

# Previous Mid-term management plan

## —Komatsu’s CSR themes and Mid-term management plan KPIs

Under the previous mid-term management plan (FY2019–FY2021), Komatsu sought to help resolve ESG issues by promoting the three pillars of growth strategies. Specifically, we strove to reduce environmental impacts to combat climate change and to supply safe, high-quality, high-performance products, services, and solutions. Under this approach, we set KPIs based on

analyses of their relationships with the three pillars of growth strategies and advanced priority measures based on these strategies to generate a positive cycle for resolving ESG issues and improving earnings to achieve sustainable growth.

In the new mid-term management plan (FY2022–FY2024), we have once again set KPIs to guide us in efforts to generate a positive cycle for resolving ESG issues and improving earnings to achieve sustainable growth. Please see page 36 for details.

CSR themes	ESG solutions through three pillars of growth	Key initiatives under Mid-term management plan	FY2019 KPI performance	FY2020 KPI performance	FY2021 KPI performance	FY2021 KPIs		
<b>Enhancing quality of life</b> —Providing products required by society—	<ul style="list-style-type: none"> <li>Provide products, services, and solutions contributing to sustainable development of infrastructure, natural resources, and circular environmental protection (remanufacturing and forestry)</li> <li>Improve productivity, efficiency, safety, and environmental impact (lower CO<sub>2</sub> emissions and higher ratio of renewable energy use) through innovations, such as automation in the entire value chain</li> <li>Make commitment to DANTOTSU Value which will realize a better Earth and future by means of technology and reliability (creation and maximization of customer value)</li> </ul>	<b>Reduction of CO<sub>2</sub> emissions (in comparison with FY2010)</b>						
		<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions from product use (fuel-efficiency equipment, hybrid hydraulic excavator, rate of Smart Construction use, enhancement of ICT-intensive construction, mine automation, and underground mining equipment)</li> <li>Reduction of CO<sub>2</sub> emissions from production (plants with zero impact on environment and workers)</li> </ul>	14% reduction	14% reduction	19% reduction	16% reduction (in comparison with FY2010)		
		<b>Plants with zero impact on environment and workers</b>						
		<ul style="list-style-type: none"> <li>Rate of renewable energy use (including purchase of renewable energy)</li> <li>Work environment burden coefficient (particle matter density)</li> <li>Water consumption</li> </ul>	11% 10.7% reduction 49.4% reduction	13% 24% reduction 52% reduction	14% 9% reduction 64% reduction	15% 30% reduction (in comparison with FY2018) 55% reduction (in comparison with FY2010)		
		<b>Value chain reforms and redefinition of the aftermarket business</b>						
		<ul style="list-style-type: none"> <li>Spare parts sales</li> <li>Reman component lifespan (compared to new components) Actual value: Average operating time from the nth to the n+1st overhaul order</li> </ul>	3% increase 26,866 workhours (134% of new components)	8% decrease 19,106 workhours (95% of new components)	14% increase 18,523 workhours (93% of new components)	11% increase 20,000 workhours (100% of new components)		
		<b>Assurance of mine operation safety and productivity</b>						
		<ul style="list-style-type: none"> <li>AHS unit population (promotion of mining platform business)</li> </ul>	221 units	352 units	510 units (aggregate)	380 units (aggregate)		
		<b>DANTOTSU Products, DANTOTSU Services, and DANTOTSU Solutions</b>						
		<ul style="list-style-type: none"> <li>ICT-intensive equipment introduced (United States, Europe, and Australia)</li> <li>Sites adopting Smart Construction</li> </ul>	1,361 units 2,440	1,288 units 3,348	2,019 units (per year) 5,902 (per year)	1,590 units (per year) 4,850 (per year)		
		<b>Automation, autonomous operation, electrification, and remote-controlling of equipment</b>						
		<ol style="list-style-type: none"> <li>Automation of construction equipment</li> <li>Automation, autonomous operation, and remote operation of mining equipment</li> <li>Automation of utility equipment</li> </ol>	Verification tests conducted on user sites Preparations advanced to launch mining bulldozer with level 2 automation Development of peripheral safety technologies for supporting automation	In-house verification tests Domestic pretest of bulldozer with level 3 automation, preparation for proof of concept test in Australia Entry into retrofit market for installing peripheral safety functions in preparation for automation	Hydraulic excavators: Preparation for test introduction of excavator with level 4 automation Mining bulldozers: Preparation for level 3 automation proof of concept, examination of possibility of advanced level 4 automation research Fork lifts: Completion of function verification for level 2 and above automation technologies (drive support function) Trial use of new mechanical cutters at customer workplaces	Test introduction of hydraulic excavators for automated loading Entry into mining bulldozer market (level 4 automation) Development of technology for automated forklifts Expansion of product series		
		<ul style="list-style-type: none"> <li>Enhancement of mining equipment and hard rock mining businesses</li> </ul>	Advancement of development projects for expanding product series	Expansion of product series (drills, LHD), four models				
		<b>Agricultural solutions and smart forestry</b>						
		<ul style="list-style-type: none"> <li>Creation of construction equipment demand in agricultural field</li> </ul>	<ul style="list-style-type: none"> <li>Japan: Commencement of verification tests at five agriculture business operators</li> <li>Indonesia: Started mass production and sales of D31PLL agricultural bulldozer</li> </ul>	<ul style="list-style-type: none"> <li>Japan: Development and market evaluation of agricultural ATT</li> <li>Indonesia: Confirmation of feasibility of D21 agricultural bulldozer for direct rice planting applications</li> </ul>	<ul style="list-style-type: none"> <li>Japan: Introduction of one D21 unit; ongoing joint industry-academic research project at large-scale agricultural site</li> <li>Indonesia: Introduction of four D21 units; redoubled examination of agricultural applications for construction equipment in other Southeast Asian countries</li> </ul>	<ul style="list-style-type: none"> <li>Japan: Expand lineup of agricultural loaders</li> <li>Indonesia: Increase number of users of agricultural techniques employing agricultural bulldozers</li> </ul>		
		<ul style="list-style-type: none"> <li>Smart forestry projects</li> </ul>	10	19	29	50		
		<b>IoT and ICT work reforms</b>						
		<ul style="list-style-type: none"> <li>Sales in Kom-mics platform business (visualization of production equipment operation)</li> </ul>	865 units	1,418 units	1,521 units (including for internal use)	1,900 units (including for internal use)		
		<b>Developing people</b>	<ul style="list-style-type: none"> <li>Develop a diverse workforce with a high level of productivity and technical skills</li> <li>Strengthen and develop diverse talent with a global perspective to help achieve sustainable workplaces</li> <li>Develop talent with cross-value chain capabilities</li> </ul>	<b>Development of a diverse workforce with a high level of productivity and technical skills</b>				
				<ul style="list-style-type: none"> <li>Enhancing employee engagement</li> <li>Work process reforms through expansion of diverse and flexible workstyles</li> <li>Promotion of The Komatsu Way (global dissemination of The Komatsu Way)</li> </ul>	<ul style="list-style-type: none"> <li>Scheduled for FY2020</li> <li>(1) 1,950 workhours per person/year</li> <li>(2) Commencement of trial in August 2019</li> <li>Training hours: 31,625 hours (aggregate hours for all participants)</li> <li>Number of participants: 1,461 in Japan, 307 overseas</li> </ul>	<ul style="list-style-type: none"> <li>Preparation for survey in FY2020, global survey in April 2021</li> <li>(1) 1,920 workhours per person/year</li> <li>(2) Revision of telework system in August 2020</li> <li>Training hours: 33,188 hours (aggregate hours for all participants)</li> <li>Number of participants: 1,527 in Japan, 0 overseas</li> </ul>	<ul style="list-style-type: none"> <li>Global base survey conducted in April 2021</li> <li>Employee engagement score: 79</li> <li>1. 2,018 hours per person</li> <li>2. Ongoing use of teleworking primarily for purpose of improving productivity through diversification of workstyles</li> <li>Training hours: 28,603 hours</li> <li>Number of participants: 1,461 in Japan, 71 overseas</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of scores</li> <li>Total workhours of less than 2,100</li> <li>Introduction of telework system (Japan)</li> <li>Training hours and number of participants (Disclosure of results)</li> </ul>
<b>Strengthening and development of diverse talent with a global perspective to help achieve sustainable workplaces</b>								
<ul style="list-style-type: none"> <li>Revision of role of Japan in global management</li> <li>Foundations for global measures (systems, frameworks)</li> </ul>	<ul style="list-style-type: none"> <li>Human resource system revisions started in Japan</li> <li>Preparations advanced for introduction</li> </ul>			<ul style="list-style-type: none"> <li>Revision of domestic retirement, wage, and retirement benefit systems in April 2021</li> <li>Introduction of elective retirement and R&amp;D staff systems</li> <li>Commencement of domestic data linkage</li> </ul>	<ul style="list-style-type: none"> <li>Shift of human resources to priority and growth fields</li> <li>Promotion of global human resource exchanges and projects</li> <li>Introduction of global human resource information systems</li> <li>Development of global data coordination automation systems</li> </ul>	<ul style="list-style-type: none"> <li>Shifting of human resources to projects and improvement activities; globalization of organizations on by-function basis</li> <li>Introduction</li> </ul>		
<ul style="list-style-type: none"> <li>Empowerment of female employees ((1) non-consolidated ratio of female employees, (2) non-consolidated ratio of female managers, (3) consolidated ratio of female managers (Japan))</li> <li>Rate of employment of people with disabilities (comply with requirements in Japan)</li> </ul>	<ul style="list-style-type: none"> <li>(1) 12.3%, (2) 7.2%, and (3) 4.5%</li> <li>2.58% (non-consolidated)</li> </ul>			<ul style="list-style-type: none"> <li>(1) 12.3%, (2) 7.7%, and (3) 4.9%</li> <li>2.82% (non-consolidated)</li> </ul>	<ul style="list-style-type: none"> <li>(1) 12.4%, (2) 8.2%, and (3) 5.3%</li> <li>2.84% (non-consolidated)</li> </ul>	<ul style="list-style-type: none"> <li>(1) 12.5%, (2) 10.0%, and (3) 5.0%</li> <li>Above 2.3% (legally mandated rate)</li> </ul>		
<ul style="list-style-type: none"> <li>Support for regional human resource development for job creation (regional human resource development with Cummins Inc.)</li> </ul>	<ul style="list-style-type: none"> <li>Human resource development program launched in Chile</li> <li>Ongoing support provided in Peru, South Africa, and Australia</li> <li>Participants' success in finding employment tracked</li> </ul>			<ul style="list-style-type: none"> <li>Ongoing support in Chile, South Africa, and Australia</li> <li>Establishment of scholarship program for students in Chile and Peru as part of COVID-19 relief program</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing support in Peru, Chile, Australia, and South Africa</li> </ul>	<ul style="list-style-type: none"> <li>Chile, Australia, South Africa, others</li> </ul>		
<b>Development of talent with cross-value chain capabilities</b>								
<ul style="list-style-type: none"> <li>Cultivation of Smart Construction consultants (capable of proposing solutions using ICT to improve productivity and safety throughout construction workplaces)</li> </ul>	396			626	807	430 (aggregate)		
<b>Growing with society</b>	<ul style="list-style-type: none"> <li>Offer resolutions for social issues through collaboration with stakeholders</li> <li>Act as a responsible corporate citizen ensuring corporate governance, compliance, and human right</li> </ul>			<b>Resolutions to social issues through collaboration with stakeholders</b>				
				<ul style="list-style-type: none"> <li>Promotion of industry–government–academia collaboration as well as of collaboration with customers</li> <li>Shareholders and individual investors (shareholder meetings, shareholder factory tours, individual investor meetings)</li> <li>Institutional investors (ESG meetings)</li> <li>Communities (business site fairs)</li> <li>Employees (meetings)</li> </ul>	<ul style="list-style-type: none"> <li>Examination of cutting-edge tools through activities with domestic customers and regional dissemination</li> <li>Shareholder meetings: 2 times</li> <li>Shareholder factory tours: 10 times</li> <li>Individual investor meetings: 7 times</li> <li>Certain factory tours and meetings canceled due to impacts of global COVID-19 pandemic</li> <li>11 (ESG-related meetings)</li> <li>Business fairs at nine factories (Awazu, Osaka, Ibaraki, Kanazawa, Tochigi, Oyama, Koriyama, Shonan, and Himi); canceled only at Shonan Plant due to impacts of Typhoon Hagibis</li> <li>34 (30 in Japan, 4 overseas)</li> </ul>	<ul style="list-style-type: none"> <li>Posting of past activity documents on Group portal</li> <li>Shared information on activities in 14 regions on rotational basis</li> <li>Continuation of activities by headquarters team targeting three customers (two civil engineering, one aggregate)</li> <li>Shareholder meetings: 1 time (held online)</li> <li>Shareholder factory tours: 0 (canceled due to COVID-19 pandemic, factory tour videos shared on official Komatsu YouTube account)</li> <li>Individual investor meetings: 4 times (held online)</li> <li>ESG-related meetings: 4</li> <li>Participation in conferences: 1 (meetings held with 18 investors)</li> <li>All factory fairs canceled due to COVID-19 pandemic</li> <li>29 in Japan (canceled overseas due to COVID-19 pandemic)</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing initiatives for accomplishing the goals of three customers selected for brand management activities</li> <li>Global sharing of information on brand management activities around the world through Komatsu Global Portal</li> <li>Shareholder meetings: 1 time (held online)</li> <li>Shareholder factory tours: 0 (canceled due to COVID-19 pandemic, videos commemorating 100th anniversary, etc., shared on official Komatsu YouTube account)</li> <li>Individual investor meetings: 5 times (held online)</li> <li>ESG-related meetings: 9</li> <li>ESG-related briefings: Conducted in conjunction with business briefings</li> <li>All factory fairs canceled due to COVID-19 pandemic</li> <li>29 in Japan (canceled overseas due to COVID-19 pandemic)</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of Brand Management and activities creating value for customers</li> <li>Number of meetings held (Disclosure of results)</li> <li>Number of meetings held (Disclosure of results)</li> <li>One fair held at each of nine factories per year</li> <li>Number of meetings held (Disclosure of results)</li> </ul>
		<b>Action as a responsible corporate citizen addressing corporate governance, compliance, and human rights</b>						
		<ul style="list-style-type: none"> <li>Occupational health and safety, support for establishing environmental and safety systems at suppliers, response to Japan's Corporate Governance Code (corporate governance reports), evaluations of effectiveness of Board of Directors, internal control, and internal audits</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of Human Rights Policy, disclosure in integrated report</li> </ul>	<ul style="list-style-type: none"> <li>Revised Komatsu's Worldwide Code of Business Conduct</li> <li>Human rights e-learning programs, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Translation of Komatsu's Worldwide Code of Business Conduct into English and other languages</li> <li>Approval of plans to ramp up human rights due diligence activities</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing improvements made in reflection of relevant laws and regulations and social expectations</li> </ul>		

Note: Certain data has been revised and restated.