



# **Komatsu**

# **Green Finance Framework**

June 2026

## 1. Introduction

### 1.1 Company Overview

Komatsu Ltd. (hereafter “Komatsu”), founded in Komatsu City, Ishikawa Prefecture in May 1921, engages in an extensive range of operations from research and development, production, marketing, sales and service to retail financing in three business segments of Construction, Mining and Utility Equipment, Retail Finance, and Industrial Machinery and Others in Japan and abroad. Komatsu upholds the management principle of maximizing its corporate value, i.e., the total sum of trust from society and all its stakeholders, as it remains committed to Quality and Reliability. Through its business operations, together with its customers, Komatsu is working to be a collaborative partner committed to optimizing safe, productive, and clean workplaces.

### 1.2 Strategic Growth Plan “Driving value with ambition”<sup>1</sup>

#### 1.2.1 Launching Strategic Growth Plan “Driving value with ambition”

In April 2025, Komatsu launched our new three-year Strategic Growth Plan, Driving value with ambition (the "Strategic Growth Plan") , covering the period from April 2025 to March 2028. The plan is built on three growth strategy pillars: (1) Create customer value through innovation; (2) Drive growth and profitability; and (3) Transform our business foundation. With a redefined vision of becoming a collaborative partner committed to optimizing safe, productive, and clean workplaces, we pursue our business to accelerate the evolution of our product value and solution value.

### Roadmap to our vision within the Strategic Growth Plan



<sup>1</sup> [2025\\_midmgtplan\\_e.pdf](#)

### 1.2.2 Management targets

Although Komatsu previously set non-financial targets, we established a new category of financial and non-financial management targets to clarify our stance of pursuing sustainable growth through a positive cycle of solving social issues and improving profitability.

For non-financial targets, we aim to capture a broader framework of challenges to be addressed. To this end, we defined priority initiatives under the Strategic Growth Plan that contribute to solving social issues, established 30 related KPIs, and position the management target as the overall KPI achievement level of each activity topic. The indicators for reducing environmental impact are defined as follows;

- CO<sub>2</sub> emissions
  - ✓ Decrease CO<sub>2</sub> emissions from Komatsu (total): 50% reduction by FY2030 (compared to FY2010)
  - ✓ Decrease CO<sub>2</sub> emissions from product use (intensity): 50% reduction by FY2030 (compared to FY2010)
  - ✓ <Stretch goal> Become carbon neutral by FY2050
- Renewable energy use : 50% of total energy use by FY2030

### 1.2.3 Materiality& KPI

Komatsu positions the resolution of social issues through business activities as our fundamental stance under the Sustainability Policy. In 2025, when we reviewed the Strategic Growth Plan, we have reviewed the material issues our company should address as follows and identified 18 items across six areas. We also incorporated these items in the priority initiatives of the new Strategic Growth Plan.

#### 18 items across six areas

● <b>Employees</b>	<ul style="list-style-type: none"> <li>① Occupational safety and health, well-being</li> <li>② Talent acquisition, skills development, retention</li> </ul>	<ul style="list-style-type: none"> <li>③ Fair labor practices</li> <li>④ D&amp;I</li> </ul>
● <b>Human rights</b>	<ul style="list-style-type: none"> <li>⑤ Respect for human rights</li> </ul>	
● <b>Customers</b>	<ul style="list-style-type: none"> <li>⑥ Customer value creation through workplace optimization</li> <li>⑦ Product safety and quality</li> <li>⑧ Value chain continuity</li> </ul>	<ul style="list-style-type: none"> <li>⑨ AI and DX</li> <li>⑩ Business strategy to ensure competitive edge and profitability</li> </ul>
● <b>Ethics and governance</b>	<ul style="list-style-type: none"> <li>⑪ Privacy and data protection, cybersecurity</li> <li>⑫ Governance aligned with business changes</li> </ul>	<ul style="list-style-type: none"> <li>⑬ Compliance</li> </ul>
● <b>Communities</b>	<ul style="list-style-type: none"> <li>⑭ Contribution to local communities</li> </ul>	
● <b>Environment</b>	<ul style="list-style-type: none"> <li>⑮ Climate change</li> <li>⑯ Resource circulation</li> <li>⑰ Nature positive</li> </ul>	<ul style="list-style-type: none"> <li>⑱ Preserving forests through business activities</li> </ul>

Our Strategic Growth Plan identified 10 relevant SDGs we selected and sets KPIs tied to the three pillars of our growth strategy. In particular, with regard to the environment, we have set the following targets.

**KPI for solving social issues related to the materiality “Environment”**

Key activities	KPIs	FY2027 targets
Implement efforts to become carbon neutrality	Reduce CO <sub>2</sub> from production	Reduce by 39% (compared with FY2010 levels, total volume)
	Reduce CO <sub>2</sub> from product use	Reduce by 32% (compared with FY2010 levels, intensity basis)
	Rate of renewable energy use	40%
	Number of product models introduced to the market aimed at carbon neutrality	Disclose results
Reduce environmental impact through business activities (industrial machinery business)	Unit sales of power generation units with thermoelectric elements	150 units (single year)
	Number of machine tools sold contributing to electric vehicle production (1. FSW units, 2. large processing machine for aluminum giga die-cast parts)	(1) 7 units (single year) (2) 15 units (single year)
	Extended lifetime of light source modules (chambers) for semiconductor lithography (1. ArF immersion light sources, 2. KrF light sources)	(1) +20% (to be introduced to market in Q1 FY2027) (2) +30% (to be introduced to market in Q2 FY2026)
Drive circular economies	Reman and rebuild* business sales growth rate  *Component repairs and overhauls performed by authorized Komatsu distributors using genuine parts, based on customer needs	+5.2% (compared with FY2024; foreign exchange rates fixed)
Provide solutions that support sustainable, circular forestry businesses	(1) Forestry machinery business sales growth rate (2) Annual increase in trees planted using tree-planting machinery sold during the fiscal year (based on additional planting capacity)	(1) +27.1% (compared with FY2024; foreign exchange rates fixed) (2) +60 million (compared with FY2024)
	Smart Forestry solution contract rate	62%
Nature-positive activities	Nature-positive activity planning and framework development	Disclose results
	Water consumption	Reduce to 30% or less (compared with FY2010 levels)
Contribute to solving global food challenges	Number of agricultural construction machines* in operation  *Agricultural bulldozers used in farming	100 units (single year)

### 1.3 Commitment to Sustainability

#### 1.3.1 Sustainability policy

Since Komatsu's founding, we have always pursued "Quality and Reliability", and have made efforts to build strong relationships of trust with our stakeholders based on our "Management Principle" of maximizing the total sum of trust from all stakeholders, including society. Our pursuit of coexistence has been handed down through generations, and our basic stance is to contribute to society through business activities. Our purpose is "Creating value through manufacturing and technology innovation to empower a sustainable 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, grow as a corporate group that can flexibly respond to changes in society and the external environment, further enhance our corporate governance, and contribute to society with our stakeholders.

What we do to empower a sustainable future where people, businesses, and our planet thrive together		
With people	With business	With the planet
<ul style="list-style-type: none"> <li>• 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.</li> <li>• We nurture employees who can take on challenges in various jobsites and regions, create new value together with customers, and contribute to the realization of a sustainable society.</li> <li>• As Komatsu Group, we shall respect human rights related to all of our business activities.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• We build relationships with our business partners and local communities that enable mutual trust, fairness, co-existence and co-prosperity.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Through all of our business activities, we strive to reduce our environmental impact and preserve the global environment through the use of advanced technologies.</li> <li>• We strive to increase both global environmental conservation and business growth through manufacturing and technological innovation.</li> <li>• We pursue collaboration and value creation with our stakeholders towards a sustainable planet and future.</li> </ul>

#### 1.3.2 Structure for promoting sustainability

Based on our Sustainability Policy, Komatsu established 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 environment affairs. For example, the Komatsu Way Committee reviews personnel and educational measures, and the Sustainability Promotion Committee deliberates on measures related to the

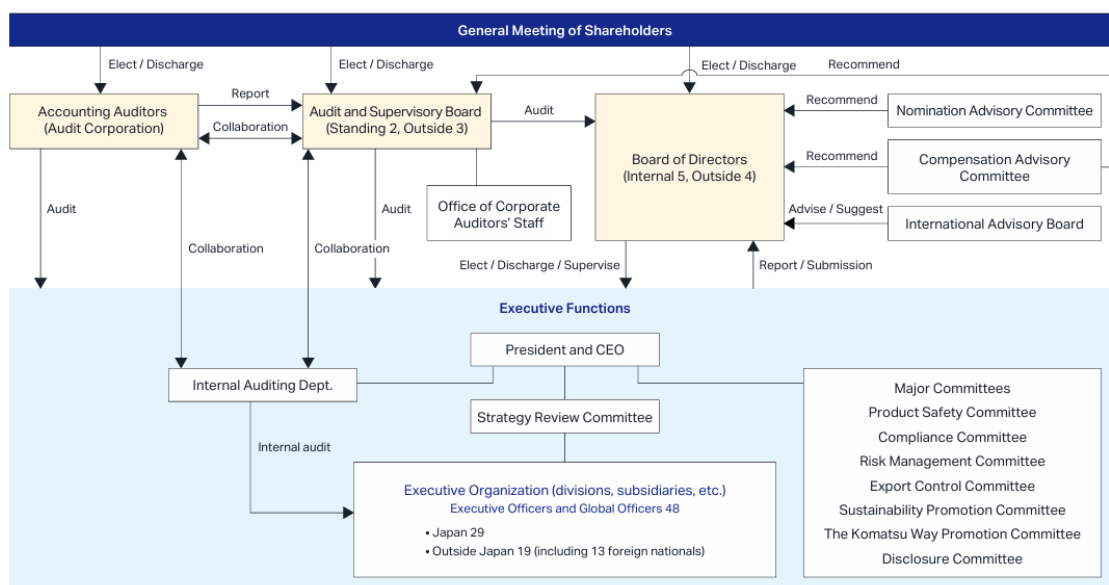
environment and human rights. In addition, the Strategy Review Committee deliberates on business strategies for carbon neutrality and decarbonization.

The deliberations by the above-mentioned committees and business strategies are regularly reported to and discussed by the Board of Directors.

The Strategic Growth Plan sets activity themes and key performance indicators (KPI) solving significant social issues based on our materiality.

We disclose progress of these KPIs in our integrated report and link results to executive compensation, creating a structure that steadily advances sustainability.

### Sustainability promotion structure (as of June 30, 2025)



#### 1.4 Basic approach to global environmental issues

Komatsu established the Komatsu earth environment charter (currently known as the Komatsu earth and environment policy) in 1992<sup>2</sup>, and has been rigorously engaged in environmental conservation activities as an issue of utmost priority in management, proactively addressing climate change and other environmental issues a step ahead of our peers. Furthermore, recognizing the impact of our business activities not only on climate change but also on ecosystems, we established the Komatsu declaration on biodiversity and Biodiversity Guideline in 2011. We have also been engaged in global activities to preserve biodiversity, such as taking biodiversity into consideration when using land for plant construction, developing one-site, one-

<sup>2</sup> [Our concept of environmental activities and promotion system | With the planet | CSR, Environment | Komatsu Ltd.](#)

theme activities<sup>3</sup> that take into account ecosystems specific to each region, and contributing to restoration activities at former mine jobsites<sup>4</sup>. In addition, Komatsu has established the CSR procurement guidelines<sup>5</sup> and Komatsu green procurement guidelines<sup>6</sup> to promote global efforts to reduce environmental impacts in the supply chain.

## **1.5 Climate change**

### **1.5.1 Mitigating climate change through products and service**

#### **Reducing CO<sub>2</sub> emissions from construction equipment**

The main bulk of CO<sub>2</sub> emissions produced throughout the lifecycle of our construction equipment is centered on product operation, during which approximately 80 to 90% of emissions are produced. We have acknowledged this fact, and are working to reduce these operational emissions through three different initiatives: “DANTOTSU Products”, “DANTOTSU Service”, and “DANTOTSU Solutions”

#### **Step1: Reduction of CO<sub>2</sub> emissions through Products**

We provide products with excellent fuel efficiency and electrification technologies that contribute to reducing CO<sub>2</sub> emissions from our machines. Eight models of our battery-powered and cable-powered electric hydraulic excavators have been certified under the “GX Construction Machinery Certification System”, which was launched by Japan’s Ministry of Land, Infrastructure, Transport and Tourism to promote decarbonization at construction sites through the adoption of electric construction equipment. In addition, 25 models of construction equipments with excellent fuel efficiency—including the bulldozer D71PX-24, the hydraulic excavator PC200i-12, and the wheel loader WA150-8—have been certified as “Construction Machines Fulfilling Fuel Economy Standards” by the Ministry, recognizing their outstanding fuel performance.<sup>7</sup>

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<sup>3</sup> An employee participation initiative in which biodiversity themes are defined based on regional characteristics, with conservation and restoration activities carried out accordingly. Each site around the world is continuously engaged in these activities.

<sup>4</sup> [Biodiversity initiatives | With the planet | CSR, Environment | Komatsu Ltd.](#)

<sup>5</sup> [Outline of procurement policy and supply chain | With business | CSR, Environment | Komatsu Ltd.](#)

<sup>6</sup> [green procurement guideline 2023 e.pdf](#)

<sup>7</sup> As of April 2025, the number of certifications granted under the “GX Construction Machinery Certification System” and for “Construction Machines Fulfilling Fuel Economy Standards”

### **Komatsu and Honda jointly developed the electric micro excavator "PC01E-2"**

This model is a next-generation version of the electric micro excavator "PC01E-1" (hereinafter referred to as the "previous model"), which was introduced to the domestic market as a rental unit in March 2022. Like the PC05E-1, which was launched in October 2023, this model is equipped with a removable portable battery "Honda Mobile Power Pack e:" (\*1) and an electric power unit "eGX" (\*2) as its power source.

Since the introduction of the previous model, it has been well received for its quiet operation, zero emissions, and the convenience of requiring only battery replacement instead of fuel refills. Additionally, it offers comparable excavation performance to the engine-powered model "PC01-1". For this model change, we specifically incorporated requests for slimming down the rear section. The number of batteries has been reduced from two to one and positioned in the center of the vehicle (midship layout). As a result, the overall length is about 20 cm more compact than the previous model, while achieving greater stability than the engine powered "PC01-1", further enhancing usability. This model has already been certified under the Ministry of Land, Infrastructure, Transport and Tourism's GX Construction Machinery Certification System , making it the 8th certified model from Komatsu.

※1 Honda Mobile Power Pack e: A detachable portable battery developed by Honda.

※2 Electric Power Unit "eGX": A power source developed by Honda that includes an electric motor, control unit, and inverter.



PC01E-2 Front view



PC01E-2 Rear view

### **Step2: Reduction of CO<sub>2</sub> emission by products through Service (Komtrax)**

The Komatsu Tracking System “Komtrax” is a system developed by Komatsu that automatically gathers the operational information/health information of our construction vehicles that operate all over the world, making it possible to then monitor/manage/analyze the vehicles remotely. Information with regards to operation times, fuel consumption, and other such relevant data is communicated to our customers via the internet, which is then analyzed to create opportunities for improvement. This enhanced operational efficiency helps to reduce fuel consumption, which results in a reduction in overall CO<sub>2</sub> emissions.

### **Step3: Reduction of CO<sub>2</sub> emissions for overall construction work through Solutions (providing solutions with Smart Construction)**

In 2013, Komatsu introduced the world’s first automatic blade control ICT bulldozer, D61PXi-23, to the North American, European, and Japanese markets. Following this, in 2014, Komatsu developed and released a hydraulic excavator with semiautomatic control functions (PC210LCi-10 for North America and Europe, and PC200i-10 for Japan). Preliminary calculations based on in-house testing were promising, with construction data for ICT hydraulic excavators showing that fore-slope shaping work using the PC200i-10 resulted in an approximate reduction of 30% in fuel consumption. In addition, the same testing showed that ICT bulldozers (like the D61DXi-23) used in land preparation work resulted in an approximate reduction of 25% in fuel consumption. Our testing with hydraulic excavators also showcased a significant decrease in CO<sub>2</sub> emissions.

To consolidate our efforts in this sector, Komatsu is implementing “Smart Construction”, a system that uses ICT type construction machines alongside drones and 3D scanners to take real-time topography measurements.

### **Reducing CO<sub>2</sub> emissions from product operation**

Komatsu has set the target of reducing the CO<sub>2</sub> emissions from the operation of products (such as construction, mine, and forestry equipment) by 50% by FY2030 (compared to FY2010).

To evaluate progress toward this goal, we compared the performance of the current year’s products to the products of the base year (FY2010) and estimated CO<sub>2</sub> reductions through the improvement of fuel consumption and work efficiency. The products of FY2024 achieved a CO<sub>2</sub> reduction of 23%, compared to the base year.

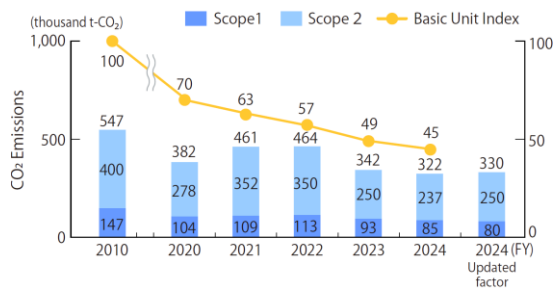
### 1.5.2 Reducing CO<sub>2</sub> emissions in manufacturing operations

As part of our efforts to address climate change, Komatsu promotes activities to reduce CO<sub>2</sub> emissions per unit of internal manufacturing value, using this as a key indicator, for all energy used in research, development, and production at our global locations, including electricity, gas, and oil.

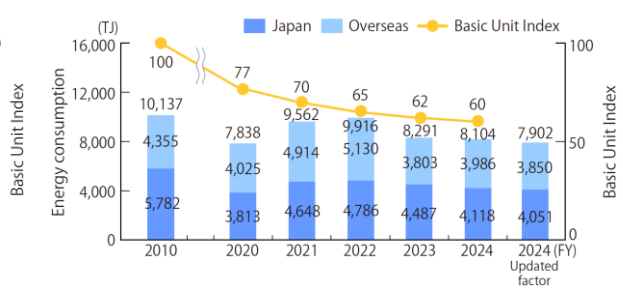
In FY2024, energy-saving improvements focused on high-load plants in Japan and overseas (such as those for casting, forging, heat treatment, and machining), the expansion of solar and biomass power facilities, and increased purchases of green electricity overseas have significantly reduced our CO<sub>2</sub> emissions per unit. Additionally, the proportion of renewable energy used in our electricity increased to 31%. Regarding CO<sub>2</sub> emissions in manufacturing operations, we switched from intensity targets to absolute targets from FY 2025.

Since FY2021, Komatsu has set an internal carbon pricing (ICP)<sup>8</sup> of USD 300 per ton of CO<sub>2</sub> and has applied it to decision-making for energy-saving and renewable energy investments related to Scope 1 and Scope 2, thereby promoting environmental improvement investments.

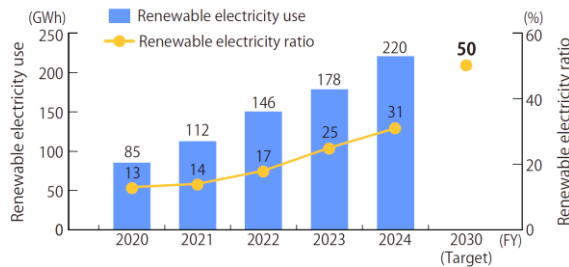
**【CO<sub>2</sub> Emissions】**



**【Energy Consumption】**



**【Renewable electricity use】**



<sup>8</sup> The basis and calculation method for the price were considered in accordance with the "Guideline for Utilizing Internal Carbon Pricing" (Ministry of the Environment, March 2020). Among the four pricing approaches described in the guideline, the price was determined based on "internal discussions aimed at promoting decarbonization investments."

### **1.5.3 Reduction in CO<sub>2</sub> emissions in logistics**

Komatsu is promoting modal shift to use coastal vessels and railways in domestic transportation while enhancing transportation efficiency by improving the loading ratio.

Additionally, to shorten transportation distances to ports for export products, we actively use Kanazawa and Hitachinaka ports, which are located near our manufacturing sites.

## **1.6 For the creation of a recycling-based society**

### **1.6.1 Development of our “Reman” remanufacturing business**

Komatsu operates Reman business at 45 sites in 16 countries around the world. "Reman" is short for "Remanufacturing," meaning regeneration.

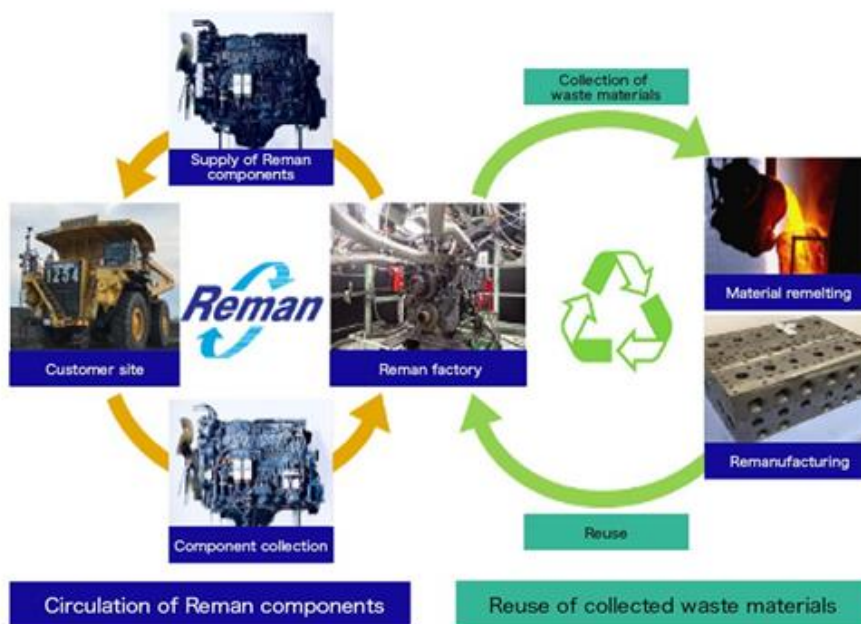
This business involves collecting components from construction and mining equipment that have been in operation for extended periods. These components are then remanufactured at Reman plants to restore them to a like-new condition and are provided to customers in line with overhaul timing (disassembly, inspection, and repair). Mining equipment, which is the primary focus of the Reman business, is typically used for 10 to 15 years, and multiple overhauls—including 2 to 3 component replacements—are essential throughout its lifecycle (total operating hours).

Reman products offer the same level of quality as new components, but at a lower cost. Komatsu's Reman business continues to grow as a resource-circulating business that contributes to environmental conservation while also helping customers reduce their lifecycle costs.

#### **A 4-win business for customers, the global environment, distributors, and Komatsu**

1. Customers: By choosing Reman products, customers can reduce the lifecycle costs of their machines. Minimizing machine downtime also contributes to improved productivity.
2. The Global Environment: By reusing collected components instead of discarding them, it is estimated that approximately 47,355 tons of CO<sub>2</sub> emissions were avoided in FY2024 compared to producing new components.
3. Distributors: Promoting Reman as a key feature can help expand new machine sales, improve profitability, and strengthen customer relationships.
4. Komatsu: Supporting customer problem-solving and maximizing customer value leads to continued customer choice of Komatsu. In addition to being highly profitable, the Reman business also contributes to product quality improvement through data obtained from collected components, which is used in new product development.

## CO<sub>2</sub> reduction through Reman processes and business operation



### 1.6.2 Effective use of critical materials in products

Komatsu is working on the conservation and effective use of limited resources by reusing critical materials used in products, etc.

An increasing number of diesel engines, which are used in construction machines, are now equipped with exhaust gas processing devices to reduce the density of NO<sub>x</sub> (nitrogen oxide) and PM (particulate matter) in exhaust gases. The exhaust gas processing devices use noble metals as a catalyst to reduce the density of NO<sub>x</sub> and PM. To effectively use these resources, Oyama Plant in Japan, for example, collects the exhaust gas processing devices of construction machines that have been replaced and recycles the noble metals in them. They are also recycling other critical materials to make them reusable, ensuring their effective use and aiming to reduce the consumption of new critical materials.

### 1.6.3 Activities to effectively utilize resources (waste)

Komatsu promotes initiatives to reduce waste emissions while also advancing “zero emission” activities aimed at recycling and effectively utilizing the waste we generate.

At our domestic production sites, we are working on converting waste plastics into valuable resources, reducing wood waste by improving transport packaging, and reusing packaging materials. Overseas, we are also actively promoting recycling by separating waste.

#### **1.6.4 Activities to effectively utilize resources (water resources)**

Given that our plants in the Hokuriku area of Japan use particularly large amounts of water, Komatsu continues to optimize water use for snow melting purposes during winter, while improving water efficiency in production processes—such as recycling cooling water and converting water-cooled systems to air-cooled ones—in order to reduce the volume of newly introduced water.

#### **1.6.5 Promotion of circular forestry business**

Forest and timber resources contribute significantly to global warming prevention depending on how such resources are used. Trees absorb and store CO<sub>2</sub> from the atmosphere as they grow, and they can continue to store CO<sub>2</sub> for a long time even after they are turned into wood products. Moreover, by using harvested wood as woody biomass fuel (carbon neutral fuel) it is possible to reduce fossil fuel usage. To maintain this CO<sub>2</sub> cycle, it is necessary to promote a circulating forestry industry where forest circulation is managed appropriately by harvesting grown trees, and planting and cultivating new trees.

While demand for timber production is expected to increase as the world's population grows, Komatsu is contributing to solving issues in the forestry industry, such as improving safety and productivity to address labor shortages and aging workforces, both in terms of mechanization of forest operations and forest management solutions.

In the area of forestry machinery (products), we are working to expand our product lineup for mechanization of each process from harvesting and cutting into logs to extracting and then tree planting again. For solutions, we provide solutions to visualize the condition of forestry machinery, wood production, and information on jobsites.

### **1.7 Addressing Environmental Issues through Corporate Activities: Green Building New Komatsu Headquarters**

Komatsu is pursuing “transforming our business foundation,” as set out in the growth strategy of its mid-term Management Plan. As part of this initiative, we are rebuilding its headquarters (Akasaka, Minato City, Tokyo). Komatsu started temporary relocation and demolition of the current building in January 2024 with completion of the new building scheduled for November 2026. The new headquarters will adopt a low-carbon design, improve environmental performance, and actively utilize wood, with the aim of meeting the ZEB Ready standard.

The new facility is intended to further enhance its function as an innovation center by enabling workspaces that support diverse work styles and by expanding industry–academia collaboration, private-sector collaborations as well as open innovation. In addition, a rooftop garden—long enjoyed by employees and the local community since the former headquarters

was completed in 1966 and regarded as a pioneer of rooftop gardens in Japan—will also be recreated. In addition to contributing to employee well-being, the rooftop garden will be opened to the public as a lush green space, strengthening ties with the local community. Planting a wide variety of species will also support biodiversity and help alleviate the urban heat island effect.

Through these efforts, Komatsu will strive to build a resilient corporate structure, increase the speed of information sharing, decision-making, and execution across Komatsu Group sites worldwide, and build a more resilient organization capable of adapting to changes in society and the external environment.

### **Rendering of the New Headquarters**



## 2. Komatsu Green Finance Framework










For the purpose of raising proceeds through green bonds or green loans, Komatsu has established the Komatsu Green Finance Framework (the “Framework”). Komatsu has obtained a second-party opinion from DNV Business Assurance Japan K.K., an external review provider, on the Framework’s alignment with the following principles and guidelines.

- Green Bond Principles 2025 (ICMA)
- Green Bond Guidelines 2024 (Ministry of the Environment, Japan)
- Green Loan Principles 2025 (LMA, APLMA, LSTA)
- Green Loan Guidelines 2024 (Ministry of the Environment, Japan)

### 2.1 Use of Proceeds

Based on the Framework, Komatsu plans to allocate the proceeds raised through green bonds or green loans to expenditures for new or existing eligible projects. If Komatsu allocates them to refinancing existing expenditures, such expenditures must have been made within 36 months prior to the date of the bond or loan issuance.

Products and services designed exclusively for use in fossil-fuel mining are subject to exclusion.

		Eligible Projects	GBP Category	SDGs
Use of Proceeds for Business Activities	A	Expenditures related to responding to environmental problems resulting from the use of products	<ul style="list-style-type: none"> <li>· Energy efficiency</li> <li>· Clean transportation</li> <li>· Circular economy adapted products, production technologies and processes and/or certified eco-efficient product</li> </ul>	   
	B	Expenditures related to responding to environmental problems resulting from production	<ul style="list-style-type: none"> <li>· Renewable energy</li> <li>· Energy efficiency</li> </ul>	   
Use of Proceeds for Corporate Activities	C	Expenditures related to responding to environmental problems resulting from corporate activities	<ul style="list-style-type: none"> <li>· Green buildings</li> </ul>	

## 【Eligible Projects】

### A. Expenditures related to responding to environmental problems resulting from the use of products

**GBP Category: Energy efficiency, Clean transportation, Circular economy adapted products, production technologies and processes and/or certified eco-efficient product**



Approximately 80 to 90% of CO<sub>2</sub> emissions over the lifecycle of construction equipment are generated by machines in use. Accordingly, Komatsu is of course working to not only make its products fuel efficient by developing high-efficiency engines, hybrid systems and electric models, but also reduce total CO<sub>2</sub> emissions from construction sites by automating construction or promoting autonomous operation of construction equipment to make the entire process of construction efficient. In other words, Komatsu works to reduce CO<sub>2</sub> emissions from construction equipment in use by not only improving hardware but also innovating processes.

#### <Eligibility Criteria>

Expenditures related to research and development, as well as the provision and dissemination of the following products, services and solutions, will be applicable to Komatsu's contributing efforts to reduce CO<sub>2</sub> emissions from products in use to 50% from 2010's level by 2030.

1. Products: Hybrid hydraulic excavators, electric construction equipment models that use hydrogen engines, fuel cells etc.
2. Services: Support for fuel-efficient operation of machine through the use of IoT.
3. Solutions: Reduction of CO<sub>2</sub> emissions through the promotion of ICT-intensive construction equipment and the provision of applications that optimize overall construction processes.

Concerning hybrid hydraulic excavators in 1) above, those which satisfy the criterion below will be applicable.

- The models certified by Japan's Ministry of Land, Infrastructure, Transport and Tourism as Low Carbon Type Construction Equipment.

## B. Expenditures related to responding to environmental problems resulting from production

### GBP Categories: Renewable energy, Energy efficiency



Concerning the reduction of CO<sub>2</sub> emissions at its manufacturing plants, Komatsu is reducing CO<sub>2</sub> emissions by cutting down energy consumption through not only making equipment more efficient, but also streamlining production lines and making entire manufacturing operations more efficient by using IoT as well as making the entire production process more efficient by including suppliers. Furthermore, having defined the use of renewable energy as an important task for reducing CO<sub>2</sub> emissions, Komatsu has set the target of increasing the use of renewable energy to 50% of total energy use by 2030.

#### <Eligibility Criteria>

Capital investment and/or expenditures related to the following efforts will be applicable, as they are expected to contribute to reducing CO<sub>2</sub> emissions in production and increasing the ratio of using renewable energy to 50% of total energy use by 2030 from 2010.

1. Energy-savings of factories and equipment in plants.
2. Power generation by using solar panels and biomass as well as purchase of renewable energies.

Concerning the making of factory buildings and equipment more energy-saving in 1) above, those which satisfy the criterion below will be applicable.

- Reduction of CO<sub>2</sub> emissions by 30% or more.

## C. Expenditures related to responding to environmental problems resulting from corporate activities

### GBP Category: Green buildings



Komatsu is also promoting environmental initiatives across its corporate activities. The new Komatsu headquarters building, which is currently under reconstruction, incorporates a design that minimizes environmental impact, and we intend to obtain a green building certification.

### <Eligibility Criteria>

A building that has obtained or renewed any of the following building certifications within the past 36 months retroactively from the financing by bonds or loans, or a building that is scheduled to obtain or renew such certification in the future (including associated land, facilities, and renovation costs).

#### Green buildings

- ZEB Certification : ZEB, Nearly ZEB, ZEB Ready
- CASBEE for Buildings (New Construction) : “S” or “A”
- LEED BD+C (Building Design and Construction, version 4 or later) or LEED O+M (Building Operations and Maintenance, version 4 or later) : Platinum, Gold
- BELS : 2016 version : “5” or “4”, or 2024 version : “6” or “5”
- DBJ Green Building Certification : “5”, “4” or “3”

## 2.2 Process for project evaluation and selection

Departments engaging in respective eligible projects will select candidate projects from the viewpoint of eligibility. The Environmental Affairs Department and Finance & Treasury Department of Komatsu will evaluate their eligibility and select eligible projects based on their consistency with Komatsu Group’s management principles and vision. The final decision will be made by the Board of Directors. When determining the eligibility of the project, Komatsu will verify that the candidate project meets the following requirements to reduce environmental and social risks.

- The environmental laws and regulations enforced by the government and/or the local government of the location of the project are complied with and an environmental impact assessment is performed where necessary.

#### 【Items to check】

- ✓ Soil, underground water pollution
  - ✓ Waste management of PCB
  - ✓ Chemical substance management and prevention of pollution.
  - ✓ Reduction of environmental load
  - ✓ Water risk control
- Environmental efforts are made in view of the supply chain.
- #### 【Items to check】
- ✓ Compliance with Komatsu procurement policy
  - ✓ Support supplier for its ISO 14001 certification and its holdings

## **2.3 Management of proceeds**

The Finance & Treasury Department of Komatsu will allocate an amount equivalent to the green bond and green loan proceeds to eligible projects in accordance with the proceeds management flow. Concerning the green bond and green loan proceeds, the Finance & Treasury Department will track the used amount of the proceeds quarterly by using internal management systems. The Finance & Treasury Department will manage the amount equal to net proceeds in cash or cash equivalents until they are allocated. Komatsu plans to complete allocation of the net proceeds in three years of the issuance, in principle.

## **2.4 Reporting**

Komatsu will report on the allocation and environmental and social impacts of the proceeds on its website, and in either the Komatsu Report or the ESG Data Book on an annual basis.

### **Allocation Reporting**

Until the proceeds are fully allocated to eligible projects, Komatsu will, to the extent practicable, disclose the following information on an annual basis. In the case of loans, Komatsu may alternatively choose to report directly to the lenders.

- Funds amount of the capital investment to eligible projects (amount/ percentage)
- Outline of the allocated eligible projects
- Ratio of finance and refinance
- The amount of unallocated proceeds

Komatsu will timely disclose information on the allocation of proceeds in the event that material changes to the allocation occur.

### **Impact Reporting**

At least until proceeds of the green bond or green loan have been fully allocated, Komatsu will, to the extent practicable, annually disclose the following indexes related to the eligible projects. The indicators for Eligible Projects A and B (1-3) are intended to assess and disclose Komatsu Group's global initiatives for the relevant business activities as a whole, including those financed by the green bonds or green loans. In the case of loans, Komatsu may alternatively choose to report directly to the lenders.

**Eligible Projects A-B**

1. CO<sub>2</sub> emission reduction by products use (amount or ratio) in comparison with 2010
2. CO<sub>2</sub> emission reduction by production process (amount or ratio) in comparison with 2010
3. Ratio (%) of using renewable energy and annual use (MWh/GWh or GJ/TJ/PJ)

**Eligible Project C**

4. Overview of properties that meet green eligibility criteria, valid environmental certifications and ranks, annual CO<sub>2</sub> emission reductions, and annual energy consumption reductions