

Sustainability management

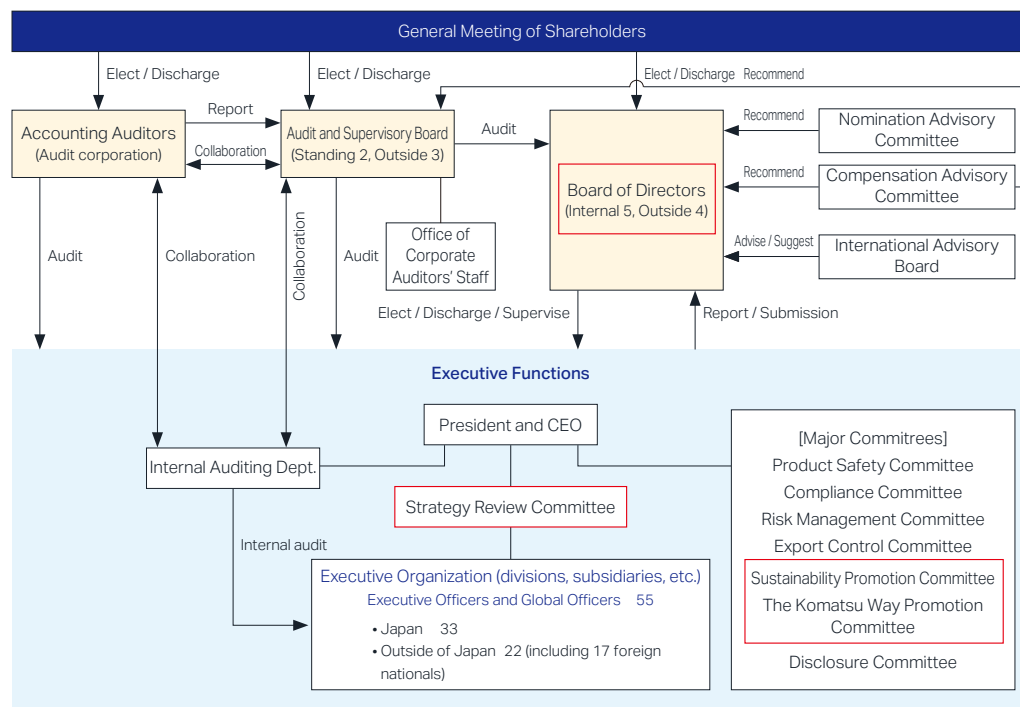
In response to global climate change and various external environmental shifts, Komatsu has developed our Sustainability Policy, aiming to achieve both a more sustainable society and business growth. For a future where people, businesses, and our planet thrive together, we will continue to address issues that are important to both a sustainable society and our business together with our stakeholders to contribute to society. At the same time, we will promote sustainability management by further enhancing our corporate governance as a corporate group that can flexibly respond to changes in society and our external environment.

Sustainability promotion structure

Based on our Sustainability Policy, we established various committees chaired by the President or the Director in charge, and composed of persons responsible for each business and function, to deliberate, decide on, and promote group-wide policies and measures in the areas such as human resources, occupational safety and health, compliance, human rights, and environmental affairs. Specifically, the Komatsu Way Promotion Committee reviews personnel and educational measures, while the Sustainability Promotion Committee deliberates on 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.

Figure: Sustainability promotion system*



*As of June 30, 2024

As part of our mid-term management plan, which has a basic concept to achieve sustainable growth through customer value creation by creating a positive cycle of solving ESG issues and improving profitability, we have included metrics related to reduction of environmental impact and external evaluation for sustainability management as our management targets. We have also selected ten goals which are strongly related to the materialities for us out of the 17 goals of SDGs and linked them to the focused activities of the growth strategy in our mid-term management plan. As to 29 KPIs (key performance indicators) of the focused activities, the status of our achievement is disclosed in the Komatsu Report every year, and these KPIs are also linked to executive compensation. In this manner, we ensure a system to steadily promote sustainability.

Figure: Main sustainability agenda in FY2023

Committees	Month	Main Agenda
Board of Directors	April	<ul style="list-style-type: none"> Progress of the mid-term management plan and activities Reports from the Sustainability Promotion Committee
	October	<ul style="list-style-type: none"> Activities of talent acquisition, human resources development and utilization Global engagement survey results
Strategy Review Committee	As needed	<ul style="list-style-type: none"> Examination of business strategies related to climate change (e.g., R&D of low-carbon and electrified equipment etc.)
Sustainability Promotion Committee	September	<ul style="list-style-type: none"> Human rights policies and activities/Environmental management measures etc.
	January	<ul style="list-style-type: none"> Progress of the mid-term management plan and activities/Next mid-term management targets TCFD/Human rights responses etc.
The Komatsu Way Promotion Committee	September	<ul style="list-style-type: none"> Progress of HR activities in the mid-term management plan Challenges and solutions for global HR
	January	<ul style="list-style-type: none"> Progress of HR activities in the mid-term management plan Talent management initiatives
Risk Management Committee	As needed	<ul style="list-style-type: none"> Identification and organization of corporate risks (environment, human rights, etc.)
Executive Officer Meeting	As needed	<ul style="list-style-type: none"> Management of progress related to management goals