

Environmental Management Structure

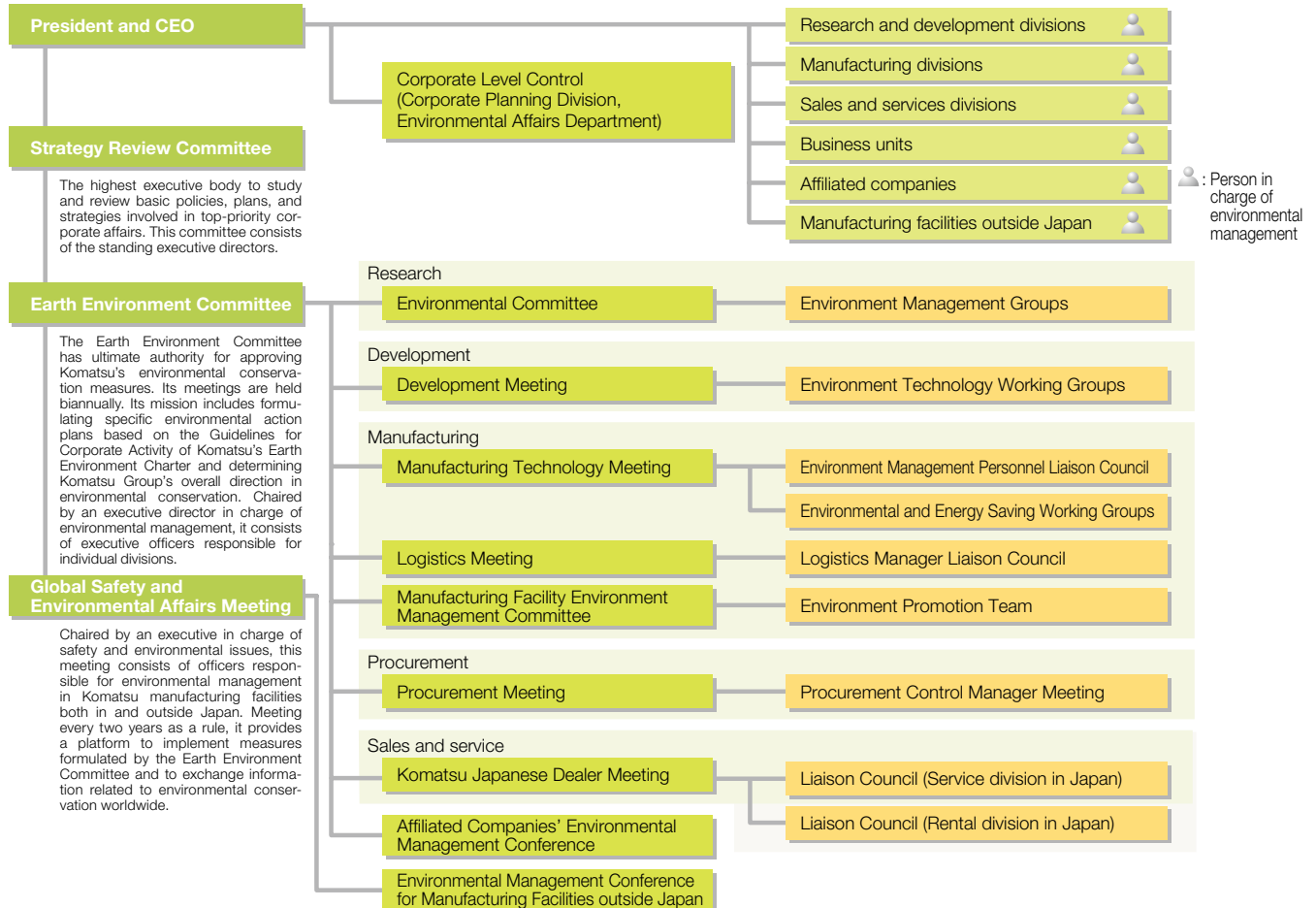
Komatsu has established an environmental management structure grounded in ISO14001, a widely accepted international standard for environmental management, for its Group companies, including manufacturing facilities outside Japan. To fulfill one aspect of its corporate social responsibility, Komatsu conducts thorough environmental education and training for its employees.

Overview of Environmental Management Structure

Recognizing that environmental issues are an integral part of its corporate mandate, the Komatsu Group established the Earth Environment Committee in 1991 and created its environmental management structure. Following this environmental initiative, the Group formulated the Komatsu Earth Environment Charter in 1992 and launched its environmental conservation activities. Komatsu's Strategy Review Committee is responsible for matters of corporate management while the Earth

Environment Committee is in charge of examining individual policies. After the Earth Environment Committee formulates environmental policies, executive officers of the respective divisions and subsidiary companies are responsible for further developing and applying these policies to meet their objectives in accordance with the functions of their own division or company. The officer in charge of environmental conservation activities at each business unit implements these policies. For environmental issues of particular significance, subcommittees of experts or working groups established in each division study them and develop solutions in concert with other divisions.

Organizational Chart of the Environmental Management Structure



Acquiring ISO14001 Integrated Certification for the Komatsu Group in Japan

Komatsu has been engaged in a Group-wide initiative to acquire ISO14001 certification, an international standard for environmental management systems, with a view to enhancing management quality through strengthening systematic steps towards environmental conservation.

Manufacturing facilities both inside and outside Japan have until recently been certified individually, beginning with the Oyama Plant in 1997. In FY2005, Komatsu Ltd.'s (the parent company's) four plants (the Awazu, Osaka, Mooka, and Oyama Plants) acquired integrated certification managed by the General Manager of manufacturing division. This represented the first step towards integrated certification for the entire Group. As the second step, in FY2007 Komatsu added its major affiliates in Japan and non-manufacturing facilities that had not previously been certified—notably the Head Office, Research Division, and Techno Center—to the above four plants, attaining integrated certification for the Group in Japan, managed by the executive officer supervising environmental affairs.

The Group will now pursue integrated certification covering all its affiliates in Japan.

Environmental Education and Training

The Komatsu Group's fundamental education system distributes the responsibility for education such that the parent company develops educational materials and provides educational services on commonly relevant academic issues for use by Komatsu Group companies, whereas instruction regarding more hands-on matters, including unique features and points particular to individual business units, are conducted by relevant divisions in each business unit.

In FY2007, Komatsu administered the curriculum for environmental education and training in the same manner as in FY2006. In preparation for extending ISO14001 integrated certification across all Group companies in Japan and the entire Group, Komatsu increased the number of internal environmental auditors and provided refresher courses for them. To enhance its environmental risk management capabilities systematically, the company encourages employees to obtain a suitable environment-related certificate.

Holding the Third European Health, Safety, and Environment Meeting in Italy

Following upon the Second European Health, Safety, and Environment (HS&E) Meeting hosted by Komatsu Forest AB in FY2006, Komatsu Utility Europe S.p.A. held the Third HS&E Meeting on October 1 and 2, 2007. A total of 12 representatives from six European subsidiaries and the Komatsu Ltd. Head Office participated in the meeting.

Komatsu Utility Europe provided an overview of its plant operations and held a plant tour. It then explained its management structure and recent activities in the fields of health and safety and environmental conservation. This was followed by an exchange of views among all the participants. The General Manager of the Safety and Health Administration Department at the Head Office participated for the first time, with the meeting taking up safety issues in addition to environmental concerns.

To intensify Group-wide information exchanges, the Komatsu Group is planning to convene the Global Safety and Environmental Affairs Meeting in Tokyo in September 2008, with personnel from Asia, the Americas, and other regions also participating.



The Third European Health, Safety, and Environment Meeting

Educating in Japan Environmental Affairs Representatives at Chinese Subsidiaries

Seventeen personnel in charge of environmental affairs from nine Chinese subsidiaries were invited to Japan. They received education and training in environmental management for seven days beginning March 3, 2008.

At the Oyama Plant, Komatsu clarified environmental conservation guidelines to be upheld across the Group. These guidelines were drawn up based on reporting from both Komatsu Ltd. and Chinese subsidiaries about recent environmental activities as well as the results of surveys conducted at its subsidiaries in 2007. After exchanging views on this topic, participants toured the facilities of the Oyama Plant and nearby related waste recycling businesses. Next



Education and training for personnel in charge of environmental affairs (touring a wastewater processing facility at the Oyama Plant)

they visited the Osaka Plant to observe environmental conservation activities. Tours and meetings to exchange opinions will be held at Chinese subsidiaries, focusing on areas to be improved in keeping with the guidelines presented.

Supporting Environmental Activities at Sales Agencies and Rental Companies

In the sales and after-sales service fields as well, Komatsu has been supporting its sales agencies and rental companies focused on safety and environmental activities.

■ Distributing the Komatsu Group's Environmental Guidelines
In April 2005, Komatsu introduced environmental guidelines in Japan on a national scale by distributing the *Environmental Guidelines: A Manual for Komatsu Sales Agencies and Rental Companies* to its 33 sales agencies and 25 Group rental companies at the time. These guidelines lay out points and standards to be observed for environmental issues directly pertinent to operations at sales agencies and rental companies (waste treatment, waste oil treatment, oil management, and treatment of wastewater from washing vehicles).

Using a Plan-Do-Check-Action (PDCA) approach in implementing the guidelines, Komatsu encourages these agencies and companies to improve their environmental activities. Aiming to steadily expand PDCA activities into all sales agencies and rental companies, representatives of Komatsu once again visited agencies and companies that had implemented the guidelines, holding sessions to explain their contents at 11 companies in FY2007. Komatsu has repeatedly cooperated with sales agencies and rental companies in checking the environmental aspects of their sites, conditions, and equipment, giving on-site guidance and proposing remedial actions when necessary. In FY2007, a total of 204 sites received this assistance.

Komatsu provides support for these agencies and companies to improve in the areas of safety and the environment by organizing safety promotion activities when industrial accidents occur and by distributing a *Safety and Environment Newsletter*. As a result, an awareness of the environment has thoroughly permeated these workplaces and various improvements have been seen.



Giving guidance on separation chamber maintenance

Supporting Suppliers to Introduce Environmental Management Systems

To reinforce environmental management at suppliers, Komatsu has been urging its major business associates to acquire certification in an environmental management system (EMS). In FY2008, Komatsu will continue to support the introduction of EMSs at all major business associates in Japan, aiming at having them acquire ISO14001 or Eco-stage (a simpler EMS certification for small companies).