

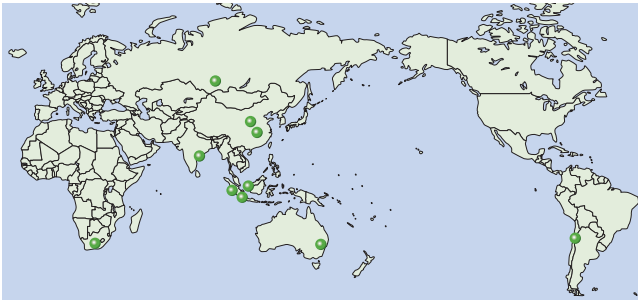
Creating a Resource Recycling Society

Komatsu is helping to create a resource recycling society by promoting the reuse and recycling of used components and by improving the recyclability rate of construction machinery through its Reman business. At the same time, the company is stepping up activities to attain zero emissions at Komatsu Group manufacturing facilities.

Enhancing Quality of Life

Promoting the Reman Business

Komatsu's "Reman" business remakes used engines, transmissions, and other key components (parts) of construction and mining equipment into "remanned" components. These components, which have the same quality as newly manufactured components, are then offered back onto the market. The Group is promoting the "Reman" business at ten Reman Centers around the world, with those in Indonesia and Chile serving as global centers.



"Reman," an abbreviation for "remanufacturing," offers the following advantages to customers:

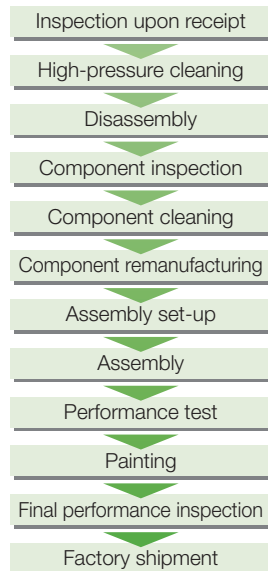
- **Quality and performance guaranteed to be the same as for new components**
- **Lower cost for "remanned" components**
- **Reduced idle time for construction equipment through sufficient inventory of "remanned" components**
- **Resource conservation and waste reduction through reuse and recycling of components**

The number of Reman Centers was expanded in 2010 by establishing a remanufacturing plant for general construction equipment engines and engine sub-components in Changzhou, China, and facilities in Russia and India for heavy-duty mining equipment component remanufacturing.

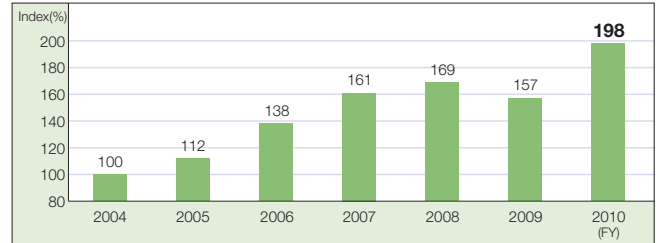
Providing Reman-related Information

The Komatsu Group has set up "Reman-Net" for networking Komatsu Reman Centers around the world. The Group is actively using this network to develop Reman operations for reuse and recycling of components at the global level. IC tags and two-dimensional codes are used to manage an item's remanufacturing history and track quality and durability information. This important information is fed back to the Group, to help develop components with appropriate life spans.

◆ Reman Process



◆ Changes in Reman Ratios (base 2004 = 100)



Upper left: KCIS Kuzbass Support Center (Russia) Upper right: Komatsu India Reman (India) Lower left: Komatsu Reman Indonesia (Indonesia) Lower right: Komatsu Changzhou Rebuild Center (China)

Acquiring ISO14001 Certification for Reman Centers

To further environmental conservation efforts, the ten Komatsu Reman Centers around the world have been pursuing ISO14001 certification. Three of the centers have already been certified and the remaining centers are working on obtaining certification. Certified Reman Centers are advancing environmental conservation through daily operations and through inspections for maintaining and renewing their certification.

Future Steps

To further increase the reuse rate of used components (parts), the Komatsu Group is reducing the number of disposed parts by:

- **developing parts with suitable sizes and designs exclusively for future remanufacturing**
- **developing recycling-related technologies (assessment, measurement, high-pressure cleaning, heat treatment, etc.)** to reduce waste components, and thereby further step up reuse and recycling activities.

Improving Recyclability Rate

Komatsu is moving forward with its changeover from conventional rubber hoses to chlorine-free hydraulic hoses for its construction equipment. Conventional rubber hoses represented a bottleneck in Komatsu's efforts to raise its recyclability rate for construction equipment. This changeover opens the way to raising the recyclability rate to over 99% for hybrid vehicles and for newly developed vehicles that meet the Tier4-interim regulations. This exceeds the target value set by the Japan Construction Equipment Manufacturers Association (97%) and comes close to Komatsu's own voluntary target of 99.5%.

Effective Utilization of Resources in Manufacturing Operations

Waste

In tandem with reducing the amount of waste produced during manufacturing operations, Komatsu conducts zero emissions*1 activities to use waste materials as resources.

The company continued to achieve zero emissions in FY2010 through strict waste separation and utilization of waste materials as valuables*2, boasting a recycling rate of 99.0%.

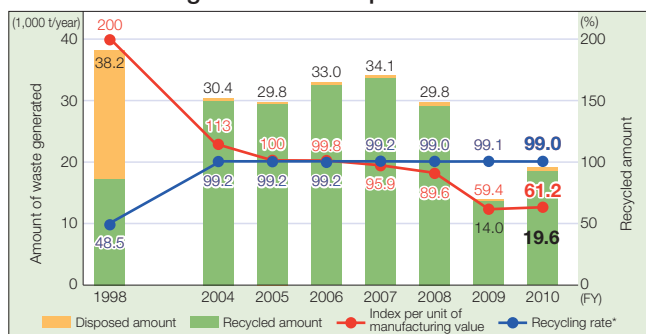
The medium-term target for waste emissions was also attained in FY2010, the last fiscal year falling within this period, with total waste emissions per unit of manufacturing value having decreased by 38.8% compared to FY2005. This dramatic reduction was due to the fact that Komatsu Castex Ltd. made advances in effectively utilizing its waste molding sand.

At the same time, new medium-term targets were established for recycling rates and total waste emissions per unit of manufacturing value at business units in Japan, and new medium-term targets for recycling rates at overseas business units.

This fiscal year Komatsu will encourage mainly its Group companies to practice thorough waste separation, with the aim of achieving the company's new medium-term target.

*1 : Komatsu defines "zero emissions" as a waste material recycling rate of 99% or more.
*2 : "Valuables" in this report refers to materials that can be sold to external companies.

Amount of Waste Generated by the Komatsu Group Manufacturing Facilities in Japan



* Recycling rate is calculated by dividing the amount recycled (including valuables) by the amount generated (including valuables).

Water Resources

Since FY2006, Komatsu has set a new medium-term target of achieving by FY2010 a 10% or greater reduction in the amount of water used per unit of manufacturing value, compared to the FY2005 level.

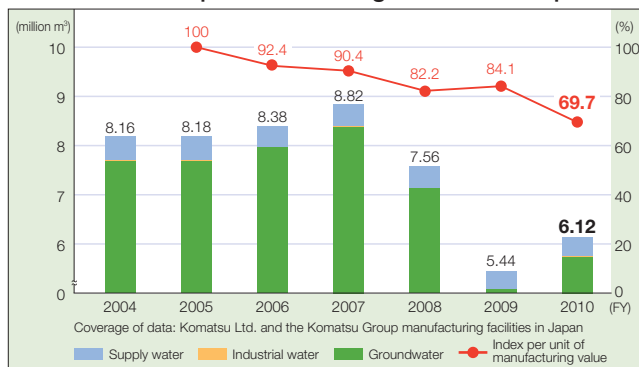
The company has attained this medium-term target by reducing the amount of water used per unit of manufacturing value by 30.3%, compared to FY2005, through the reuse of water during processing and the elimination of wasteful day-to-day practices.

In particular, the Awazu Plant cut back on its groundwater consumption through measures such as assessing the wells from which groundwater is taken and repairing water leakage. As a consequence, they were able to trim water usage by 16% per unit of manufacturing value compared to the previous fiscal year.

The plant also established a new medium-term target providing for a 25% or more reduction in the amount of water used per unit of manufacturing value by FY2015, compared to the FY2005 level.

In the years to come, Komatsu will make further efforts to reduce the amount of water resources used and to achieve its new medium-term target.

Amount of Water Resources Used by the Komatsu Group Manufacturing Facilities in Japan

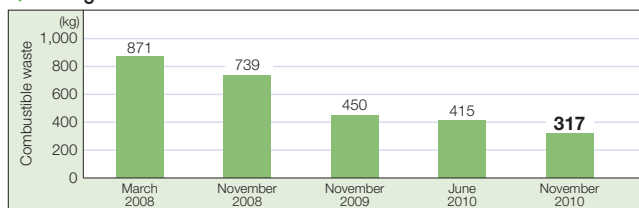


Resource Conservation by Non-manufacturing Divisions

Waste

The Komatsu Head Office is promoting zero emissions and has remodeled its waste containers to make waste separation easier through the use of visual aids. Other steady efforts to recycle resources include the use of recycling boxes and kitchen waste disposal machines. The amount of waste is also being measured at regular intervals. The results showed that a 63.6% reduction has been achieved in the amount of combustible waste, compared to March in 2008 when measurements started. Komatsu also participated in the ECOCAP Movement and collected enough bottle caps to fund vaccines for 348 children in the developing world.

Changes in the Amount of Combustible Waste from the Head Office

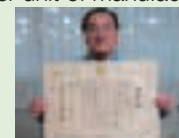


Topics

The Environment Minister's Commendation awarded to the Oyama Plant

- (1) Introducing high efficiency equipment based on the top management's realization of the importance of saving energy
- (2) Issuing a declaration for each employee to reduce CO₂ emissions by 1 kg per day
- (3) Having energy conservation patrols make the rounds of the plant to eliminate waste
- (4) Setting up a special department in charge of introduction of energy saving equipment.

Thanks to these activities, in which all corporate levels participated, CO₂ emissions per unit of manufacturing value in 2009 were reduced by 41% (compared to 2000), and in FY2010 the Oyama Plant was awarded the Environment Minister's Commendation for its activities to mitigate global warming.



Oyama Plant Manager