

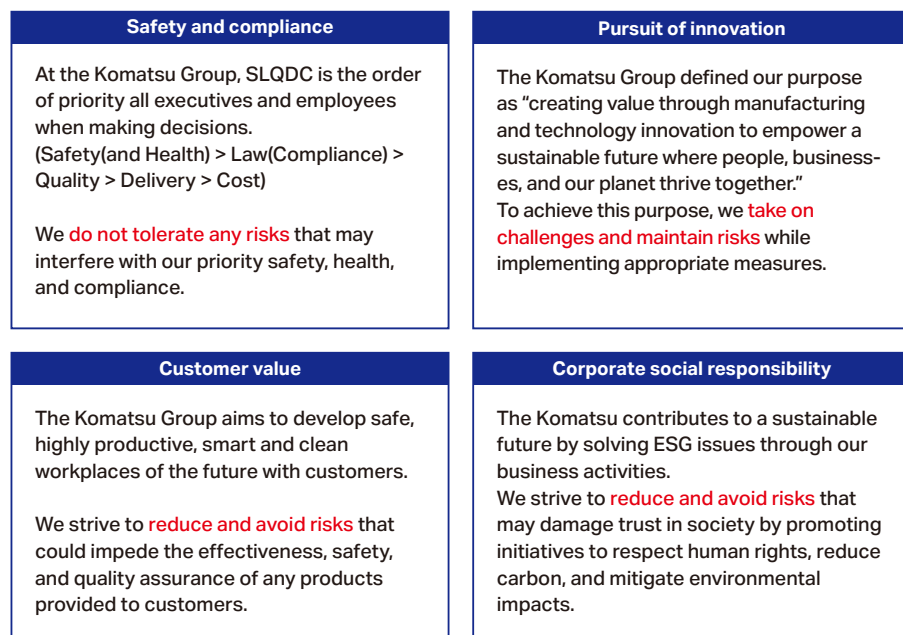
Risk management

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

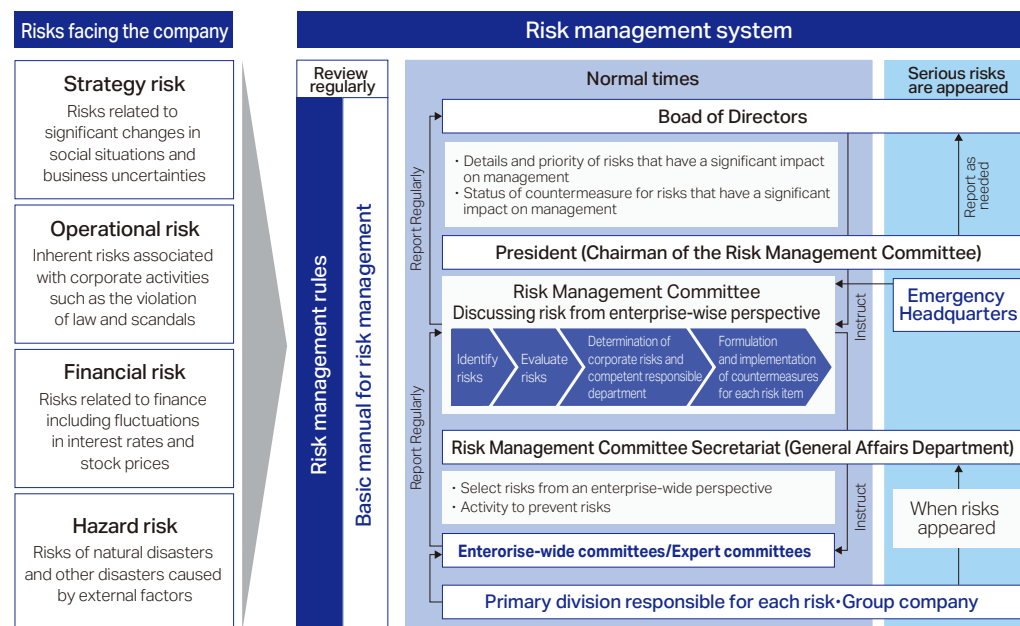


Risk management structure

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

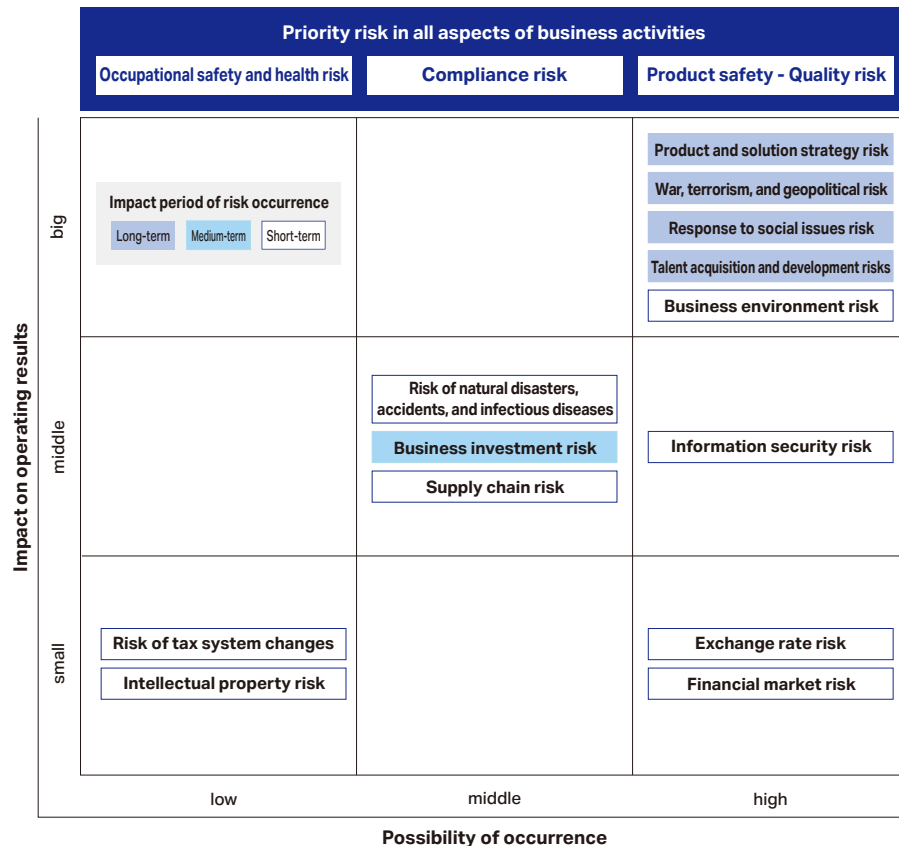


Risk management

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)

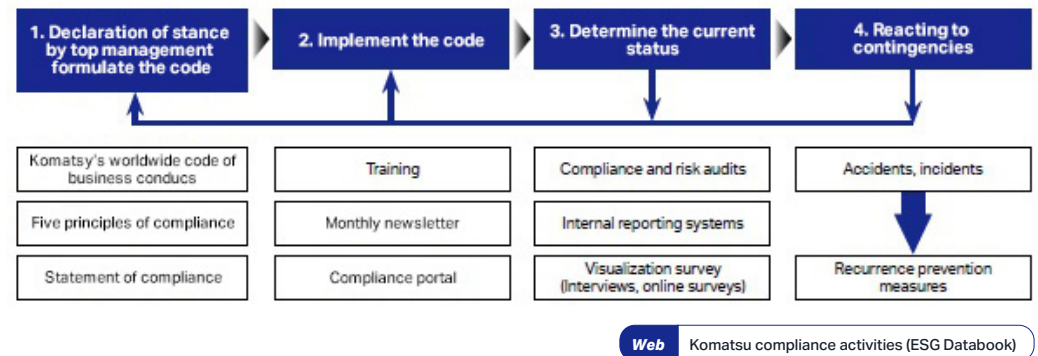
Web Overview, impact, and countermeasures for "Corporate risks" (ESG Databook)

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)