

Sustainability policy and KPIs of new Mid-term management plan

Based on its Sustainability Policy, Komatsu seeks to contribute to society through its business.

The new Mid-term management plan calls on us to generate a positive cycle for resolving environmental, social, and governance (ESG) issues and improving earnings to achieve sustainable growth. Measures prescribed to this end include reducing environment impacts to combat climate change; providing safe, high-quality, high-performance products, services, and solutions; and promoting diversity, equity, and inclusion. Moreover, key performance indicators (KPIs) have been defined to guide

efforts for resolving ESG issues through growth strategies, and progress toward accomplishing the targets for these KPIs will be disclosed through the Company's integrated reports. Moreover, we have clarified the relationships between our defined material issues, KPIs, and highly relevant targets of the United Nations Sustainable Development Goals (SDGs).

Sustainability Policy		Materiality		Key activity themes		No.	KPI	FY2024 Targets	SDGs
With people	<ul style="list-style-type: none"> We provide an environment where diverse and global employees can work safely and healthily as one team, with respect for each individual, and with satisfaction and pride. We nurture employees who can take on challenges at various job sites and in different regions, create new value together with customers, and contribute to the realization of a sustainable society. As the Komatsu Group, we shall respect human rights related to all of our business activities. 	Employees	Occupational safety and health and well-being	Build workplaces that are safe and secure	1	• Frequency rate of lost work time accidents (per 1 million hours)	Ongoing decrease from three-year average frequency rate of 0.65 from period of previous mid-term management plan (Performance disclosed)		
			Employee engagement and job satisfaction	Increase employee engagement	2	• Engagement survey scores	1. Domestic score: 75 or more (69 in FY2021) 2. Global score: 85 or more (79 in FY2021) Notes: 1. Score represents rate of favorable responses. 2. Global engagement surveys are conducted once every two years (next survey to be conducted in FY2023).		
			Diversity and Inclusion	Promote diversity and inclusion	3	• Indicators related to female employees 1. Ratio of full-time female employees (consolidated) 2. Ratio of female managers (consolidated)	1. 17.0% or more (13.9% on March 31, 2022) 2. 13.0% or more (10.0% on March 31, 2022)		
					4	• Ratio of employees with disabilities (surpassing legally mandated rate)	Domestic: 2.5% or more each year (legally mandated level of 2.3%)		
		Skills development	Develop individuals' skills and achieve business growth	5	• Succession plans	Increased succession planning for senior management positions at overseas Group companies			
				6	• Development of human resources with digital transformation and AI skills	Three-year aggregate numbers of training recipients 1. Digital transformation: 180 for practical, 900 for entry level 2. AI: 30 for practical, 90 for entry level			
				7	• Cultivation of Smart Construction consultants	1,000 (aggregate)			
		Human Rights	Respect for human rights	Promote human rights due diligence	8	• Human rights due diligence activities	Due diligence activities conducted for following three areas 1. Internal 2. Procurement supply chain 3. Sales		
With Business	<ul style="list-style-type: none"> We contribute to society through our business activities by providing our customers with safe and highly productive products, services, and solutions that realize sustainable infrastructure development, resource development, and a recycling-oriented society. We build relationships with our business partners and local communities that enable mutual trust, fairness, co-existence, and co-prosperity. We comply with the rules of society, including laws and regulations, and strive to respond sincerely to the requests and expectations of all stakeholders, including society. 	Customers	Product safety and quality Provision of solutions	Enhancement of product safety	9	• Development of safety devices and expansion of range of marketed models equipped with safety devices (KomVision, etc.)	Expansion of range of marketed models equipped with safety devices		
				Improve productivity of construction workplaces by promoting Smart Construction	10	• Overseas sales of ICT-intensive models	2,700 units (single year)		
					11	• Number of workplaces using Smart Construction (global total)	13,000 workplaces (single year)		
				Provision of products and solutions that enable sustainable resource development (mining equipment)	12	• Enhancement and optimization of processes	Ratio of workplaces using Smart Construction that employ Solution Level 3 or higher: 15% (single year)		
					13	• Aggregate number of AHS units deployed	740 units (aggregate)		
				Solutions for improving safety and productivity at customer workplaces (automation, autonomous operation, remote operation)	14	• Optimization of mining operations	Introduction and promotion of open technology platforms		
					15	• Augmentation of hard rock mining product lineup	Expansion of product lineup and execution of trials including those for new methods (mechanical cutting)		
				Building of value chain adaptable to environmental and demand changes	16	• Expansion of hard rock mining business	Net sales: US\$300 million (threefold increase)		
		17	• Development of automated construction and mining equipment		Expansion of number of marketed models (including new developments)				
		Ethics / Governance	Governance / Compliance	Strengthen governance and ensure thorough compliance	20	• Enhancement of governance and entrenchment of compliance	Disclosure of initiative results		
				Contributions to local communities	Contributions to communities through business and disaster relief support	21	• Ongoing social contribution activities		Disclosure of activity results
Environment	Reduction of energy usage and GHG emissions					Plants with zero environmental impacts	22	• CO ₂ emissions from production	45% reduction (compared with FY2010)
		23	• Water consumption	70% reduction (compared with FY2010)					
		24	• Rate of renewable energy use	20%					
	Development of low-carbon / low-emissions products, solutions, and business models	Reduction of CO ₂ emissions at customer workplaces	25	• CO ₂ emissions from product use	24% reduction (compared with FY2010)				
			26	• Electrification of construction and mining equipment	Expansion of models in development phase and on market				
	Forest conservation through business activities	Provision of solutions that support sustainable, cyclic forestry businesses	27	• Growth of forestry machine business (process mechanization)	1. Sales growth rate: 50% (compared with FY2021, foreign exchange rates fixed) 2. Number of tree planting machines introduced: 30 (single year)				
			28	• Promotion of forest management solutions (Development of business model combining forestry and decarbonization)	Forest area: 60,000 ha				
Resource recycling and remanufacturing	Promotion of recycling-oriented business	29	• Expansion of Reman business	Sales growth rate: 25% (compared with FY2021, foreign exchange rates fixed)					