them at the Board of Directors meeting prior to the Board of Directors meeting where such matters are scheduled for resolution. In this manner, the Company ensures that the Directors have sufficient time to review the matters before decisions are made and that they will have an opportunity to consider the points noted in earlier discussions before deciding upon such matters.
Material database	The Company has built a database that houses materials, minutes, and other information on past Board of Directors and other major committee meetings. This database can be accessed by all members of the Board of Directors and the Audit & Supervisory Board Members, including outside members. The Company has also built a database to manage materials and minutes of past meetings of the Audit & Supervisory Board. This database can be accessed by all Audit & Supervisory Board Members, including outside members.

### Evaluation of the effectiveness of the Board of Directors

The results of the evaluation of the effectiveness of the Board of Directors conducted in FY2023 were as follows.

#### (1) Process of analysis and evaluation

With regard to the process of analysis and evaluation, the Company has confirmed the evaluation method for FY2023 based on the effectiveness evaluation method and results of the Board of Directors' evaluation from the previous fiscal year.

This fiscal year, we engaged a third-party organization to participate in the evaluation process to enhance objectivity and transparency.

### Outline of evaluation of the effectiveness of the Board of Directors

Subjects	All nine Directors and all five Audit & Supervisory Board Members
Conduction/ Evaluation	<ol style="list-style-type: none"> <li>1) Questionnaire filled out by the subjects</li> <li>2) Interviews with subjects (conducted by a third party)</li> <li>3) Analysis and evaluation by a third party organization based on (1) and (2) above</li> <li>4) Discussion by Outside Directors and Outside Audit &amp; Supervisory Board Members</li> <li>5) Discussion by Internal Directors and Standing Audit &amp; Standing Audit &amp; Supervisory Board Members</li> <li>6) Analysis and evaluation based on (1) through (5) above followed by planning and drafting of a proposal for holding a Board of Directors meeting</li> <li>7) Report and discussion at the Board of Directors meeting</li> </ol>
Questions (Major Categories)	<ol style="list-style-type: none"> <li>1) Roles and functions of the Board of Directors</li> <li>2) Size and composition of the Board of Directors</li> <li>3) Proceedings of Board meetings (agenda setting)</li> <li>4) Proceedings of Board meetings (reporting and explanation, provision of information, follow-up)</li> <li>5) Discussion at Board meetings</li> <li>6) Business understanding and communication</li> <li>7) Self-evaluation</li> </ol>

#### (2) Outline of the evaluation results

After reviewing the discussion by the Board of Directors, based on the analysis of the questionnaires, interviews, and discussions arranged as part of the evaluations of effectiveness, the Company has confirmed that the effectiveness of the Komatsu Board of Directors remains ensured with a generally high level in regard to each of the evaluation items.

The main points that were highly rated were as follows:

- 1) Diversity of Board members (background, internationality, gender, etc.)
- 2) Timely provision of information and explanation of management issues through the President's report made at the beginning of Board meetings
- 3) Provision of explanatory videos in advance of Board meetings to simplify explanations on the day of the meeting and to ensure sufficient time for discussion
- 4) Frank and multifaceted discussions by members with diverse backgrounds and knowledge
- 5) Steady improvement of issues in meeting operations

Conversely, the issues to be further examined in the future are as follows:

- 1) Continuation and enhancement of discussions on medium and long-term issues (business portfolio, changes in the internal and external environment, human capital, etc.) to enhance corporate value
- 2) Continuation of clarification of discussion themes in agenda for reports, concise reports focusing on the day's key discussion points, etc.
- 3) Enhancement of opportunities for free discussions and other discussions outside Board of Directors meetings

In FY2024, the Company will work on these points to achieve an even more effective Board of Directors.

## Corporate governance

### Audit & Supervisory Board

The activities of the Audit & Supervisory Board Members and the Audit & Supervisory Board were as follows.

#### (1) Frequency of and attendance at meetings of the Audit & Supervisory Board

In FY2023, 15 meetings of the Audit & Supervisory Board were held, and the attendance of individual Audit & Supervisory Board Members is as follows.

Position	Name	Frequency*	Attendance rate
Standing Audit & Supervisory Board Member	Yasuhiro Inagaki	15	100%
Standing Audit & Supervisory Board Member	Terumi Sasaki	15	100%
Outside Audit & Supervisory Board Member	Eiko Shinotsuka	4	100%
Outside Audit & Supervisory Board Member	Kotaro Ohno	15	100%
Outside Audit & Supervisory Board Member	Tatsuro Kosaka	15	100%
Outside Audit & Supervisory Board Member	Mariko Matsumura	11	100%

\* Outside Director Eiko Shinotsuka retired at the 153rd Ordinary General Meeting of Shareholders held in June 2024, and Outside Director Mariko Matsumura was appointed at the same Ordinary General Meeting of Shareholders. Therefore, the number of meetings of the Audit & Supervisory Board attended differs from that of other Audit & Supervisory Board Members.

#### (2) Details of discussions at meetings of the Audit & Supervisory Board

Details of discussions at meetings of the Audit & Supervisory Board in FY2023 are as follows:

- 1) Made resolutions after deliberation on the audit policy, audit method, key audit matters, allocation of duties, and audit report
- 2) Conferred with the independent auditor to identify key audit matters (KAMs) in the audit and confirmed that these were disclosed properly
- 3) Discussed and confirmed the method of the independent auditor's audit, the appropriateness of the results, and its independence of the independent auditor
- 4) Discussed the appointment or dismissal of the independent auditor and passed a resolution for reappointment
- 5) Received reports on internal audit results of the Company and its subsidiaries from the Internal Auditing Department and offered appropriate opinions and discussed said matters
- 6) Received a report from the Compliance Department on the status of its activities and offered appropriate opinions and discussed said matters
- 7) Investigated the status of implementation of the basic policy on internal controls and confirmed no issues
- 8) Discussed and passed resolutions regarding the revision of the Company's Audit & Supervisory Board regulations and audit standards for Audit & Supervisory Board Members in light of revisions of laws and regulations
- 9) The Audit & Supervisory Board also discussed and implemented improvements for efficient and effective operation of the Audit & Supervisory Board and audit duties.

#### (3) Activities of Audit & Supervisory Board Members

In accordance with the audit policies, assignment of duties, and other matters determined by the Audit & Supervisory Board, the Audit & Supervisory Board Members attended important meetings of the Board of Directors, the Strategy Review Committee, the Compliance Committee, the Risk Management Committee, and other bodies, and inspected and confirmed business operations and assets through review of important resolution documents and associated information as well as on-site inspection of the Company and its subsidiaries.

Moreover, the Audit & Supervisory Board Members endeavored to communicate and exchange information with Representative Directors, other Directors and Audit & Supervisory Board Members, and the management of the Company and its subsidiaries, and received explanations and reports on execution of their duties and the status of businesses and also periodically received explanations and reports on the establishment, improvement, and operation of internal control systems and expressed opinions as needed. In addition, the Audit & Supervisory Board Members worked to improve the environment for auditing through liaison meetings and individual interviews with the Internal Auditing Department and subsidiaries' standing Audit & Supervisory Board Members while maintaining close contact to enhance effectiveness.

Furthermore, Audit & Supervisory Board Members also monitored and verified whether the independent auditor maintained its independent position and implemented appropriate audits, received reports on the execution of duties from the firm, and requested an explanation as needed.



## Corporate governance

### Activities of advisory committees

#### Nomination Advisory Committee

The Nomination Advisory Committee (66.7% of members are Outside Directors) consists of four Outside Directors (including one committee chair) and two Internal Directors (the Chairman and the President). The committee deliberates the nominations of candidates for Directors and Audit & Supervisory Board Members, as well as the selection and dismissal of Executive Officers, including the President (CEO), and reports to the Board of Directors.

In selecting candidates, the committee also considers diversity in terms of gender, nationality, and race. The Board of Directors deliberates and decides on the nomination of candidates for Directors and Audit & Supervisory Board Members, as well as the selection and dismissal of Executive Officers, etc., based on the reports received.

#### Compensation Advisory Committee

For greater objectivity and transparency in Director and Outside Audit & Supervisory Board Member compensation, the Compensation Advisory Committee (83.3% outside members), which consists of five outside members (four Outside Directors (including the chair and one Outside Audit & Supervisory Board member) and one Internal Director (the chair), deliberate compensation policies and compensation levels. Based on reports received from the committee, the Board of Directors determines compensation for Directors and the Audit & Supervisory Board Members discuss and determine compensation for Audit & Supervisory Board Members within the scope of total compensation resolved in advance at the general meeting of shareholders.

	Nomination Advisory Committee	Compensation Advisory Committee
Membership	Six members (including Chairperson) <Chairperson> Outside Director Takeshi Kunibe <Committee Members> Outside Director Arthur M. Mitchell Outside Director Naoko Saiki Outside Director Michitaka Sawada Chairman of the Board Tetsuji Ohashi President and CEO Hiroyuki Ogawa	Six members (including Chairperson) <Chairperson> Outside Director Takeshi Kunibe <Committee Members> Outside Director Arthur M. Mitchell Outside Director Naoko Saiki Outside Director Michitaka Sawada Outside Audit & Supervisory Board Member Kotaro Ohno Chairman of the Board Tetsuji Ohashi
Purpose	Deliberation, resolution, and reporting to the Board of Directors on selection of the next President and human resource development methods, succession plans, and appointment and dismissal of Directors	Deliberation, resolution, and reporting to the Board of Directors and Audit & Supervisory Board on remuneration systems for Directors, Audit & Supervisory Board Members, and Executive Officers to ensure objectivity and transparency
Meetings in FY2023	3	4
Agenda items in FY2023	<ul style="list-style-type: none"> <li>• Selection and cultivation of candidates for the next President</li> <li>• FY2024 nomination of Director and Audit &amp; Supervisory Board Member candidates</li> <li>• Director and Audit &amp; Supervisory Board Member skill matrix</li> <li>• Selection of Executive Officer candidates</li> <li>• Membership of Nomination Advisory Committee and Compensation Advisory Committee in FY2024, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Revision of Director and Audit &amp; Supervisory Board Member compensation</li> <li>• Policy for determining Director compensation, etc.</li> <li>• Revision of compensation system and stock-based remuneration system for directors</li> <li>• Monthly compensation levels for Directors and Audit &amp; Supervisory Board Members for FY2024</li> <li>• Evaluation indicators for performance-based remuneration for Directors in FY2024, etc.</li> </ul>

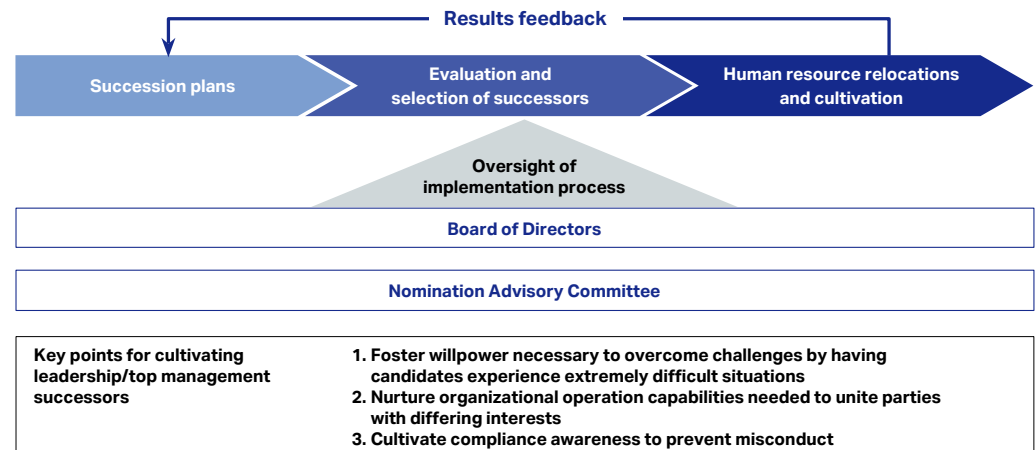
### Succession plans

One of the items contained in the guidelines for leadership / top management that has been clearly delineated in The Komatsu Way is “continue to think about your succession plan.”

In order to ensure that Komatsu’s management values are transmitted to the next generation, the basic requirements for candidates for the position of President are discussed and clearly defined by the Nomination Advisory Committee. In addition, successors for important global positions up to and including that of the President are decided through the annual implementation of succession plans (see chart below).

Selected candidates are assigned to challenging tasks and granted even larger roles in the organization to systematically develop them in an environment that encourages the pursuit of mutual growth.

Figure: Overview of succession plans



## Corporate governance

### Remuneration systems

In an effort to maintain an objective and transparent remuneration system, the policy and levels of remuneration for Directors and Audit & Supervisory Board Members of the Company are deliberated by the Compensation Advisory Committee. With regard to the level of monthly remuneration paid as basic remuneration, comparison by position at other key, globally active manufacturers in Japan is made by the Compensation Advisory Committee and is reflected in its reports and recommendations.

The remuneration for Directors excluding the Outside Directors (hereinafter "Internal Directors") comprises basic remuneration (fixed remuneration) and performance-based remuneration linked to the Company's consolidated performance for a single fiscal year (bonus in cash and the stock-based remuneration A) as well as the performance based remuneration (stock-based remuneration B) that will reflect the degree of achievement of the targets raised in the mid-term management plan, so that it will further contribute to the enhancement of the medium- and long-term corporate value of the Company, by linking the remuneration.

The remuneration for Outside Directors only consists of basic, in consideration of their role as members of the Board of Directors to make recommendations on overall management.

Furthermore, the remuneration for Audit & Supervisory Board Members only consists of basic (fixed remuneration) designed to support their independent position with authority to audit the execution of duties by Directors without getting fettered by the movements of corporate performance of the Company.

The retirement allowance system for Directors and Audit & Supervisory Board Members was terminated as of June 2007.

Figure: Composition of remuneration of Directors and Audit & Supervisory Board Members

Internal Directors	Monetary remuneration		Stock-based remuneration	
	Basic remuneration	Performance-based remuneration for a single year (Monthly remuneration (base amount by position for stock-based remuneration) x 0-27 months)		Mid-term management plan performance-based remuneration (base amount by position x 0-3 months)
		↓0-12 months	↓0-15 months	
Monthly remuneration x 12 months	Bonus in cash	Stock-based remuneration A Stock-based remuneration (trust) (granted upon retirement)	Stock-based remuneration B Stock-based remuneration (trust) (granted upon retirement)	

Outside Directors and Audit & Supervisory Board Members	Monetary remuneration	← Not influenced by the Company performance
	Basic remuneration	
	Monthly remuneration x 12 months	

After consultation with the Compensation Advisory Committee and receiving a report from the same, the Komatsu Board of Directors resolved on April 26, 2024, to revise the remuneration plan for Internal Directors. The resolution was approved at the Ordinary General Meeting of Shareholders held in June 2024. With this revision, the ratio of stock-based remuneration will be increased and the timing of stock grants to Directors will be upon retirement. The objective of this revision is to further enhance Director awareness of their contribution to the Company's medium- to long-term performance and role in corporate value enhancement, as well as to establish common interests with shareholders.

Specifically, the performance-based stock-based remuneration will be revised to include a trust-type stock-based remuneration plan (Board incentive plan trust) in place of the previous restricted stock-based remuneration system. In addition, the maximum for single-year performance-based stock-based remuneration (stock-based remuneration A) will be increased from 12 months to 15 months of monthly remuneration. As a result, the maximum amount of performance-based remuneration (cash bonus and stock-based remuneration A) for a single fiscal year will be revised from 24 months to 27 months of monthly remuneration. While the previous restricted stock-based remuneration plan had a three-year restricted stock transfer period, the new trust-type stock-based remuneration plan will call for stock to be delivered to Directors at the time of retirement.

#### Performance-based remuneration for a single fiscal year

The basic consolidated performance indicators for a single fiscal year will be consolidated ROE<sup>\*1</sup>, consolidated ROA<sup>\*2</sup>, and consolidated operating profit ratio. The plan will also take growth potential (consolidated sales growth rate) into account and evaluate performance based on the ratios shown in the table below to calculate the total amount of performance-based remuneration paid each year.

#### Consolidated performance-based remuneration indicators for a single fiscal year

	Indicator	Ratio
Basic Indicator	Consolidated ROE <sup>*1</sup>	50%
	Consolidated ROA <sup>*2</sup>	25%
	Consolidated operating profit ratio	25%
Adjustment Indicator	Adjusted by consolidated sales growth	

\*1 ROE = Net income attributable to Komatsu Ltd./((beginning shareholder's equity + ending shareholders' equity)/2)

\*2 ROA = Income before income taxes and equity in earnings of affiliated companies/((beginning total assets + ending total assets)/2)

A certain percentage of the total amount of consolidated performance-based remuneration paid in a single fiscal year shall be paid as a cash bonus. The remainder, less said cash bonus, shall be paid as stock-based remuneration subject to a resolution of the Board of Directors (stock-based remuneration A). The goal here is to encourage the sharing of common values with shareholders. However, the maximum cash bonus shall be equivalent to 12 months of monthly remuneration. Any portion exceeding 12 months shall be paid as stock-based remuneration A in lieu of cash. Stock-based remuneration A shall be a trust-type stock-based remuneration (board incentive plan (BIP) trust for Directors), and the number of share delivery points shall be determined and granted to eligible Internal Directors each fiscal year. When an eligible Director retires, the Director in question will be paid for the number of Company shares equivalent to the number of the points granted to the time of retirement in a monetary amount equivalent to the cash proceeds from the conversion of the Company shares.

## Corporate governance

### Performance-based remuneration linked to performance of the mid-term management plan

Komatsu will pay eligible Directors the equivalent of a three-month portion of the base amount by position every fiscal year as remuneration linked to the period of the Company's mid-term management plan by granting stock-based remuneration (Stock-Based Remuneration B). Stock-Based Remuneration B shall be a trust-type stock-based remuneration plan (BIP trust for Directors), and single fiscal year points shall be allocated to eligible Directors each fiscal year in accordance with their position in the Company. After the end of the period of the mid-term management plan in question, the number of points to be granted will be determined by calculating the cumulative total of single-year points granted to eligible Directors and multiplying this cumulative total by a performance-based coefficient based on the achievement of the mid-term management plan targets and other factors. Upon retirement, the Director in question will be paid for the number of Company shares equivalent to the number of points granted to the time of retirement in a monetary amount equivalent to the cash proceeds from the conversion of Company shares.

P.34 Management targets

### Malus and clawback system

Komatsu resolved to adopt a malus (reduction or confiscation) and clawback (return) system at a meeting of the Board of Directors held on April 28, 2022. 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. be decided by the Board of Directors after deliberation by the Compensation Advisory Committee according to each event.

\* The performance indicators used as the basis for calculating remuneration are subject to change upon a resolution of the Board of Directors.

## International Advisory Board (IAB)

Komatsu established the International Advisory Board (IAB) in 1995 to incorporate objective advice and suggestions from external experts into the Board of Directors concerning management and operations of Komatsu as a global company. The IAB has met a total of 39 times through meetings of traditional bodies and new organizations combined. In FY2023, the advisors took part in discussions with Directors and Audit & Supervisory Board Members and provided advice and suggestions with regard to carbon neutrality and Komatsu competitive strategy built in digital transformation.

The advisors for the 9th IAB session were selected and began new activities in April 2024. We will continue to enhance corporate value by improving management and strengthening corporate governance further, making use of advice from an international and multifaceted perspective on the various management issues surrounding the Company.

### Advisors of the 9th session (current)



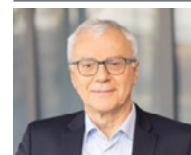
#### John Paul Bilbrey

Former Chairman, President and CEO, Hershey Company



#### Baba N Kalyani

Chairman and Managing Director, Bharat Forge Ltd.



#### Heinz-Gerhard Wente

Chairman of the Supervisory Board, Salzgitter AG

### Major executive committees

Committee name	Purpose	Meeting frequency (yearly)*2
Product Safety Committee	Discussions on and decisions regarding policies and systems related to product safety activities and technologies, assessment of product safety activities of business divisions and deliberation on issues regarding said activities, and reporting of important matters at monthly Board of Directors' meetings	2
Compliance Committee*1	Discussion on and decision and execution of policies and important measures pertaining to group-wide compliance	2
Risk Management Committee*1	Discussion and approval of group-wide risk management tasks and risk countermeasures	1
Export Control Committee	Discussion on and decision of policies and important matters regarding group-wide security and export control measures and systems	1
Sustainability Promotion Committee*1	Discussion on and decision and execution of policies and important measures regarding the environmental and social activities implemented as part of the Group's ESG activities	2
The Komatsu Way Promotion Committee*1	Discussion on and decision and execution of policies and important measures regarding human resources, labor affairs, education and human resource development, employee benefits, for the Company and the Group	2
Disclosure Committee	Discussion and assessment to facilitate accurate information disclosure as required by the Financial Instruments and Exchange Act and submission of recommendations to internal information control representatives regarding judgments on material developments	4

\*1 Chairperson: President

\*2 Meeting frequency represents the number of meetings in principle. Additional meetings are held as necessary.



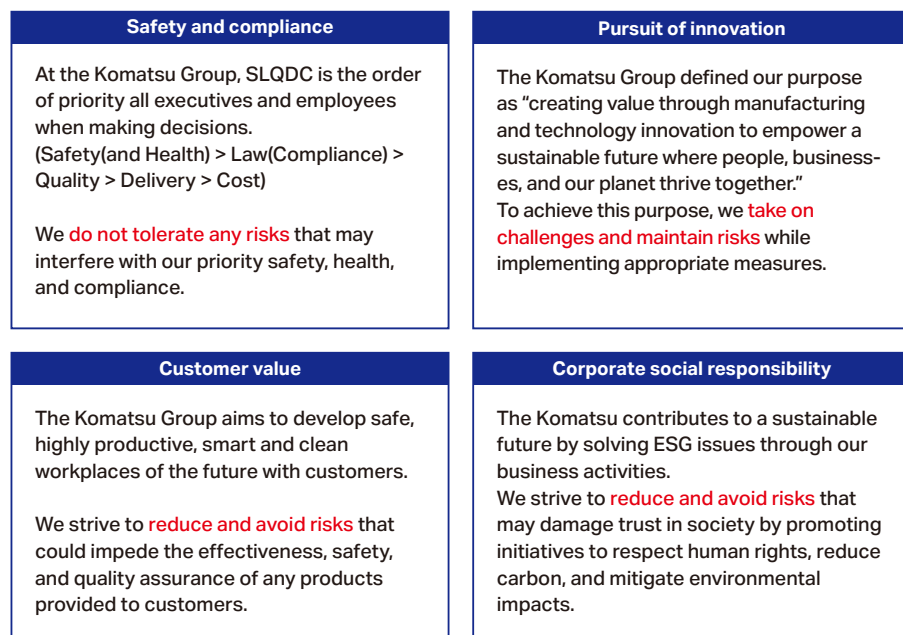
# Risk management

## Basic policy

The Komatsu management principle is our commitment to quality and reliability to maximize the total sum of trust given to us by society and our stakeholders. We regard all uncertainty that impedes this principle as a risk.

To support appropriate strategic decision-making and smooth business operations, the Komatsu Group established a Risk appetite statement, which is a policy for responding to risks. We ensure that all employees make decisions and take actions based on this statement.

Figure: Risk appetite statement

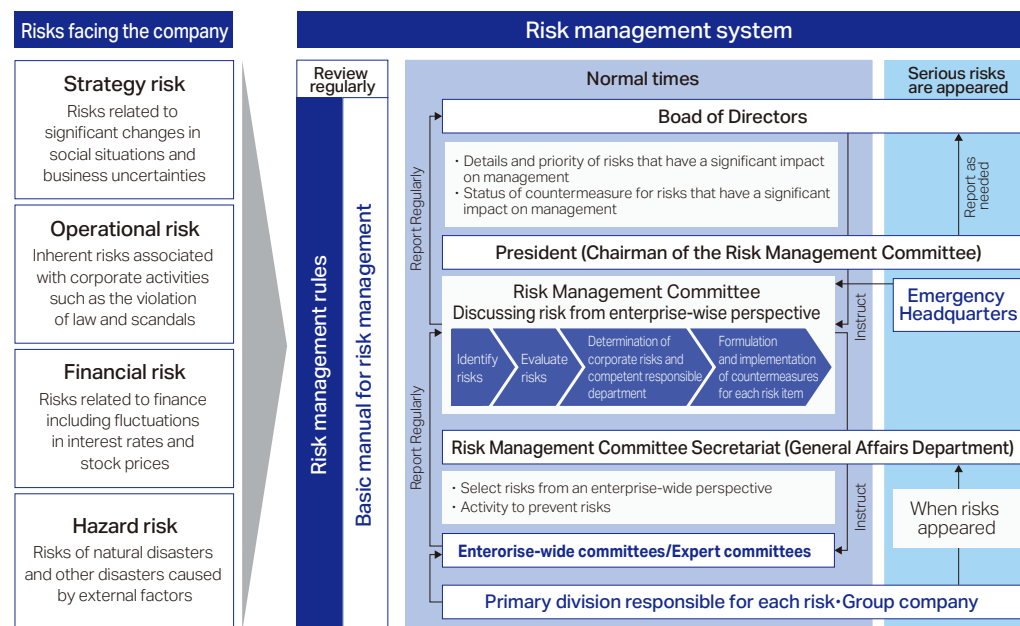


## Risk management structure

The Komatsu Group introduced ERM (Enterprise risk management) to identify all risks surrounding the Group and prepare for these risks in normal times to respond accurately to the ever-changing business environment and risks. Komatsu developed risk management rules and a basic manual for risk management as rules for the proper recognition and management of risks. We also set up the Risk Management Committee, chaired by the President, to formulate the Komatsu Group's policy on risk management, select and evaluate risks from an enterprise-wide perspective, check and follow up on the implementation status of countermeasures, and implement control when risks materialize. The committee reports regularly on deliberations and activities to the Board of Directors.

Komatsu establishes an emergency headquarters when serious risks occur, and implements appropriate measures to minimize damage.

Figure: Risk management system

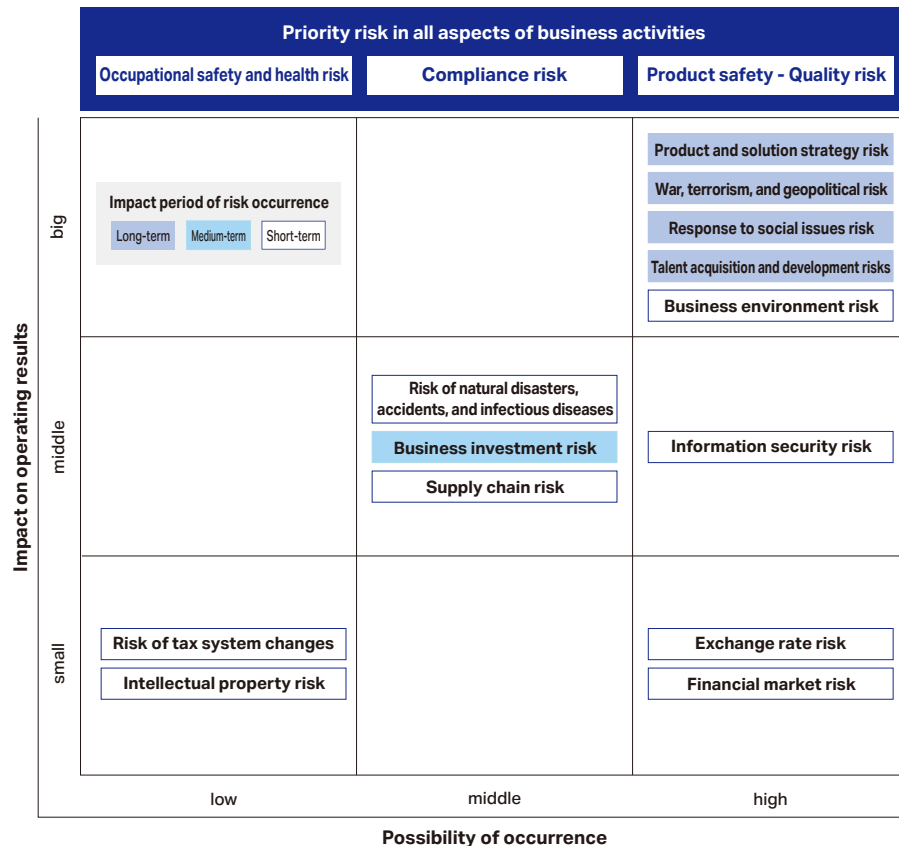


## Risk management

### Major risks and assessments

Komatsu identifies risks that could potentially impact our business activities from enterprise-wide perspective. We evaluate and prioritize these risks impact on operating results, likelihood of occurrence, and impact duration. We also identify corporate risks, which are significant risks for the entire company, and regional risks that may have a significant impact on the business of specific countries and regions. After determining the responsible department for countermeasures, we implement appropriate measures to avoid and minimize risks, as well as maximize opportunities. The risk map (risk priorities) based on the results of risk assessment in FY2023 is shown below.

Figure: Risks factors



**Web** Risk management (155th Annual Securities Report)

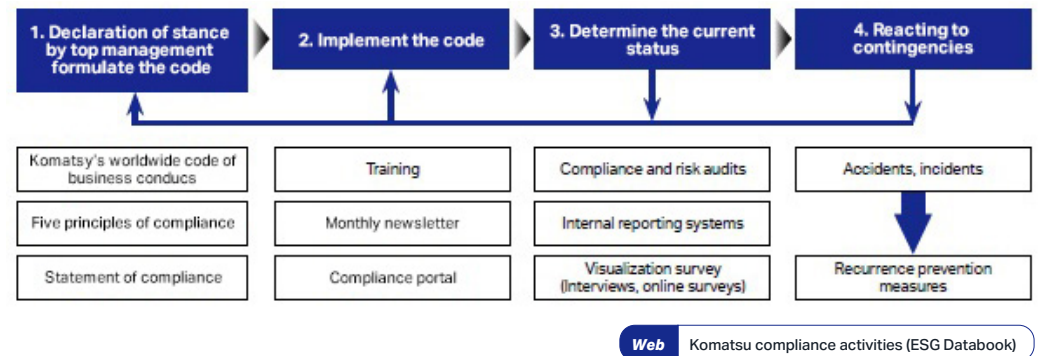
**Web** Overview, impact, and countermeasures for "Corporate risks" (ESG Databook)

### Compliance

Komatsu established the Compliance Committee to oversee the Group's compliance. The committee regularly reports its discussions and activities to the Board of Directors. Komatsu issues Komatsu's worldwide code of business conduct showing business rules as well as laws and regulations, which all Directors and employees must comply with. Komatsu also established a system to comply with those business rules as well as laws and regulations through a variety of measures. Those measures include appointment of an Executive Officer to supervise compliance, and establishment of the Compliance Department. Through all of these activities, we work to supervise, educate, and train Officers and employees.

In addition, Komatsu establishes an internal reporting system that ensures the protection of persons who, in good faith, report violations of laws, regulations, and business rules.

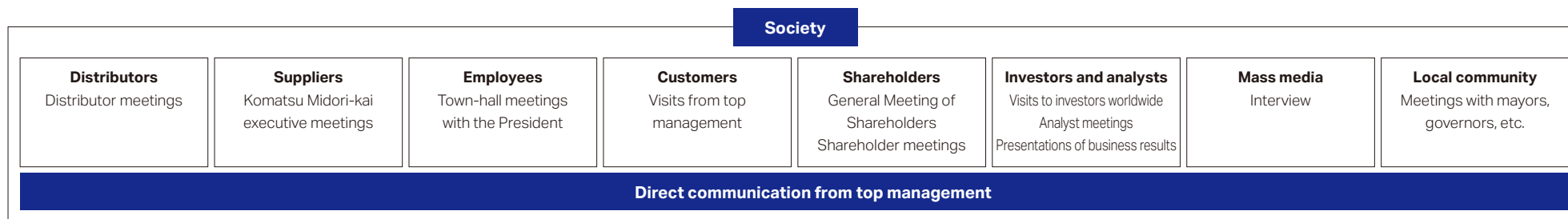
Figure: Process for compliance activities



**Web** Komatsu compliance activities (ESG Databook)

# Stakeholder engagement

The Komatsu management principle is our commitment to quality and reliability to maximize the total sum of trust given to us by society and our stakeholders. To continue to be a company trusted by all of our stakeholders, we emphasize fair and timely information disclosure and direct communication from top management. We also provide appropriate communication opportunities for each stakeholder and engage in interactive communication. Through these activities, we identify customer issues, share the direction the Group should take and the challenges we face, and promotes an understanding of the Group.



## ■ Topics of activities in FY2023

### The Komatsu Midori-kai executive meeting

Every November, Komatsu and Midori-kai companies (major suppliers) hold the Komatsu Midori-kai executive meeting. There, Komatsu executives and top management of Midori-kai companies get together with the aim of promoting mutual growth between Komatsu and Midori-kai companies. In 2023, a total of 550 people participated in the meeting, including 459 Midori-kai members from 227 companies, Komatsu Group participants and Midori-kai members outside of Japan who joined the meeting for the first time in four years. Komatsu's procurement strategy is characterized by a high level of trust built through longstanding partnerships with the companies. At this year's meeting, Komatsu shared information (global procurement policy, requests to Midori-kai, first half business results, progress in the mid-term management plan, etc.) and encouraged a lively discussion on the possibilities for business expansion for each company.



Komatsu Midori-Kai executive meeting

**Web** Support for member companies of the Komatsu Midori-kai (ESG Databook)

### IR event with the Outside Director and institutional investors

On March 5, 2024, Komatsu held first-time IR event for an Outside Director and institutional investors to engage in direct dialogue.

Outside Director Takeshi Kunibe and the President Ogawa took the stage to deepen the discussion with investors through a question-and-answer session on topics such as corporate governance, effectiveness of the Board of Directors, capital allocation, and succession plans. The meeting was an effective dialogue to reflect investor opinions in the management of the company. For more information on the Q&A session, please refer to our corporate website.



Dialogue between the Outside Director and investors

**Web** Dialogues with shareholders and investors