

# Corporate Governance Report

Last Update: June 28, 2024

**Komatsu Ltd.**

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Securities Code: 6301

<https://www.komatsu.jp/en>

In the following, the Company expresses Komatsu Ltd. on a non-consolidated basis, while the Komatsu Group, on a consolidated basis.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

The Company believes its corporate value is the total sum of trust given to us by society and all stakeholders. To become a company which enjoys more trust from shareholders and all other stakeholders, the Company is working to strengthen corporate governance, improve management efficiency, advocate corporate ethics and ensure sound management on a group-wide basis.

To further improve the transparency of management for its shareholders and investors, the Company discloses information in a fair and timely manner and actively engages in investor relations' activities by holding meetings with shareholders and investors.

Corporate governance is explained on the Company's website below.  
(<https://komatsu.disclosure.site/en/themes/98#1146>)

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company implements all principles of the Corporate Governance Code.

### [Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4: Cross-shareholdings]

<Policy on cross-shareholdings>

In light of avoiding risks resulting from stock price fluctuations and improving asset efficiency, the Company owns no listed shares except for the cases in which business relationships with invested companies and/or business cooperation with the Company are needed.

<Standards, etc. for voting rights>

When executing the voting rights of cross-shareholdings, the Company evaluates and judges individually and specifically in light of maintaining and/or improving its corporate value, primarily by considering the business relationships, conditions of business cooperation with the Company, and mid- to long-term return on investment.

In cases where the Company owns listed shares, the Company also holds review meetings of concerned departments in order to decide on the exercise of voting rights and monitor the status of exercise of such voting rights. Concerning the appropriation of retained earnings, election of Directors and Audit & Supervisory Board Members, Director and Audit & Supervisory Board Member remuneration, changes in the Articles of Incorporation, organizational changes, issuance of new shares, anti-takeover measures and

other important matters, the Company has also formulated its Basic Policy for the exercise of voting rights which stipulates the matters to be carefully assessed.

[Principle 1-7: Related Party Transactions]

Based on the Companies Act and the Standards for Matters to be Referred to a Meeting of the Board of Directors, when a Director intends to engage in conflict-of-interest transactions, concerned transactions need to be approved by the Board of Directors. Important matters related to any conflict-of-interest transactions between the Director and the Company must be reported to the Board of Directors. Furthermore, the Company's internal rules prohibit conflict-of-interest transactions by any Executive Officer without approval of the Company. The Company also conducts investigations of related party transactions with Directors, Audit & Supervisory Board Members, and Executive Officers, and verifies the non-existence of any conflict-of-interest transactions every year.

[Principle 2-4: Ensuring Diversity, Including Active Participation of Women]

Supplementary Principle 2-4-1

The Company recognizes diversity as its strength and integrates the growth of each and every employee with their diverse individualities in order to connect to the growth of the entire company. In tandem with the globalization progress of Komatsu's business, employees working in countries outside of Japan accounts for approximately 70% of all employees. The Company promotes localization of management and national employees (local employees) are responsible for top management at overseas subsidiaries in many cases. Among them, the Company has also appointed the leaders of major overseas subsidiaries as "Global Officers", not only as the regional leaders, but also as part of the senior management team of the Komatsu Group, responsible for a part of consolidated management. Furthermore, the Company has also appointed personnel who will play central roles with respect to business operations of the Komatsu Group as Executive Officers of the Company. The Company will increase the percentage of foreign national employees assigned to Executive Officers and Global Officers while focusing on training candidates for management positions at overseas subsidiaries.

Concerning female employees' participation and promotion, the Company has set up a key performance indicator (KPI) of increasing the ratio of female managers to 13.0% or more in FY2024 on a global, consolidated basis, by actively assigning them to positions with more responsibilities and authority, including their promotion to managers (11.1% for the ratio of female managers as of March 31, 2024). Since 2019, the Company has held the Diversity & Inclusion Development Seminar for female managers of the Company and of overseas subsidiaries. In an effort to develop female leaders in a planned manner, this Seminar mainly helps them gain the viewpoints needed as top management officers and leadership based on The KOMATSU Way.

Furthermore, with respect to experienced mid-career employee, the Company will also continue to positively recruit such personnel and promote to support their careers as core human resources.

For more information, visit the Company's website.

[https://komatsu.disclosure.site/en/csr/pdf/KOMATSUCSR2023\\_en.pdf](https://komatsu.disclosure.site/en/csr/pdf/KOMATSUCSR2023_en.pdf)

-P43: Mid-career employment (As of July 20th, 2023)

-P45: Global human resource development and promotion

-P46: Diversity of management

-P47: Women employees

[Principle 2-6: Execution of Functions of a Corporate Pension Plan as the Asset Owner]

To ensure the steady payment of postretirement benefits to beneficiaries into the future, the Company manages its pension fund for the goal of securing the necessary comprehensive earnings within the scope of acceptable risks for a long period of time. Accordingly, the Company has developed a basic portfolio, consisting of an appropriate combination of stocks, bonds, and other financial instruments, after considering a long-term expected rate of return.

The Company has created the Pension and Retirement Benefit Committee, consisting of the CFO, a representative of its labor union, an executive officer who supervises human resources, and other senior officers. Based on the Basic Policy related to Pension Fund Management, which was defined according to Japan's Ministry of Health, Labor and Welfare's guidelines, the Committee periodically and comprehensively evaluates and monitors whether or not the pension fund is being appropriately managed (e.g., to decide the

need for reassessing the basic portfolio by evaluating the amount of gap between the expected rate of return and actual earnings), and whether there is any conflict of interest between the Company and the beneficiaries.

To take full advantage of the monitoring function concerning the institutions of payments for corporate pension, the Company not only works with fund management consultant(s), but also works to allocate qualified personnel with the necessary experience and professional capabilities and to develop such personnel in a planned manner.

[Principle 3-1] Full Disclosure]

1) Company objectives (e.g., business principles), business strategies and business plans

The Komatsu Group defines its purpose to be “Creating value through manufacturing and technology innovation to empower a sustainable future where people, businesses and our planet thrive together”. And the Company has defined its brand promise (tagline) of “Creating value together”.

And the Komatsu Group’s basic approach to achieving this purpose is to pursue “quality and reliability” and to maximize the total trust from society at large and all stakeholders surrounding us, which is our Management Principle. And as a strategy to implement this Management Principle, the Company has formulated a mid-term management plan to create a positive cycle of solving ESG issues and improving profitability through the creation of customer value, thereby achieving sustainable growth.

Corporate identity, Our Strategy and Our Action are explained on the Company's website below.

<https://www.komatsu.jp/en/aboutus/corporate-identity>

< Mid-term Management Plan >

The mid-term management plan for three years (FY2022-FY2024), titled “DANTOTSU Value—Together, to ‘The Next’ for sustainable growth,” was launched in April 2022.

In the mid-term management plan, the Company is striving to achieve its vision of developing safe, highly productive, smart and clean workplaces of the future with customers. To this end, the Company is working to create DANTOTSU Value (New Customer Value) which integrates DANTOTSU Products (advancement of machines), DANTOTSU Service (advancement of machine operations), and DANTOTSU Solutions (optimization of workplace operations).

The mid-term management plan (FY2022-FY2024) entitled “DANTOTSU Value – *Together, to “The Next” for sustainable growth*” is explained on the Company's website below.

[https://www.komatsu.jp/en/-/media/home/ir/library/en/2022\\_midmgtplan\\_e.pdf](https://www.komatsu.jp/en/-/media/home/ir/library/en/2022_midmgtplan_e.pdf)

2) Basic views and guidelines on corporate governance

The Company's basic view is the same as expressed in "1. Basic Views ". The Company works to strengthen its corporate governance by complying with the idea and principles of the Corporate Governance Code as its basic policy.

3) Policies and procedures in determining the remuneration of the senior management and directors

They are the same as expressed in the "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" to be described later.

4) Policies and procedures in the appointment of the senior management and the nomination of directors and Audit & Supervisory Board Members candidates

The Human Resources Advisory Committee (As the ratio of outside members represents 66.7% of total), consisting of four (4) Outside Directors (one of them as Committee Chairperson), Chairman of the Board and President, deliberates such matters as nomination of candidates for Directors and Auditors, and appointment and discharge of executive officers and other senior management officers including President (CEO), and reports the results to the Board of Directors. When selecting the candidates, the Committee also considers diversity, as represented by gender, nationality and race. Based on the report, the Board of Directors discusses and decides appointments of the candidates for directors and Audit & Supervisory Board Members as well as appointments and discharges of executive and other officers.

5) Explanations with respect to the individual appointments and nominations

The reasons for appointing Outside Directors and Outside Audit & Supervisory Board Members are the same as expressed, respectively, in "II. Business Management Organization and Other Corporate Governance

Systems regarding Decision-making, Execution of Business, and Oversight in Management", "Directors", "Outside Directors' Relationship with the Company (2)", and "Audit & Supervisory Board Members", "Outside Audit & Supervisory Board Members' Relationship with the Company (2)".

#### Supplementary Principle 3-1-3

Having long pledged to conduct management focused on sustainability, the Company aims to solve ESG issues through its business activities, including providing high-quality, highly efficient products, services, and solutions that take into account the environment and safety. Going forward, as stated in our Sustainability Policy, the Company will continue to address various ESG issues, including global climate change, by defining the material issues it will address and incorporating activities to address them into its mid-term management plan, with the goal of realizing a sustainable society and improving business continuity.

And the Company continues to contribute to society together with its stakeholders, as a corporate group that can flexibly respond to changes in society and the external environment by further improving its corporate governance.

To solve environmental problems, including climate change, the Company has been making aggressive efforts since its establishment of the Earth Environment Charter (currently known as the Komatsu Earth and Environment Policy) in 1992. In its mid-term management plan, the Company has set up a management target of reducing CO2 emissions by 50% from 2010 to 2030. Since April 2019 when the Company expressed its support for the Task Force on Climate-Related Financial Disclosures (TCFD), it has promoted efforts to evaluate the risks and opportunities as affected by climate change and develop strategies based on the analyses of scenarios. The Company has also upheld its new long-term vision of achieving carbon neutrality, virtually zero carbon emissions by 2050.

The Company discloses "Sustainability Policy" and, its response to TCFD's recommendations and conducting related scenario analyses on its website.

(<https://www.komatsu.jp/en/sustainability>)

([https://www.komatsu.jp/en/-/media/home/ir/library/annual/en/2023/kmt\\_kr23e\\_print.pdf](https://www.komatsu.jp/en/-/media/home/ir/library/annual/en/2023/kmt_kr23e_print.pdf))

-P62-69: Climate change response initiatives (Disclosure based on TCFD recommendations)

With regard to investment in human capital, the Company considers human resources to be one of the most important management resources for creating new value, and it is continuously investing in human resources. Specifically, the Company considers not only wages, but also allowances, bonuses, and benefits, as well as the expansion of human resource development measures, as investments in an extensive range of human resources. By making continuous efforts in these areas, the Company works for the sustainable growth and development of both the company and its employees, as it pays attention to changes in the internal and external environments and of connection with its management policies. Concerning human resource development, the Company is enhancing education for employees to become professionals in their respective fields, supporting the acquisition of knowledge and skills required at each level, and analyzing and disclosing the annual training hours and costs per employee, and other information.

Concerning investment in intellectual capital and other matters, the Company is making efforts for products, services, and solutions, based on growth strategies of the mid-term management plan. The Company has several research facilities worldwide, including nine (9) mother plants equipped with product development capabilities. With respect to technologies that have been developed by its research and development efforts, the Company acquires intellectual property rights, such as patents, as needed.

For more information about investment in human capital, intellectual capital, and other relevant matters, visit the Company's website.

([https://komatsu.disclosure.site/en/csr/pdf/KOMATSUCSR2023\\_en.pdf](https://komatsu.disclosure.site/en/csr/pdf/KOMATSUCSR2023_en.pdf))

-P60: Training hours and costs per employee

([https://www.komatsu.jp/en/-/media/home/ir/library/annual/en/2023/kmt\\_kr23e\\_print.pdf](https://www.komatsu.jp/en/-/media/home/ir/library/annual/en/2023/kmt_kr23e_print.pdf))

-P20: Intellectual capital

[Principle 4-1: Roles and Responsibilities of the Board (1)]

#### Supplementary Principle 4-1-1

The Company specifies the Standards for Matters to be Referred to a Meeting of the Board of Directors which includes the base amount according to their importance to management and covers more matters than stipulated in laws and the Articles of Incorporation. Concerning the matters to be decided on other

management levels, the Company stipulates the authority standards in the "Decision-making Authority Rule" of its internal rules, which clearly defines the job authorization of concerned positions.

[Principle 4-9: Independence Standards and Qualification for Independent Directors]

The standards for independence of Outside Directors and Audit & Supervisory Board Members of the Company are disclosed on the Company's website below.

(<https://www.komatsu.jp/en/ir/corporate-governance/independence-criterion-standards>)

[Principle 4-10: Use of Optional Approach]

Supplementary Principle 4-10-1

<Human Resources Advisory Committee>

The Human Resources Advisory Committee (As the ratio of outside members represents 66.7% of total), consisting of four (4) Outside Directors (one of them as Committee Chairperson), Chairman of the Board and President, deliberates such matters as nomination of candidates for Directors and Auditors, and appointment and discharge of executive officers and other senior management officers including President (CEO), and reports the results to the Board of Directors. When selecting the candidates, the Committee also considers diversity, as represented by gender, nationality and race. Based on the report, the Board of Directors discusses and decides appointments of the candidates for directors and Audit & Supervisory Board Members as well as appointments and discharges of executive and other officers.

<Compensation Advisory Committee>

In an effort to maintain an objective and transparent remuneration system, the policy and levels of remuneration for Directors and Audit & Supervisory Board Members of the Company are deliberated by the Compensation Advisory Committee, which consists of five (5) Outside Members [four (4) Outside Directors (including one (1) as the Chairperson of the Committee), and one (1) Outside Auditors] and one (1) Internal Member (As the ratio of outside members represents 83.3% of total). Taking its reports and recommendations into consideration, the remuneration for Directors is determined by the Board of Directors, and the remuneration for Audit & Supervisory Board Members is determined by discussions by the Audit & Supervisory Board Members, respectively, within the range previously determined by resolution of the General Meeting of Shareholders.

[Principle 4-11: Preconditions for Board and Audit & Supervisory Board Members Board Effectiveness]

Supplementary Principle 4-11-1

The Company strives to maintain transparency and soundness of management by appointing Outside Directors and Outside Audit & Supervisory Board Members, while limiting the members of the Board of Directors small so that discussions at the Board of Directors are more substantial. At present, the Board of Directors consists of nine (9) members, four (4) of whom are independent Outside Directors. Inside Directors are appointed from senior managers of different core functions of the Company, such as development, production, marketing, human resources, and accounting and finance, etc. The Company clearly identifies in light of on-going management tasks what specialization, knowledge and experience it expects to Outside Directors and Audit & Supervisory Board Members and then selects Outside Directors and Audit & Supervisory Board Members. When selecting the candidates, the Committee also considers diversity, as represented by gender, nationality and race.

The Human Resources Advisory Committee, consisting of four (4) Outside Directors (one of them as Committee Chairperson), Chairman of the Board and President, deliberates such matters as nomination of candidates for Directors and Auditors, and appointment and discharge of executive officers and other senior management officers including President (CEO), and reports the results to the Board of Directors. Based on the report, the Board of Directors discusses and decides appointments of the candidates for directors and Audit & Supervisory Board Members as well as appointments and discharges of executive and other officers.

The skill matrix is disclosed on the Company's website below. This skill matrix presents categories of skills that the Board of Directors has deemed particularly worthy of focus and oversight by the respective Directors and Audit & Supervisory Board Members with respect to management of the Company, upon taken into account the primary abilities and expertise of each individual.

For more information, visit the Company's website (P22-23: Notice of Convocation of the 155th Ordinary General Meeting of Shareholders of Komatsu Ltd.)

[https://www.komatsu.jp/en/-/media/home/ir/shares/meeting/en/155convocation\\_e.pdf?rev=a09555f84d1c4197845931a1ecec1edd&hash=D47A76953B061C127CCBE4BD283528D9](https://www.komatsu.jp/en/-/media/home/ir/shares/meeting/en/155convocation_e.pdf?rev=a09555f84d1c4197845931a1ecec1edd&hash=D47A76953B061C127CCBE4BD283528D9)

#### Supplementary Principle 4-11-2

In the event that Director or Audit & Supervisory Board Member (excluding Outside Directors or Outside Audit & Supervisory Board Members) concurrently assumes office as executive officers of a listed company other than the Company, the Director or Audit & Supervisory Board Member is required to get approval of the Board of Directors based on the Standards for Matters to be Referred to a Meeting of the Board of Directors.

State of cross-assumption of office is described in the Company's notices of ordinary shareholders meetings and Annual Securities Report.

#### Supplementary Principle 4-11-3

The results of the effectiveness of the Board of Directors for FY2023 are as follows.

##### 1) Process of analysis and assessment

With regard to the process of analysis and evaluation, the Company has confirmed the evaluation method for FY2023, based on the effectiveness evaluation method and results of the Board of Directors conducted in the previous fiscal year. This year, the Company has appointed a third-party organization to conduct evaluation of the effectiveness process to increase objectivity and transparency.

[Board of Directors' Effectiveness Assessment and Implementation Outline]

Subject to: All nine (9) directors and all five (5) auditors & supervisory board members

Implementation/evaluation method:

- (1) Questionnaire to the subjects
- (2) Interviews with subjects (conducted by a third party)
- (3) Based on the above (1) and (2), a third-party organization conducts analysis and evaluation
- (4) Discussion by Outside Directors and Outside Audit & Supervisory Board Members.
- (5) Discussion by Directors excluding the Outside Directors (hereinafter "Internal Directors") and full-time Audit & Supervisory Board Members
- (6) Based on (1) through (5) above, analyze and evaluate, and plan and draft a proposal for holding a Board of Directors meeting
- (7) Report and discussion at the Board of Directors meeting

Questions:

- (1) Roles and functions of the Board of Directors
- (2) Size and composition of the Board of Directors
- (3) Operation of Board meetings (agenda setting)
- (4) Operation of Board meetings (reporting and explanation, provision of information, follow-up)
- (5) Discussion at Board meetings
- (6) Business understanding and communication
- (7) Self-evaluation

##### 2) Outline of the evaluation results

After reviewing the discussion by the Board of Directors, based on the analysis of the questionnaires, interviews, and discussions in terms of evaluations of the effectiveness, the Company has confirmed that the effectiveness of the Company's Board of Directors remains ensured with a generally high level in each of the evaluation items.

The main points that were highly rated were as follows:

- (1) Diversity of Board members (background, internationality, gender, etc.)
- (2) Timely provision of information and explanation of management issues by the president's report made at the beginning of Board meetings
- (3) Provision of explanatory videos in advance of Board meetings to simplify explanations on the day of the meeting and to ensure sufficient time for discussion.
- (4) Frank and multifaceted discussions by members with diverse backgrounds and knowledge

(5) Continuous improvements to issues in meeting management

On the other hand, the issues to be further examined in the future are as follows:

- (1) Continuation and enhancement of discussions on medium- and long-term issues (business portfolio, internal and external environmental changes, human capital, etc.) to enhance corporate value
- (2) Continuation of clarification of discussion themes, concise reports focusing on the day's key discussion points, etc.
- (3) Enhancing opportunities for free discussion outside of meeting of the Board of Directors

In FY2024, the Company will work on these points to achieve an even more effective Board of Directors.

[Principle 4-14: Director and Audit & Supervisory Board Members Training]

Supplementary Principle: 4-14-2

The Company explains to Outside Directors and Audit & Supervisory Board Members its business, financial position, organization and the like at the time of their assuming office. The Company trains inside Directors and Audit & Supervisory Board Members as needed before they assume office. The Company also provides continuous training to Directors and Audit & Supervisory Board Members as needed even after they have assumed office.

[Principle 5-1: Policy for Constructive Dialogue with Shareholders]

Policies on operations and efforts to promote constructive dialogue with shareholders and investors are described as follows:

- 1) The Company engages in fair and timely disclosure of information to all stakeholders, including shareholders and investors, and emphasizes the importance of direct communication by the President.
- 2) The Company appoints the Director or Senior Executive Officer in charge of supervising investor relations (IR), defines the departments responsible for IR activities, and promotes collaborations among all related departments.
- 3) The Company works to endeavor to identify its shareholder Ownership structure and create a means of dialogue other than individual meetings.  
(Investor briefings of business results, information for shareholders and investors on the website, meeting and plant tours with individual shareholders, meeting with individual and institutional investors in Japan and abroad, etc.)
- 4) The President and the Director or Senior Executive Officer in charge of supervising IR periodically reports on the state of dialogue to the Board of Directors, Executive Officers and related departments.
- 5) The Company stipulates the internal rule to control insider information and sets the Information Disclosure Committee which checks on the contents of statutory disclosures and controls insider information.

More details on dialogue with shareholders and investors are disclosed on the Company's website below.

<https://www.komatsu.jp/en/ir/dialogue>

<Reference Information: Actions to realize management conscious of cost of capital and stock price>

To improve corporate value, the Company breaks down the price book-value ratio (PBR) into price-earnings ratio (PER) and return on equity (ROE), and then further breaks down the components of PER into (1) cost of capital and (2) expected cash flow growth rate, and the components of ROE into (3) net profit margin, (4) total asset turnover, and (5) financial leverage. To improve PBR, the Company compares each component above with those of its competitors, discusses the action measures, and implements them. Concerning ROE, designated as one of its management indicators, the Company has set a management target of 10% or higher, which is higher than its assumed global level of approximately 8% cost of equity. To expand equity spread (ROE minus cost of equity), the Company is working to improve ROE and reduce the cost of equity. Concerning the former, the Company introduced "Free cash flow" to all Komatsu Group companies as their management indicator in FY2023 to improve asset efficiency. Regarding the latter, the Company is working to increase the proportion of parts sales and service revenues, which are expected to generate stable sales volumes and high-profit margins, to build a business structure that is less susceptible to fluctuations in demand and can consistently maintain high-profit margins regardless of changes in demand. The Company is also working to reduce the cost of capital by implementing share buybacks after thorough discussions and establishing objective execution criteria in Meeting of the Board of Directors.

For more details, visit the Company website (Integrated Report) below.  
[https://www.komatsu.jp/en/-/media/home/ir/library/annual/en/2023/kmt\\_kr23e\\_spread.pdf?rev=9c88a24f813743d38922fcc6016f6f30&hash=675099D4EA686BB2C4D9C4A1F79ADEC8](https://www.komatsu.jp/en/-/media/home/ir/library/annual/en/2023/kmt_kr23e_spread.pdf?rev=9c88a24f813743d38922fcc6016f6f30&hash=675099D4EA686BB2C4D9C4A1F79ADEC8)  
P35-37: Corporate value improvement initiatives of accounting and finance divisions

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Held	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	159,743,600	16.87
Custody Bank of Japan, Ltd. (Trust Account)	65,208,492	6.89
JP Morgan Securities Japan Co., Ltd.	28,305,580	2.99
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS (Standing proxy: Sumitomo Mitsui Banking Corporation)	26,310,308	2.78
STATE STREET BANK WEST CLIENT TREATY 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	22,701,854	2.39
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	21,301,123	2.25
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	15,179,722	1.60
Taiyo Life Insurance Company	14,200,716	1.50
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	12,565,274	1.32
JP MORGAN CHASE BANK 380055 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	12,448,697	1.31

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

### Supplementary Explanation

- 1) Conditions as of September 31, 2024 are described above.
- 2) The figures of “Shareholding ratio (excluding treasury stock) (%)” in the table are rounded down to the second decimal place.
- 3) 27,411,301 shares of treasury stock held by the Company are excluded from the list.
- 4) All shares held by The Master Trust Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Trust Account) are held through trusts.
- 5) The Report of Possession of Large Volume relating to the Company's shares was filed in the joint names of Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset management Co., Ltd. at the date of September 23, 2020 under the Financial Instruments and Exchange Act of Japan. However, the description in the table is as the same with that in the shareholders' list of the Company and does not reflect the information



in the Report, because the Company is not able to confirm the actual state of shareholdings as of March 31, 2024.

6) The Change Report No.4 pertaining to Report of Possession of Large Volume relating to the Company's shares was filed in the name of Nomura Asset Management Co., Ltd. at the date of May 20, 2022 under the Financial Instruments and Exchange Act of Japan. However, the description in the table is as the same with that in the shareholders' list of the Company and does not reflect the information in the Report, because the Company is not able to confirm the actual state of shareholdings as of March 31, 2024.

7) The Change Report No.3 pertaining to Report of Possession of Large Volume relating to the Company's shares was filed in the joint names of BlackRock Japan Co., Ltd. and nine joint holders at the date of June 21, 2022 under the Financial Instruments and Exchange Act of Japan. However, the description in the table is as the same with that in the shareholders' list of the Company and does not reflect the information in the Report, because the Company is not able to confirm the actual state of shareholdings as of March 31, 2024.

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than JPY1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

None

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson (Except when also serving as President)
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors	4

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		A	b	c	d	e	f	g	h	i	j	k	
Takeshi Kunibe	From another company									△			
Arthur M, Mitchell	Lawyer												
Naoko Saiki	Other												
Michitaka Sawada	From another company												

\* categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- Executive of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the listed company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board Member
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Takeshi Kunibe	○	-	<p>Mr. Takeshi Kunibe has considerable knowledge and rich experience in the business world, including the field of finance and in group company management, etc., having served successively as Representative Director, President and Chief Executive Officer of SMBC, as well as Representative Director and President, Director President and Representative Executive Officer, and Chairman of the Board of SMFG.</p> <p>Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to sustaining and improving transparency and soundness of management as well as enhancing corporate governance.</p> <p>Therefore, the Company appointed him as an Outside Director.</p> <p>Mr. Takeshi Kunibe is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange.</p> <p>Mr. Kunibe serves as Chairman of the Board of Sumitomo Mitsui Financial Group, Inc. He served as Representative Director, President and Chief Executive Officer of Sumitomo Mitsui Banking Corporation from April 2011 to April 2017, but has had no involvement in the execution of business at said bank since his retirement in April 2017..</p> <p>Because the Company and its consolidated subsidiaries have several lenders and the said bank is only one lender among the several lenders of the Company and its consolidated subsidiaries, the said bank is not a business partner which has a significant impact on the Company's decision making. As of the end of the most recent fiscal year, the balance of loans from the said bank was ¥223.3billion, which was 18.6% of the total amount of interest-bearing liabilities.</p>
Arthur M, Mitchell	○	-	Mr. Arthur M. Mitchell has worked for many years as a New York state attorney

			<p>and foreign law attorney in Japan and has considerable knowledge and rich experience in the field of international legal affairs.</p> <p>Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to the mitigation and avoidance of risk in the Company's global business operations, and to the enhancement of the Company's medium- and long-term corporate value.</p> <p>Therefore, the Company appointed him as an Outside Director.</p> <p>Mr. Arthur M. Mitchell is unlikely to have a conflict of interest with general shareholders.</p> <p>For this reason, the Company considers him as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange.</p>
Naoko Saiki	○	-	<p>Ms. Naoko Saiki has considerable knowledge and abundant experience in international affairs, international law, and the field of economics as she served in positions such as Director-General of Economic Affairs Bureau and Director-General of International Legal Affairs Bureau at MOFA. Utilizing this knowledge and experience, her recommendations concerning the overall management of the Company are expected to contribute to the enhancement of medium- to long-term corporate value of the Company.</p> <p>Therefore, the Company appointed her as an Outside Director.</p> <p>Ms. Naoko Saiki is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers her as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange.</p>
Michitaka Sawada	○	-	<p>Mr. Michitaka Sawada has considerable knowledge and rich experience in the business world having engaged in global group corporate management and ESG management, as Representative Director, President and Chief Executive Officer of Kao Corporation and Director, Chair of Kao Corporation.</p> <p>Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to the enhancement of medium- to long-term</p>

			<p>corporate value of the Company. Therefore, the Company appointed him as an Outside Director.</p> <p>Mr. Michitaka Sawada is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange.</p>
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Human Resources Advisory Committee	Compensation Advisory Committee
All Committee Members	6	6
Full-time Members	0	0
Inside Directors	2	1
Outside Directors	4	4
Outside Experts	0	0
Other	0	1
Chairperson	Outside Directors	Outside Directors

Supplementary Explanation

<p>&lt;Human Resources Advisory Committee&gt;  [Members of the Human Resources Advisory Committee] Chairperson: Takeshi Kunibe. Members: Arthur M. Mitchell, Naoko Saiki, Michitaka Sawada, Tetsuji Ohashi and Hiroyuki Ogawa. (As of the filing date)</p> <p>&lt;Compensation Advisory Committee&gt;  One person listed in the "Other" category of the above table is Outside Auditor.  [Members of the Compensation Advisory Committee] Chairperson: Takeshi Kunibe. Members: Arthur M. Mitchell, Naoko Saiki, Michitaka Sawada, Kotaro Ohno and Tetsuji Ohashi. (As of the filing date)</p>
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**[Audit & Supervisory Board Members]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	5

Collaboration between Audit & Supervisory Board Members, the Independent Public Accounting Firm and the Internal Audit Departments

[Collaboration between audits by Audit & Supervisory Board Members and accounting audit]  
 To complete the audit process effectively and efficiently, Audit & Supervisory Board Members exchange opinions with the contracted Independent Public Accounting Firm concerning audit policies, audit items to be focused upon and audit approaches. Audit & Supervisory Board Members also observe the Independent Public Accounting Firm, when the firm audits the Company’s business bases and subsidiaries, and Audit & Supervisory Board Members and the Independent Public Accounting Firm hold meetings to exchange audit information as needed during a given fiscal year. These exchanges lead to better coordination between Audit & Supervisory Board Members and the Independent Public Accounting Firm and a more expeditious audit process. In addition, Audit & Supervisory Board Members receive reports of the Independent Public Accounting Firm’s review at the end of the first, second and third quarters, and review and confirm important financial statement matters at the end of the second quarter and the fiscal year-end. Furthermore, Audit & Supervisory Board Members evaluate the methods and results of the Independent Public Accounting Firm’s review and audit by listening to their summaries and receiving their review and audit reports at the meetings of the Audit & Supervisory Board.

The Audit & Supervisory Board exchanges information with the accounting firm as needed, and confirms the independence of the accounting firm concerning its service to the Company and its consolidated subsidiaries.

[Collaboration between audits by Audit & Supervisory Board Members and internal audits]  
 Audit & Supervisory Board Members observe audits by the Internal Audit Department, form their own audit opinions, and give advice and recommendations to the Internal Audit Department. Audit & Supervisory Board Members also hold regular meetings with the Internal Audit Department to receive information and maintain close communication with the department through the department’s reporting of audit results.

[Collaboration between internal audits and accounting audits]  
 In the assessment of internal control over financial reporting, etc. implemented by the Internal Audit Department, the Independent Public Accounting Firm collaborates with the Internal Audit Department as needed by exchanging opinions and sharing information.

[Relationship between audits by Audit & Supervisory Board Members, accounting audits and internal audits, and the Internal Control Department]  
 In their respective audit procedures, Audit & Supervisory Board Members, the Independent Public Accounting Firm and the Internal Audit Department share information with the accounting and finance departments and other relevant internal control departments as needed, and exchange opinions on risk assessment, effectiveness of internal control and other matters. To ensure the effectiveness of internal audits, the Internal Audit Department makes regular direct reports to the Company’s Board of Directors and Audit & Supervisory Board regarding the results of internal audits and the results of evaluations of internal controls over financial reporting in accordance with the Financial Instruments and Exchange Act.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3

Number of Independent Audit & Supervisory Board Members	3
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Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	J	k	l	m
Kotaro Ohno	Lawyer													
Tatsuro Kosaka	From another company													
Mariko Matsumura	Lawyer													

\* Categories for "Relationship with the Company"

- \* "○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;
- "△" when the Audit & Supervisory Board Member fell under the category in the past
- \* "●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category;
- "▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. Audit & Supervisory Board Member of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
- k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Members himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Kotaro Ohno	○	-	Having served as Prosecutor-General of Supreme Public Prosecutors Office, Mr. Kotaro Ohno has considerable knowledge and abundant experience in the legal profession. Utilizing this knowledge and experience, the Company expects him to execute his duties as an Outside Audit & Supervisory Board Member from the standpoint of a specialist. Therefore, the Company

			<p>appointed him as an Outside Audit &amp; Supervisory Board Member.</p> <p>Mr. Kotaro Ohno is unlikely to have a conflict of interest with general shareholders. For the reasons, the Company considers him as an Independent Audit &amp; Supervisory Board Member and has submitted the relevant notification to the Tokyo Stock Exchange.</p>
Tatsuro Kosaka	○	-	<p>Mr. Tatsuro Kosaka has considerable knowledge and rich experience in the business world having engaged in global corporate management as Representative Director, President of Chugai Pharmaceutical Co., Ltd. and Representative Director, Chairman of Chugai Pharmaceutical Co., Ltd. Utilizing this knowledge and experience, the Company expects him to execute his duties as Outside Audit &amp; Supervisory Board Member by performing managerial oversight from the perspective of a corporate manager. Therefore, the Company appointed him as an Outside Audit &amp; Supervisory Board Member.</p> <p>Mr. Tatsuro Kosaka is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Audit &amp; Supervisory Board Member and has submitted the relevant notification to the Tokyo Stock Exchange.</p>
Mariko Matsumura	○	-	<p>Ms. Mariko Matsumura is an attorney at Shinwa Sohgo Law Offices and has considerable knowledge and abundant experience in the legal and compliance fields, including serving as President of Dai-Ichi Tokyo Bar Association. Utilizing this knowledge and experience, the Company expects her to execute her duties as Outside Audit &amp; Supervisory Board Member from the standpoint of a specialist. Therefore, the Company appointed her as an Outside Audit &amp; Supervisory Board Member.</p> <p>Ms. Mariko Matsumura is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers her as an Independent Audit &amp; Supervisory Board Member and has submitted the relevant notification to the Tokyo Stock Exchange.</p>



[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	7
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Matters relating to Independent Directors/Audit & Supervisory Board Members

All Outside Directors and Outside Auditors are qualified as Independent Executives, and the Company has registered them as Independent Executives with the Tokyo Stock Exchange.

The Board of Directors of the Company has defined the standards for the independence of Outside Directors and Outside Audit & Supervisory Board Members.

The standards for independence of Outside Directors and Audit & Supervisory Board Members of the Company are disclosed on the Company's website below.

<https://www.komatsu.jp/en/ir/corporate-governance/independence-criterion-standards>

Outside Directors Takeshi Kunibe, Arthur M. Mitchell, Naoko Saiki and Michitaka Sawada and Outside Audit & Supervisory Board Members Kotaro Ohno, Tatsuro Kosaka and Mariko Matsumura are unlikely to have a conflict of interest with general investors, because there are no special interests between them and the Company. Accordingly, they are considered to be Independent Directors or Audit & Supervisory Board Members.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

To the Directors, excluding the Outside Directors, the Company shall pay two-thirds (2/3) of the total amount of performance-based remuneration linked to the Company's consolidated performance for a single year in the form of cash as Directors' bonuses. Concerning the remaining one-third (1/3) of the aforementioned total amount as well as the performance-based remuneration which will reflect the degree of achievement of the targets raised in the mid-term management plan, the Company shall offer stock acquisition rights in order to foster the same perspective on corporate value with the shareholders and consequently clarifying their incentive to enhance the long-term corporate value of the Company. Furthermore, at its meeting of a Board of Directors held on April 26, 2024, the Company passed a resolution to renew its policy regarding the determination of remuneration, etc. for individual Directors of the Company, upon having consulted with and accordingly reported to the Compensation Advisory Committee, on the condition that the performance-linked stock-based remuneration system for Directors is revised which was approved at the 155<sup>th</sup> Ordinary General Meeting of Shareholders on June 19, 2024. For details after the change, please refer to "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" below.

Recipients of Stock Options	
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Supplementary Explanation

None
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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors
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Supplementary Explanation

Remunerations related to amounts of remunerations for Directors and Audit & Supervisory Board Members [155th term (April 1, 2023 - March 31, 2024)]

Classification	Number of Persons Paid	Performance-Based Remuneration, etc.			Total Amount of Remuneration, etc. Paid
		Fixed Remuneration	Performance-Based Remuneration, etc.		
		Monetary Remuneration		Non-monetary Remuneration, etc.	
		Basic Remuneration	Bonus in Cash	Stock-Based Remuneration	
Director	10	JPY 458 mil	JPY369 mil	JPY278 mil	JPY1,105 mil
(Outside Director included above)	4	JPY 86 mil	–	–	JPY 86 mil
Audit & Supervisory Board Member	6	JPY 155 mil	–	–	JPY 155 mil
(Outside Audit & Supervisory Board Member included above)	4	JPY 65 mil	–	–	JPY 65 mil
Total	16	JPY 613 mil	JPY369 mil	JPY278 mil	JPY 1,260 mil
(Outside Director and Outside Audit & Supervisory Board Member included above)	8	JPY 151 mil	–	–	JPY 151 mil

Notes:

1) As of the end of the fiscal year ended March 31, 2024, there are nine (9) Directors (four (4) of whom are Outside Directors) and five (5) Audit & Supervisory Board Members (three (3) of whom are Outside Audit & Supervisory Board Members). However, the numbers and amounts in the table above include those for one (1) Directors and one (1) Audit & Supervisory Board Member who have retired as of the close of the 154th Ordinary General Meeting of Shareholders in June 2023.

2) It was resolved at the 149th Ordinary General Meeting of Shareholders, held on June 19, 2018, that the maximum amount of remuneration to be paid to Directors per year, which is the total of basic remuneration and bonus in cash, shall not exceed JPY 1.5 billion (of which, payment to the Outside Directors shall not exceed JPY 100 million per year) and that the maximum amount of remuneration to be paid to Audit & Supervisory Board Members shall not exceed JPY 200 million. Furthermore, in the same Ordinary General Meeting of Shareholders, the limit for remuneration, etc. related to the restricted stock granted to Internal Directors as stock-based remuneration was decided as an amount that shall not exceed JPY 360 million annually for Stock-

Based Remuneration A linked to the Company's consolidated performance for a single year and as an amount that shall not exceed JPY 180 million annually for Stock-Based Remuneration B linked to the performance of the Mid-Term Business Plan. Note that each of the aforementioned remuneration amounts resolved by the shareholders does not include the employee salary portion of remuneration to Directors concurrently serving as employees.

3) Stock-based remuneration represents the amounts of expense allocated as remuneration for Directors which are not monetary in accounting for the fiscal year ended March 31, 2024. Specifically, the total amount of remuneration expenses for stock-based remuneration in the fiscal year ended March 31, 2024 stated above comprises (1) the amount of expense recorded as the estimate of the payment in the form of restricted stock compensation of Stock-Based Remuneration A, for which payment level was determined by the operating results of the fiscal year ended March 31, 2024 (The number of shares to be granted has yet to be determined.), and (2) the amount of expense recorded as remuneration for the fiscal year ended March 31, 2024 paid by newly issuing shares as restricted stock compensation of Stock-Based Remuneration B with the pay-in date of September 1, 2023, following the resolution passed at the Board of Directors meeting held on July 14, 2023 .

4) The portions of salaries as employees for Directors concurrently serving as employees are not paid.

5) Amounts of less than JPY one (1) million are rounded to the nearest million yen.

Remunerations related to individually disclosed remunerations, etc. for Directors [the 155th term (April 1, 2023 – March 31, 2024)]

Hiroyuki Ogawa, Director: JPY339 million (including bonus and stock acquisition rights)

Tetsuji Ohashi, Director: JPY305 million (including bonus and stock acquisition rights)

Masayuki Moriyama, Director: JPY116 million (including bonus and stock acquisition rights)

Takeshi Horikoshi, Director: JPY142 million (including bonus and stock acquisition rights)

Mitsuko Yokomoto, Director: JPY 103 million (including bonus and stock acquisition rights)

Notes:

1) Stock-based remuneration represents the amounts of expense allocated as remuneration for Directors which are not monetary in accounting for the fiscal year ended March 31, 2024. Specifically, the total amount of remuneration expenses for stock-based remuneration in the fiscal year ended March 31, 2024 stated above comprises (1) the amount of expense recorded as the estimate of the payment in the form of restricted stock compensation of Stock-Based Remuneration A, for which payment level was determined by the operating results of the fiscal year ended March 31, 2024, and (2) the amount of expense recorded as remuneration for the fiscal year ended March 31, 2024 paid by newly issuing shares as restricted stock compensation of Stock-Based Remuneration B with the pay-in date of September 1, 2023, following the resolution passed at the Board of Directors meeting held on July 14, 2023.

2) The portions of salaries as employees for Directors concurrently serving as employees are not paid.

3) Amounts of less than one (1) million yen are rounded to the nearest million yen.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

At its meeting of a Board of Directors held on April 26, 2024, the Company passed a resolution to renew its policy regarding the determination of remuneration, etc. for individual Directors of the Company, upon having consulted with and accordingly reported to the Compensation Advisory Committee, on the condition that the performance-linked stock-based remuneration system for Directors is revised which was approved at the 155th Ordinary General Meeting of Shareholders on June 19, 2024. A summary of the content of the determination policy after the change is as follows. (The major changes from the determination policy before the change are indicated by asterisks (\*) in each item.

Please refer to pages 113-119 of the 155<sup>th</sup> Annual Securities Report for the determination policy before the change.

[https://www.komatsu.jp/en/-/media/home/ir/library/annual-security-report/en/155th\\_q4\\_hokokusyo\\_e.pdf?rev=e85d55b207494b81a3dd6b7853e49aeb&hash=E8BEC171321CE31096B21C242EE76EDA](https://www.komatsu.jp/en/-/media/home/ir/library/annual-security-report/en/155th_q4_hokokusyo_e.pdf?rev=e85d55b207494b81a3dd6b7853e49aeb&hash=E8BEC171321CE31096B21C242EE76EDA) )

In an effort to maintain a highly objective and transparent remuneration system, the Compensation Advisory Committee deliberates on the policy and levels of remuneration for Directors of the Company, then taking the Committee's reports and recommendations into consideration, the Board of Directors shall decide on the total amount of remuneration within the range previously determined by resolution of the General Meeting of Shareholders.

The remuneration for Internal Directors comprises basic remuneration (fixed remuneration) and performance-based remuneration linked to the Company's consolidated performance for a single fiscal year (bonus in cash and the Stock-Based Remuneration A) as well as the performance-based remuneration (Stock-Based Remuneration B) that will reflect the degree of achievement of the targets raised in the mid-term management plan, so that it will further contribute to the enhancement of the medium - and long-term corporate value of the Company, by linking the remuneration to the performance.

The remuneration for Outside Directors only consists of basic remuneration (fixed remuneration) designed to support their role to make recommendations with respect to the overall management of the Company as a member of the Board of Directors.

Regarding basic remuneration and bonus in cash within the remuneration stated above, the Compensation Advisory Committee reports monthly remuneration levels and levels of bonus in cash (number of times of monthly remuneration) by position to the Board of Directors after deliberation, and the Company makes a decision on the monthly remuneration levels and levels of bonus in cash (number of times of monthly remuneration) by position based on the details of this report. The calculation and determination of the amount of individual basic remuneration (monthly remuneration) and the amount of bonus in cash in accordance with such decision are delegated to the Chairman of the Board Tetsuji Ohashi and the President and Representative Director and CEO Hiroyuki Ogawa pursuant to the resolution passed at a meeting of the Board of Directors. This authority has been delegated given that the monthly remuneration levels and levels of bonus in cash (number of times of monthly remuneration) by position shall be deliberated and resolved by the Compensation Advisory Committee, and the Company has deemed it appropriate for decisions based on such outcomes with respect to individual amounts of basic remuneration and bonus in cash to become subject to discussion involving the Chairman of the Board as well as the President and Representative Director, drawing on their comprehensive perspective of the Company's overall business operations, rather than by engaging further deliberation and decision-making entailing consultation by the Board of Directors.

The remuneration for Audit & Supervisory Board Members only consists of basic remuneration (fixed remuneration) designed to support their independent position with authority to audit the execution of duties by Directors without getting fettered by the movements of corporate performance of the Company. The specific total amount of remuneration shall be determined by discussions among the Audit & Supervisory Board Members within the range previously determined by resolution of the General Meeting of Shareholders, taking reports and recommendations of the Compensation Advisory Committee into consideration. The retirement allowance system for Directors and Audit & Supervisory Board Members was terminated as of June 2007.

[System of Remuneration for Internal Directors] (\*1)

Basic Remuneration (Fixed Remuneration)	Performance-Based Remuneration for a Single Year (Monthly Remuneration (for stock-based remuneration, Base Amount by Position) x 0 ~ 27 months)		Performance-Based Remuneration Linked to Performance of Mid- Term Management Plan (Base Amount by Position x 0 ~ 3 months)
Monthly Remuneration x 12 months	Bonus in Cash (0 ~ 12 months)	Stock-Based Remuneration A (0 ~ 15 months) Board Incentive Plan Trust	Stock-Based Remuneration B Board Incentive Plan Trust

(\*1) Reference: Composition of Remuneration before the change

Basic Remuneration (Fixed Remuneration)	Performance-Based Remuneration for a Single Year (Monthly Remuneration x 0 ~ 24 months)	Performance-Based Remuneration Linked to
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			Performance of Mid-Term Management Plan (Monthly Remuneration x 0 ~ 3 months)
Monthly Remuneration x 12 months	Bonus in Cash (2/3, in principle) [up to the equivalent of 12 months' remuneration]	Stock-Based Remuneration A (1/3, in principle) Restricted Stock	Stock-Based Remuneration "B" Restricted Stocks

a) Basic Remuneration

With regard to levels of monthly remuneration as basic remuneration, a comparison to positions at other key, globally active manufacturers in Japan is made by the Compensation Advisory Committee and is reflected in its reports and recommendations. Subsequently, monthly remuneration levels by position will be decided by the Board of Directors based on these reports and recommendations.

b) Performance-Based Remuneration for a Single Year (\*2)

The total amount paid for performance-based remuneration shall be calculated each year by evaluating the single fiscal-year consolidated performance against the basic indicators, comprising consolidated ROE\*1, consolidated ROA\*2 and the consolidated operating income ratio, using the respective percentages indicated in the table below as benchmarks, and making adjustments for growth (growth rate of consolidated sales).

[Indicators with respect to single-fiscal-year consolidated performance-based remuneration]

	Indicator	Ratio
Basic Indicators	Consolidated ROE*1	50%
	Consolidated ROA*2	25%
	Consolidated operating income ratio	25%
Adjustment Indicators	Adjustment according to growth rate of consolidated sales	

\*1 ROE=Net income attributable to Komatsu Ltd. for the year/[(Komatsu Ltd. shareholders' equity at the beginning + Komatsu Ltd. shareholders' equity at the end of the fiscal year)/2]

\*2 ROA=Income before income taxes and equity in earnings of affiliated companies/[(total assets at the beginning + total assets at the end of the fiscal year)/2]

The Company selected such performance indicators upon having deemed them appropriate as quantitative values that reflect the entire Komatsu Group's efficiency and growth. In this regard, the Board of Directors made its decisions per deliberations of the Compensation Advisory Committee, taking into account factors that include past valuation indicators and potential continuity. Such performance indicators may be changed in the future by a resolution of the Board of Directors.

With regards to the single-fiscal-year consolidated performance-based remuneration levels, the upper limit shall be 27 times the monthly remuneration (for stock-based remuneration, base amount by position) of the Director and the lower limit shall be zero (0) (remuneration in this case will comprise only the basic remuneration).

A certain portion of the total paid amount of performance-based remuneration linked to the Company's consolidated performance for a single year shall be paid in the form of a cash bonus and the amount remaining after deducting the cash bonus shall be paid as stock-based remuneration based on a resolution passed at a meeting of the Board of Directors, in order to further promote the same perspective on corporate value with the shareholders (Stock-Based Remuneration A); provided, however, that for the cash bonus, the upper limit shall be the equivalent of 12 months of the monthly remuneration and, for any amount exceeding the 12 month limit, the Company shall pay the Stock-Based Remuneration A in substitution for the cash bonus. Stock-Based Remuneration A shall be a trust-type stock-based remuneration (Board Incentive Plan Trust), with the number of share delivery points (hereinafter, "points") being determined and points being granted to eligible internal Directors of the Company (hereinafter, "Eligible Directors") each fiscal year. When an Eligible Director retires, a number of the shares of the Company and an amount of money equivalent to the converted value of

such shares of the Company (hereinafter, the “Company’s Shares, etc.”) equivalent to the number of points granted up to the time of retirement is delivered or paid (hereinafter, “delivered, etc.”) to them.

(\*2) Reference: Major changes in consolidated performance-linked remuneration for a single fiscal year  
 There is no change in the indicators or the reasons for selection of the above-mentioned consolidated performance-linked remuneration for a single fiscal year. On the other hand, the maximum level of the consolidated performance-linked remuneration for a single fiscal year before the change was set at twice the base remuneration (12 months of monthly remuneration) for Directors. In addition, the stock-based remuneration for the consolidated performance-linked remuneration for a single fiscal year was paid by granting shares with transfer restrictions (Stock-Based Remuneration A), and in principle, the transfer restrictions were to be lifted after three years from the date of grant. Any restricted stock that has already been granted will continue to exist.

c) Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan(\*3)

The Company will pay Eligible Directors the equivalent of three times the base amount by position every fiscal year as remuneration linked to the period of the Company’s mid-term management plan as stock-based remuneration (Stock-Based Remuneration B). Stock-Based Remuneration B shall be a trust-type stock-based remuneration (BIP Trust), with single-year points allotted to Eligible Directors every fiscal year in accordance with their position. After the conclusion of the mid-term management plan period, the single-year points allocated to Eligible Directors are totaled, and this total value is multiplied by the performance-linked coefficient corresponding to the achievement status of the mid-term management plan targets, etc. to calculate the number of performance linked points and to decide the number of points to be granted. When an Eligible Director retires, a number of the Company’s Shares, etc. equivalent to the number of points granted up to the time of retirement is delivered, etc. to them. If an Eligible Director retires during the period of the mid-term management plan, the single-year points granted during the period of the mid-term management plan are totaled, and this total value is multiplied by the performance-linked coefficient corresponding to the achievement status of the mid-term management plan targets, etc. at the time point of retirement to calculate the number of performance-linked points and to decide the number of points to be granted.

Given that such remuneration constitutes performance-based remuneration under the mid-term management plan, the Company has selected these performance indicators having deemed them to be appropriate after comprehensively taking these performance indicators into consideration in order to multilaterally reflect in Directors’ remuneration the Company’s performance while paying close attention to growth and profitability in light of the goal of this remuneration system, which is to further contribute to the increase of medium- to long-term corporate value, after connecting it to the management targets established in the mid-term management plan. The performance indicators and the management targets are subject to change per resolution of the Board of Directors.

[Management Targets, Valuation Bases and Valuation Indicators in Mid-Term Management Plan (FY2022-FY2024)]

Item	Index	Target
Growth	Sales growth rate	Growth rate above the industry’s average*1
Profitability	Operating income ratio	An industry’s top-level profit ratio*1
Efficiency	ROE	10% or higher
Financial Position	Net debt-to-equity ratio*2	Industry’s top-level financial position
Retail finance business	ROA Net debt-to-equity ratio*2	1.5% to 2.0% 5 times or less
ESG	Reduction of environmental impact	-CO2 emissions: Decrease by 50% in 2030 from 2010 Become carbon neutral by 2050 (Challenging goal) -Renewable energy use: Increase to 50% of total energy use in 2030
	Evaluation by external organizations	Selected for DJSI*3 (World & Asia Pacific) and for CDP*4 A-list (Climate Changes and Water Risk)

Shareholder return	Consolidated payout ratio	-Keep a fair balance between investment for growth and shareholder return (incl. share buybacks), while placing main priority on growth investment -40% or more
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\*1 Relative comparison with domestic and foreign major competitors in the same industry.

\*2 Net debt-to-equity ratio = (Interest-bearing debt - Cash and cash equivalents - Time deposits) / Shareholders' equity of the Company

\*3 Dow Jones Sustainability Indices: ESG investment indices of S&P Dow Jones Indices LLC of the United States.

\*4 International non-profit organization which advocates the reduction of greenhouse gas emissions and protection of water resources and forests by companies and governments.

(\*3) Reference: Major changes in performance-linked compensation in the mid-term management plan  
There is no change in the performance indicators or the reasons for the selection of the above-mentioned performance indicators. On the other hand, the performance-linked remuneration under the medium-term management plan before the change is to be paid in the form of shares equivalent to three months of monthly remuneration as Stock-Based Remuneration (Stock-Based Remuneration B) based on a resolution of the Board of Directors for each business year. After the end of the term of the medium-term management plan, the number of shares released from the restrictions on transfer (0-100%) was determined based on the achievement status of the management targets of the medium-term management plan. Any restricted stock that has already been granted will continue to exist.

d) Malus and Clawback System  
The Company resolved on Malus (reduction / confiscation) and Clawback (return) system at the meeting of the Board of Directors held on April 28, 2022. In the event of a significant revision of financial statements or an event that has a significant impact on the reputation of the Company due to the execution of business by Directors, the performance-based remuneration paid to the Internal Directors could be required to be reduced, confiscated, or refunded. In principle, the content of the refund request, etc. will be decided by the Board of Directors after deliberation by the Compensation Advisory Committee according to each event.

**[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]**

<p>The support systems for Outside Directors and Outside Audit &amp; Supervisory Board Members include the following.</p> <p>a) Distribution of materials and pre-meeting briefings As a general rule, the Company provides materials for Board of Directors meetings to Outside Directors and Outside Audit &amp; Supervisory Board Members in advance of the meetings so that they have sufficient time to review the matters that are to be discussed. For newly appointed Outside Directors and Outside Audit &amp; Supervisory Board Members, the concerned departments conduct explanatory meetings on the agenda items to be discussed at meetings of the Board of Directors, as needed. Such meetings are attended by the Secretariat of the Board of Directors and held prior to Board of Directors meetings.</p> <p>b) Discussion process With respect to matters that may be of particular importance, the Board of Directors discusses them at the Board of Directors meeting prior to the Board of Directors meeting where such matters are scheduled for resolution. In this manner, the Company ensures that the Directors have sufficient time to review the matters before decisions are made and that they will have an opportunity to consider the points noted in earlier discussions before deciding upon such matters.</p> <p>c) Business site tours The Company also provides opportunities for Outside Directors and Outside Audit &amp; Supervisory Board Members to visit business sites other than the head office, where meetings of the Board of Directors and the</p>
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Audit & Supervisory Board are mainly held, and learn about the workplaces involved in the Company's business.

d) Material database

The Company has built a database that houses materials, minutes, and other information on past Board of Directors and other major committee meetings. This database can be accessed by all members of the Board of Directors and the Audit & Supervisory Board Members, including outside members. The Company has also built a database that houses materials and minutes of past meetings of the Audit & Supervisory Board. This database can be accessed by all Audit & Supervisory Board Members, including outside members.

**[Conditions of Retired Representative Directors, etc.]**

Names and other information concerning Councilors and Advisers who were former Representative Directors, etc.

Name	Positions	Business	Working form and terms(Full-time, Part-time, Remuneration, etc.)	Date of retirement from executive positions	The terms of office
Kunio Noji	Councilor and Senior Adviser*1	Public-interest activities outside of the company	Working form:Full time work Remuneration: exist	March 31, 2013	exist
Masahiro Sakane	*2	No consignment	Remuneration: None	June 22, 2007	—
Tetsuya Katada	*2	No consignment	Remuneration: None	June 29, 1995	—

<b>Number of Retired Representative Directors, etc.</b>	3
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**[Other matters]**

[Remarks]

\*1 Mr. Noji's activities outside the company is as below.

- President, The Flower Association of Japan

\*2 Mr.Masahiro Sakane and Mr. Tetsuya Katada are given the titles only, and no consignments are offered.

**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

1) Overview of Current Corporate Governance System (the reference material at the end of this Report: see the schematic diagram.)

The Company positions the Board of Directors as the core of corporate governance. To enhance the effectiveness of discussions at meetings of the Board of Directors, the Company has worked to put in place a system to ensure thorough discussions of important management matters and prompt decision making, and reform their operational aspect. Having introduced the Executive Officer System in 1999, the Company has separated management decision making and supervisory functions from executive functions to the extent permitted by laws and regulations, and while appointing both Outside Directors and Outside Audit & Supervisory Board Members, limits the Board of Directors to a small number of members. T

(i) Meetings of the Board of Directors



The Company holds Board of Directors' meetings periodically at least once every month. The Board of Directors deliberates and makes resolutions on important matters, determines management policies of the Company, and rigorously controls and supervises the execution of duties by all members of the executive management team including Representative Directors. Of the nine (9) Directors on the Board, four (4) are Outside Directors to ensure transparent and objective management.

The names of the members of the Board of Directors are listed in (a) Frequency of meetings and attendance below, and the Chairman of the Board chairs the meetings.

The Board of Directors makes decisions on important management matters based on the Standards for Matters to be Referred to a Meeting of the Board of Directors, and reported business execution. While the business execution reports cover virtually 100% of businesses on a consolidated basis, that of very small operations are also reported, centering on their safety, compliance and risk matters, in Board meetings. To ensure thorough discussions by the Board of Directors, the Company secures ample time for thorough discussions and has adopted the process in which the Board of Directors meet twice to separately discuss and resolve important agenda.

In monthly Board meetings, the President directly reports latest conditions and topics of important matters, including safety, compliance and risk management, CFO also reports conditions of sales, income, orders received and borrowings.

In 1995, the Company established the International Advisory Board as a body to provide advice and recommendations to the Board of Directors, with the goal of receiving objective advice and recommendations from experts in Japan and overseas regarding the company's role as a global company. The Company has continued to engage in opinion exchanges and discussions since then.

To promote efficient management of the Board of Directors, the Company has established a Strategy Review Committee consisting of Senior Executive Officers and senior managers. Based on the reviews of the Committee, Executive Officers and senior managers execute their duties within the authority delegated by the Board of Directors.

[Activities of the Board of Directors]

(a) Frequency of meetings and attendance

During the fiscal year, ended on March 31, 2024, the Company held 16 meetings of the Board of Directors, and the attendance of individual directors is shown as follows.

Name	Frequency	No. of attendance
Tetsuji Ohashi	16	16
Hiroyuki Ogawa	16	16
Masayuki Moriyama	16	16
Kiyoshi Mizuhara	4	4
Takeshi Horikoshi	16	16
Mitsuko Yokomoto	12	12
Takeshi Kunibe	16	16
Arthur M. Mitchell	16	15
Naoko Saiki	16	16
Michitaka Sawada	16	16
Yasuhiro Inagaki	16	16
Terumi Sasaki	16	16
Eiko Shinotsuka	4	4
Kotaro Ohno	16	16
Tatsuro Kosaka	16	16
Mariko Matsumura	12	12

Notes:

- 1) Directors Takeshi Kunibe, Arthur M. Mitchell, Naoko Saiki, and Michitaka Sawada are Outside Directors.
- 2) Audit & Supervisory Board Members Eiko Shinotsuka, Kotaro Ohno Tatsuro Kosaka and Mariko Matsumura are Outside Audit & Supervisory Board Members.
- 3) Director Kiyoshi Mizuhara and Outside Audit & Supervisory Board Members Eiko Shinohara retired at the 154th Ordinary General Meeting of Shareholders held in June 2023, and Director Mitsuko Yokomoto and Outside Audit & Supervisory Board Member Mariko Matsumura were appointed at the same Ordinary General Meeting of Shareholders. Therefore, the number of meetings of the Board of Directors to be attended differs from that of other Directors and Corporate Auditors.

(b) Matters discussed

Matters resolved and discussed in FY2023, in addition to those specified by law, were mainly as follows:

- Strategy and Risk: Annual business plan, M&A deals, and risk recognition and response
- Personnel, Compensation, and Governance: Personnel changes of Executive Officers, remuneration of Directors, restricted stock units, and revision of the basic policy on internal controls
- Shareholder return and Financing: Shareholder return, bond issuance, borrowings, borrowings by subsidiaries, and debt guarantee limit.

In addition to the above, the Board also discusses topics related to business strategies, such as carbon neutrality, presented by the execution side concerning the reporting agenda of business execution.

(ii) Meetings of the Audit & Supervisory Board

Audit & Supervisory Board Members attend important meetings such as meetings of the Board of Directors, Strategy Review Committee, Compliance Committee, and Risk Management Committee, visit and inspect offices and plants of the Company and its subsidiaries, exchange opinions with the representative directors, other Directors and Audit & Supervisory Board Members, and management of the Company and its main subsidiaries, and hold liaison meetings and individual interviews with the standing Audit & Supervisory Board Members of subsidiaries in Japan. Through these activities, they monitor the upgrading and implementation status of the internal control system. They also periodically exchange opinions with the Internal Auditing Department and the Accounting Auditors and maintain close contact to enhance the effectiveness of audits.

The Audit & Supervisory Board consists of five (5) members, more than half of whom are Outside Audit & Supervisory Board Members. The Audit & Supervisory Board meets periodically, at least once a month in principle, and deliberates and decides on audit policies and methods and key matters of the audit, allocation of duties among Audit & Supervisory Board Members and audit reports.

Based on audit policies, each Audit & Supervisory Board Member audits the execution of duties by Directors and hears reports from members of the executive management team on their execution of duties, thereby performing appropriate audits. To assist the Audit & Supervisory Board Members in their duties, the Company has established the Office of Corporate Auditors' Staff, allocates necessary staff, and budgets expenses, which are regarded as necessary to perform their duties based on audit plans, thereby performing appropriate management and execution.

The names of the members of the Audit & Supervisory Board are as follows and the chairman is Yasuhiro Inagaki.

[Composition of the Audit & Supervisory Board] Chairman: Yasuhiro Inagaki, Members: Mitsuo Nakao, Kotaro Ohno, Tatsuro Kosaka and Mariko Matsumura. (As of the filing date of this Annual Securities Report)

(iii) Human Resources Advisory Committee

The Human Resources Advisory Committee (As the ratio of outside members represents 66.7% of total), consisting of four (4) Outside Directors, Chairperson of the Board and President, deliberates such matters as nomination of candidates for Directors and Auditors, and appointment and discharge of executive officers and other senior management officers including President (CEO), and reports the results to the Board of Directors. When selecting the candidates, the Committee also considers diversity, as represented by gender, and nationality and race. Based on the report, the Board of Directors discusses and decides appointments of the candidates for directors and Audit & Supervisory Board Members as well as appointments and discharges of executive and other officers.

[Members of the Human Resources Advisory Committee] Chairperson: Takeshi Kunibe. Members: Arthur M. Mitchell, Naoko Saiki, Michitaka Sawada, Tetsuji Ohashi and Hiroyuki Ogawa. (As of the filing date)

[Activities of the Human Resources Advisory Committee]

In the fiscal year, ended March 31, 2024, the Company held three (3) meetings of the Human Resources Advisory Committee, and the attendance at each meeting is shown as follows.

Name	No. of meetings held	No. of attendance
Takeshi Kunibe	3	3
Arthur M. Mitchell	3	3
Naoko Saiki	3	3
Michitaka Sawada	3	3
Tetsuji Ohashi	3	3
Hiroyuki Ogawa	3	3

The contents of deliberations by the Human Resources Advisory Committee during the fiscal year under review included the nomination and development of candidates for the next President (CEO), nomination of candidates for Directors and Auditors for fiscal 2024, skill matrixes for Directors and Auditors, appointment of candidates for Executive Officers, and the operational structure of the Human Resources Advisory Committee and Compensation Advisory Committee for fiscal 2024.

(iv) Compensation Advisory Committee

In an effort to maintain an objective and transparent remuneration system, the policy and levels of remuneration for Directors and Audit & Supervisory Board Members of the Company are deliberated by the Compensation Advisory Committee, which consists of five (5) Outside Members [four (4) Outside Directors (including one (1) as the Chairperson of the Committee), one (1) Outside Auditor] and one (1) Internal Member (As the ratio of outside members represents 83.3% of total). Taking its reports and recommendations into consideration, the remuneration for Directors is determined by the Board of Directors, and the remuneration for Audit & Supervisory Board Members is determined by discussions by the Audit & Supervisory Board Members, respectively, within the range previously determined by resolution of the General Meeting of Shareholders.

[Members of the Compensation Advisory Committee] Chairperson: Takeshi Kunibe. Members: Arthur M. Mitchell, Naoko Saiki, Michitaka Sawada, Kotaro Ohno, and Tetsuji Ohashi. (As of the filing date)

[Activities of the Compensation Advisory Committee]

In the fiscal year, ended March 31, 2024, the Company held four (4) meetings of the Compensation Advisory Committee, and the attendance at each meeting is shown as follows.

Name	No. of meetings held	No. of attendance
Takeshi Kunibe	4	4
Arthur M. Mitchell	4	4
Naoko Saiki	4	4
Michitaka Sawada	4	4
Kotaro Ohno	4	4
Tetsuji Ohashi	4	4

The contents of deliberations by the Compensation Advisory Committee during the fiscal year under review

included the revision of the amount of remuneration for Directors and Audit & Supervisory Board Members, the determination policy of remuneration, etc. for Directors, revision of remuneration and stock-based remuneration system for Directors, monthly compensation levels for Directors and Auditors for fiscal 2024, and evaluation indexes for performance-based remuneration for directors for fiscal 2024.

## 2) Accounting Auditor

The Company has entered into an audit contract with KPMG AZSA LLC and receives audit services for its accounts in connection with both consolidated and non-consolidated financial statements. Certified public accountants who executed an accounting audit of the Company and other information are as follows:

[Certified public accountants]

Masakazu Hattori (engaged for two (2) consecutive years in auditing)

Tomoo Nishigori (engaged for five (5) consecutive year in auditing)

Daisuke Toyama (engaged for five (5) consecutive year in auditing)

[Audit Corporation]

KPMG AZSA LLC

[Assistants involved in auditing work]

Twenty-seven (27) other certified public accountants

Sixty-one (61) associates

## 3) Outside Directors and outside Audit & Supervisory Board Members

Outside Directors of the Company perform their duty of contributing to the maintenance of management transparency and soundness by providing advice and suggestions based on their considerable insight and rich experience from an independent standpoint for proposed items and their discussions at the meetings of the Board of Directors. Outside Audit & Supervisory Board Members perform their duty of enforcing audit activities throughout the fiscal year based on the audit policies and methods and key matters of the audit, allocation of duties among Audit & supervisory Board Members and audit reports, which they discussed and decided at the meeting of the Audit & Supervisory Board in collaboration with Standing Audit & Supervisory Board Members, as well as provide comments as necessary based on their professional standpoint and rich experience at the meetings of the Board of Directors and of the Audit & Supervisory Board.

## 4) Succession Plans

The Company has defined “think about your succession plan.”, as one of the most important stances of top management, which is also stated in the KOMATSU Way established in 2006. The KOMATSU Way designates training of next top management as the important task that only current top management can perform. Current management top is required to clearly identify the candidates in his/her succession plan, and have them experience and understand a wide range of workplaces so that they will learn how to see through the essence of problem.

The Human Resources Advisory Committee, which comprises the Chairman of the Board, the President, and Outside Directors, also consistently discusses the selection and training of candidates for the next and succeeding Presidents (CEOs) .

## 5) Outline of contents of limited liability agreement

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act of Japan and the Articles of Incorporation, the Company has entered into agreements with Outside Directors and Audit & Supervisory Board Members that limit their liability for damages caused by their negligence of duty under Article 423, Paragraph 1 of the same.. The maximum liability amount specified in these agreements shall be equivalent to those amounts stipulated by laws and regulations.

## 6) Outline of Contents of Company Indemnification Agreement

The Company has entered into a company indemnification agreement in accordance with the provisions of Article 430-2, Paragraph 1 of the Companies Act of Japan with Directors and Audit & Supervisory Board Members, thereby providing that the Company shall indemnify expenses set forth in Article 430-2, Paragraph 1, Item 1 of the same, and losses set forth in Article 430-2, Paragraph 1, Item 2 of the same, within the scope permitted by laws and regulations. However, in order to ensure that appropriate execution of duties by the

Directors and Audit & Supervisory Board Members of the Company is not impaired due to such company indemnification agreement, a refund may be requested for a monetary sum equivalent to the indemnified amount if such Director or Audit & Supervisory Board Member violates the provisions of laws and regulations or otherwise incurs liability as a result of he or she having acted in bad faith or with gross negligence in regard to his or her execution of duties.

7) Outline of Contents of Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act of Japan with an insurance company, whereby those listed as insured persons include the Directors, Audit & Supervisory Board Members, and executive officers of the Company and its consolidated subsidiaries. The insurance policy covers damages which may arise should an insured person incur liability in relation to his or her execution of duties or otherwise become subject to a claim pertaining to pursuit of such liability. However, in order to ensure that the appropriate execution of duties by the insured persons is not impaired, coverage is not provided under certain circumstances such as when there are damages arising from an insured person's involvement in criminal acts or acts committed with the knowledge that they may violate laws and regulations, nor is coverage provided with respect to portions of amounts of damages not exceeding deductibles. Insurance premiums shall be assumed by the Company and its consolidated subsidiaries.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company organizes the above framework to ensure effective and adequate performance of matters related to decision making, management, supervision and audit, such as separation of corporate management from business execution, enhancement of corporate management decision making by the Board of Directors, strict management and supervision of business execution, measures undertaken by Outside Directors to improve transparency and objectivity of management, and measures undertaken by the Audit & Supervisory Board to appropriately audit Directors' execution of duties.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Meetings of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Company strives to disclose and send out the notice of ordinary general meeting of shareholders early each year so that shareholders have sufficient time to check and review the meeting materials beforehand. For the Ordinary General Meeting of Shareholders to be held on June 19, 2024, the Company started to provide the notice (both Japanese and English translation) electronically via TDnet, the Company's website, etc. on May 22, 2024. The notice was also mailed on May 28 of the same year.
Scheduling General Meetings of Shareholders Avoiding the Peak Day	Since the General Meeting of Shareholders in 2003 the Company has held Ordinary General Meeting of Shareholders earlier than the date when the largest number of Japanese companies hold general meetings of shareholders.
Allowing Electronic Exercise of Voting Rights	Since the General Meeting of Shareholders in 2004, the Company has allowed for electronic exercise of voting rights in addition to in writing. Electronic exercise of voting rights allowed for by the Company is a measure that shareholders access to the Company's website via personal computers or smart phones and exercise their voting right.
Participation in Electronic Voting Platform and other improvements in voting environments geared towards institutional investor	The Company participates in the Electronic Voting Platform operated and managed by ICJ, Inc. for institutional investors.
Providing Convocation Notice in English	The Company sends the notices of convocation in English to standing proxies of foreign shareholders, etc., as requested, while simultaneously sending the

	<p>notices in Japanese. The Company also provides the notices in English on its website for browsing.</p>
Other	<p>Since the General Meeting of Shareholders in 2015, the Company disclosed the notices of convocation (in Japanese and English) on the TDnet and the Company's website for browsing prior to sending the notices. (Date of disclosure in 2024: May 22 or four (4) business days in advance of sending the notices). Starting with the General Meeting of Shareholders in 2021, the Company has offered live streaming over the internet.</p> <p>After the annual shareholders' meeting, a video of the day's proceedings (in Japanese, up to the report on the agenda by the chairman) is posted on the Company's website for public viewing.</p>

## 2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company defines the basic policy, methods of information disclosure, practice of the silent periods and future business outlook as its policy on information disclosure, and posts them on its website.
Regular Investor Briefings for Individual Investors	The Company holds meetings with individual shareholders, where top management explains business performance and strategies. The Company also invites them to plant tours a few times a year. Additionally, the Company holds meetings with individual investors a few times a year.
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds meetings with securities analysts and institutional investors, when (on the same days, as a general rule) it discloses the second-quarter and full-year business performances, where top management explains business performance and strategies. When the Company discloses the first and third-quarter business performances, it holds teleconferences to explain its performance. The Company also holds meetings to introduce its business operations and offers plant tours in Japan and abroad periodically.
Regular Investor Briefings for Overseas Investors	For foreign investors, the Company holds meetings in mainly the United States, Europe and Asia twice or three times a year, as a general rule, where top management explains business performance and strategies.
Posting of IR Materials on Website	<p>The Company discloses sales and profit gains reports, Komatsu Reports (integrated reports), corporate information, annual securities reports, quarterly reports and IR materials on its website promptly after their official disclosure.</p> <p>The Company also discloses interview videos of the President concerning business performance and strategies, and videos and audio recordings of Q&amp;A comments during briefings for securities analysts.</p> <p>URL in Japanese: <a href="https://www.komatsu.jp/ja/ir">https://www.komatsu.jp/ja/ir</a>  URL in English: <a href="https://www.komatsu.jp/en/ir">https://www.komatsu.jp/en/ir</a></p>
Establishment of Department and/or Manager in Charge of IR	The Company has established the department in charge of IR and appointed the Director or Senior Executive Officer in charge of supervising IR. Through them, the Company ensures fair and timely disclosure of information, while working to further improve the transparency of management through active IR activities in Japan and abroad.

## 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The cornerstone of Komatsu's management principle is to commit ourselves to quality and reliability and maximize the total sum of trust given to us by all stakeholders and society. In 2023, the Company formulated a "Multi-Stakeholder Policy," a policy for building relationships with various

	<p>stakeholders in light of the growing importance of value creation with multiple stakeholders in corporate management.  <a href="https://www.komatsu.jp/ja/newsroom/2023/20230427">https://www.komatsu.jp/ja/newsroom/2023/20230427</a></p> <p>The Company has formulated its Sustainability Policy, which clearly states its commitment to working together with its stakeholders to contribute to society by addressing key issues that empower people, businesses, and our planet thrive together for the realization of a sustainable society and business growth.  <a href="https://komatsu.disclosure.site/ja/themes/201">https://komatsu.disclosure.site/ja/themes/201</a></p> <p>The provisions of guiding principles of Corporate Conduct and Komatsu's Worldwide Code of Business Conduct, which stipulates the Rules of the Business Community to be followed by Directors and employees, requires timely and fair disclosure of accurate information in order to develop and maintain the long-term relationship of trust.</p>
<p>Implementation of Environmental Activities, CSR Activities etc.</p>	<p>The Company has created the Komatsu Earth and Environment Policy, in which the Earth environment is defined as one of the most important management tasks of the Company, and thoroughly promotes environmental conservation efforts.</p> <p>The Company has published its integrated report, Komatsu Report, for its stakeholders to introduce the Group's efforts to realize sustainable growth in corporate value. The Komatsu Report mainly focuses on the value creation business model of working for sustainable growth by turning a positive cycle of improving earnings (financial indexes) and solving ESG issues (non-financial indexes) as it implements growth strategies in the mid-term management plan. Separate reports (ESG Databook) are prepared and disclosed to provide detailed CSR &amp; Environmental information.</p>
<p>Development of Policies on Information Provision to Stakeholders</p>	<p>The Company works to actively disclose information related to all areas of management to shareholders and other stakeholders after thoroughly considering fair disclosure rule.</p>
<p>Other</p>	<p>The Company established its Human Rights Policy in September 2019, thereby declaring its commitment to promoting respect for human rights in line with internationally accepted standards. Through human rights due diligence based on the United Nations Guiding Principles on Business and Human Rights, the Company will conduct training programs (e-Learning) on human rights to educate its employees and implement measures for preventing or mitigating negative impacts on human rights. In addition, frameworks will be put in place to allow for corrective measures to be instituted should it be found that the Company was directly or indirectly involved in activities that had a negative impact on human rights.</p> <p>Details of Komatsu Group's human rights initiatives are posted on the Company's website.  <a href="https://komatsu.disclosure.site/en/themes/193#1184">https://komatsu.disclosure.site/en/themes/193#1184</a></p> <p>[Promoting Diversity and Inclusion]  In its mid-term management plan, the Company has set "Enrich human resources base with diversity" as an effort of focus in growth strategies, and under this initiative, the Company is promoting diversity and inclusion.</p> <p>The Company believes that the realization of a workplace environment in which employees can recognize and utilize each other's individuality and skills will lead to the creation of innovation, and ultimately, the growth of the company as a whole. Accordingly, the Company will continue efforts to improve different programs, including the support for achieving both workplace, where employees with diverse backgrounds can enjoy working</p>

together, and diverse ways of working. As part of these efforts, the Company launched the "D&I Literacy Improvement Activities" in FY2022. In addition to promotional activities through the distribution of videos and columns, the Company has held different seminars to promote employee awareness of D&I once again. The Company conducted an Unconscious Bias Seminar in FY2022 and a seminar on psychological safety in FY2023 for all managers of the Company's Domestic Group. In addition, D&I basic education (e-learning) is provided to all employees in our domestic group.

Various data are available on the Company's website.

[https://komatsu.disclosure.site/en/csr/pdf/KOMATSUCSR2023\\_en.pdf](https://komatsu.disclosure.site/en/csr/pdf/KOMATSUCSR2023_en.pdf)

(Development of global-scope human resources and promotion of their work)

At major overseas subsidiaries of the Company, national employees (local employees) are responsible for top management. The Company also sets up key positions in Japan and overseas as "global key positions" and develops a succession plan to implement a systematic global-scale training program. The Company has also established Komatsu Philippines Corporation, a specialized training institution, to train engineers who will provide continuous product support to customers at their operation sites worldwide. After completing all training programs in about six (6) years, the graduates work around the world as "global engineers."

(Promotion of gender diversity)

In the mid-term management plan, the Company has set targets for the ratio of full-time female employees and that of female managers as KPIs on a globally consolidated basis. To achieve these targets, the Company is taking various measures, such as actively recruiting and training female employees and creating an environment for career continuity. To encourage female employees in Japan to improve their career aspirations, the Company is also promoting gender diversity by not only holding the "D&I Talk Event" where management responds in real time, but also continuing to implement existing measures (career plan training, etc.) Based on these efforts, the Company was selected as one of the "Nadeshiko Brand for FY2023. (Meaning that from among the approximately 3,900 companies listed on the Tokyo Stock Exchange, it was selected as one of 27 companies named the best.)

(Support for LGBTQ)

In "Komatsu's worldwide code of business conduct" October 2017 revision, the Company stipulated the prohibition of unfair discrimination against sexual minorities (not only nationality, race, religion, age, sex, presence or absence of disability, but also sexual orientation and gender identity) as sexual harassment including discriminatory remarks subject to disciplinary action. In addition to implementing a number of initiatives, such as setting up an in-house counseling desk for LGBTQ individuals, the certification of same-sex partnership and expansion of scope of welfare benefits, the Company also worked to promote understanding of LGBTQ and to create a comfortable work environment for all employees through a number of approaches like trainings for all employees of Komatsu Group in Japan.

(Employment of persons with disabilities)

The Company actively seeks to employ persons with disabilities across the Group. The Company has set the employment ratio as a KPI in its mid-term management plan, and is working to achieve the target for Komatsu Group companies in Japan.

The Company has established the Business Creation Center (BCC) within the Human Resources Department as an organization dedicated to promoting the



	<p>employment of people with disabilities. The BCC is responsible for operations and various clerical tasks that were previously outsourced, thereby contributing to improving overall work efficiency of the company. The BCC is also staffed with instructors who provide education and advice on routine work duties to help employees develop independence and self-sufficiency in the future. The Company is not merely focused on achieving a targeted employment ratio. Rather, it is seeking to create a workplace that provides a sense of fulfillment for all individuals, where employees with disabilities work alongside other staff members.</p> <p>(Promoting hiring of retired employees)  The Company has introduced a selective retirement system to all Komatsu Group companies in Japan, allowing employees to choose a retirement age of up to 65 years old, starting in 2021.  Moreover, The Company is expanding its support framework to enable employees to continue to work at the Company and realize their optimal work styles based on their values by providing training opportunities for employees to reflect on their career and life, a paid leave system for skills development, and a financial aid system.</p> <p>(Diverse work styles, work-life balance, support systems for balancing childcare, nursing care, and medical treatment)  The Company expanded the telework program in FY2020 to allow employees to continue their careers and improve productivity, and abolished core hours in its flextime work program in FY2021, thereby promoting flexible, autonomous, and diverse work styles unrestricted by location and time.  The Company promotes work-life balance among its employees by reducing total working hours and establishing various support systems. To reduce working hours, the Company has worked with the labor union to set the targets of “less than 2,100 working hours per year and at least 20 days of annual paid leave for all employees” based on the 36 Agreement. Moreover, in the development of its employee systems, the Company promotes initiatives to not only help employees achieve a work-life balance but also safe and healthy work styles, for example, using the “Interval System” between workdays. The Company has also expanded its safety net by providing more leave and leave of absence than legally required to cover childcare, family care, and personal injury or illness. Furthermore, the Company has implemented, a “Life Support Leave” system that can be used for various life events in addition to annual paid leave. To complement these efforts, the Company has implemented support measures to create an environment that allows employees to use its systems and measures easily according to their circumstances.  More information on the Company’s work-life balance initiatives is available on its website.  (<a href="https://komatsu.disclosure.site/en/themes/88">https://komatsu.disclosure.site/en/themes/88</a>)</p>
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**IV. Matters Related to the Internal Control System**

**1. Basic Views on Internal Control System and the Progress of System Development**

<p>The Company implements internal control measures in accordance with the Basic Policy on Internal Control.</p> <p>1) Basic Policy on Internal Control  The Company defines its corporate value as the total sum of trust given to us by society and all stakeholders.  To increase this corporate value, the Company recognizes the importance of strengthening corporate governance. The Company strives to maintain transparency and soundness of management by appointing Outside Directors and Outside Audit &amp; Supervisory Board Members, while limiting the members of the Board of Directors small so that discussions at the Board of Directors are more substantial. The</p>
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Company also does its utmost to improve the operation of the Board of Directors, aiming at more effective governance by the Board, ample discussions and quick decision making.

2) Systems for Retention and Management of Information Related to Directors' Execution of Duties

The Company shall adequately retain and manage important information related to Directors' execution of duties, including the record of Board meetings and other approved documents, as stipulated by laws and regulations, and the Company's internal rules.

3) Rules and Other Systems for Risk Management

While continuing to make efforts to increase its corporate value, the Company has been implementing the following countermeasures to address any risks that threaten its sustainable growth.

i) The Company shall establish Risk Management Rules to correctly recognize and manage risks. In accordance with the rules, the Company has appointed personnel in charge of individual risks, further promoting the build-up of a solid foundation for risk management.

ii) The Company shall establish a Risk Management Committee to devise risk management policies of the Komatsu Group, select and evaluate risks from an enterprise-wide perspective, check and follow up countermeasures in place for risks, and take control of risks when they materialize. The Risk Management Committee regularly reports its reviews and activities to the Board of Directors.

iii) The Company shall identify significant risks from an enterprise-wide perspective as "corporate risks", discuss them in the Risk Management Committee, and report to the Board of Directors regarding the nature, priority, and status of risk mitigation measures.

iv) The Company shall establish an emergency headquarters when serious risks materialize, and work to minimize damage(s) and implement appropriate measures.

4) Systems for Ensuring Efficient Execution of Duties by Directors

To ensure the efficient execution of duties by Directors, the Company shall implement the following:

i) The Board of Directors shall meet in principle at least once every month and more often as needed. It shall strive to maintain transparency and soundness of management through the participation of Outside Directors. It shall also establish the Regulations of the Board of Directors and the Standards for Matters to be Referred to a Meeting of the Board of Directors, thereby clarifying the matters on which the Board of Directors should make decisions.

ii) Together with the introduction of the Executive Officer System, the Company shall define the separation of duties for Directors, Executive Officers and senior managers, and set up internal rules including the Regulations of Decision-Making Authority, to ensure appropriate and effective execution of duties by Directors, Executive Officers and other senior managers.

iii) To promote efficient management of the Board of Directors, the Company shall establish a Strategy Review Committee consisting of Senior Executive Officers and senior managers. Based on the reviews of the Committee, Executive Officers and senior managers execute their duties within the authority delegated by the Board of Directors.

5) Systems for Ensuring that the Execution of Duties by Directors and Employees Complies with Laws and Regulations, and the Company's Articles of Incorporation

The Board of Directors makes decisions on important management matters in accordance with laws and regulations and the Regulations of the Board of Directors. In accordance with the decisions made by the Board of Directors, each Director not only executes his or her own duties but also supervises employees for the execution of their duties, and reports the conditions thereof to the Board of Directors.

The Company shall establish the Compliance Committee as Komatsu to oversee compliance, and the Committee regularly reports its reviews and activities to the Board of Directors. The Company shall also establish a system to ensure Directors and employees thorough compliance to business rules through a variety of measures, including the provision of guiding principles of Corporate Conduct and Komatsu's Worldwide Code of Business Conduct, appointment of the Executive Officer in charge of compliance, and establishment of the Compliance Department. Through all of these, the Company works to supervise, educate and train Directors and employees.

In addition, the Company shall establish the internal reporting system where those who are discretely reporting questionable actions in light of laws and regulations and business rules will not be given any disadvantageous treatment.

6) Systems for Ensuring the Proper Operation of Komatsu Comprising the Company and Its Subsidiaries

- i) The Company shall establish the Affiliated Company Regulations and relevant rules to contribute to proper and efficient operation of Group management. It shall also position Komatsu Code of Worldwide Business Conduct, as the code to be applied by all companies affiliated with Komatsu. In accordance with those regulations and rules as well as the Komatsu Code of Worldwide Business Conduct, each department or division of the Company in charge of affiliated companies shall manage and support each relevant company, and each company in Komatsu shall stipulate various regulations for the proper promotion of duties.
- ii) The Company shall assign and dispatch persons for Directors and Audit & Supervisory Board Members of major affiliated companies as needed, in order to strengthen corporate governance on a group-wide basis and monitor their management.
- iii) Important committees of the Company, including the Compliance Committee, Risk Management Committee and Export Control Committee, shall take actions with the entire Group in view, and allow representatives of affiliated companies to take part in their committees on occasion.
- iv) The Company shall make particularly important affiliated companies regularly report to the Board of Directors of the Company on the status of business, including risks and compliance.
- v) The Internal Auditing Department of the Company shall audit each division of the Company and implement or supervise auditing of major affiliated companies that belong to Komatsu. It shall also monitor and instruct each affiliated company regarding internal control systems built by them in accordance with Company requirements and the appropriate operation. The Internal Auditing Department shall also regularly report to the Board of Directors and the Audit & Supervisory Board about the building, operational status and results of internal control systems across the Komatsu Group.

6)-1 Systems for Ensuring Items Related to the Implementation of Duties by Directors and Other Employees at Subsidiaries are Reported to the Company

Each division/department of the Company that has affiliated companies under its supervision shall make each affiliated company report on the management status, financial status, and other important matters of management in accordance with the Affiliated Company Regulations and relevant rules.

6)-2 Rules and Other Systems for Risk Management at Subsidiaries

The Company comprehensively manages risk on a groupwide basis applying the risk management system explained in (3) Rules and Other Systems for Risk Management to its subsidiaries as a whole.

6)-3 Systems for Ensuring Efficient Execution of Duties by Directors and Other Employees at Subsidiaries

In the case where a subsidiary executes a matter that has a significant impact on the consolidated business operations of the Company, it is necessary either that the Company provides approval beforehand or that the Company receives notification of the matter beforehand in accordance with the Affiliated Company Regulations and relevant rules. In addition, to ensure the Company carries out the efficient groupwide management based on a continual grasp of the status of the affiliated company's status of business execution, the Company receives reports on the affiliated Company's Standards for Matters to be Referred to a Meeting of the Board of Directors, the frequency of Board of Directors meetings, the status of attendance, and agenda proposals.

6)-4 Systems for Ensuring that the Execution of Duties by Directors and Employees at Subsidiaries Complies with Laws and Regulations, and the Company's Articles of Incorporation

The internal control systems and compliance systems described in (5) Systems for Ensuring that the Execution of Duties by Directors and Employees Complies with Laws and Regulations, and the Company's Articles of Incorporation are implemented on a groupwide basis, ensuring that Directors and employees of each company in Komatsu carry out their duties in accordance with laws and regulations and the Company's Articles of Incorporation.

7) Employees Assisting Audit & Supervisory Board Members for Execution of Their Duties, When They Ask for Such Employees

The Company shall set up the Office of Corporate Auditors' Staff, which shall assist Audit & Supervisory Board Members in their duties, and allocate employees who work as assistants to Audit & Supervisory Board Members either exclusively or concurrently in another position within the Company.

8) Matters Regarding the Independence of the Assistants to Audit & Supervisory Board Members from Directors and the Effectiveness of Directions given to the Assistants

i) Handling of personnel affairs (employment, appointment and personnel changes) of the employees who belong to the Office of Corporate Auditors' Staff shall be premised on approval of the Standing Audit & Supervisory Board Members.

ii) The employees who exclusively assist the Office of Corporate Auditors' Staff are independent of control and command of the Directors, and their performance shall be rated by the Standing Audit & Supervisory Board Members.

iii) The Company's Standing Audit & Supervisory Board Members shall hold regular meetings with employees of the Office of Corporate Auditors' Staff to confirm the execution of duties by the office.

9) Systems for Directors and Employees Reporting to Audit & Supervisory Board Members; Other Systems Relating to Reports to Audit & Supervisory Board Members and Ensuring Effective Audits by Audit & Supervisory Board Members

i) In accordance with laws and regulations, Audit & Supervisory Board Members shall receive reports by Directors, Executive Officers and other senior managers concerning the conditions of execution of their respective duties.

ii) In the event that Directors find a serious violation of laws and regulations or other important facts regarding compliance at the Company or affiliated companies of Komatsu, they shall report to the Audit & Supervisory Board Members immediately.

iii) The Audit & Supervisory Board Members shall attend various committees concerning internal control and principal meetings as observers, and also review approval document by President or other authorized executives, which are important decision-making documents of the Company.

iv) Audit & Supervisory Board Members may appoint legal counsels and other advisors needed for the execution of their duties.

9)-1 Systems to Ensure Reports from Directors, Audit & Supervisory Board Members and Employees of Subsidiaries are Passed, Directly or via a Person Receiving such Reports, to Audit & Supervisory Board Members of the Company

Audit & Supervisory Board Members shall attend as observers meetings of committees, including the Strategy Review Committee discussing important management matters of the Company and affiliated companies, Compliance Committee, Risk Management Committee and Export Control Committee, respectively discussing compliance matters and risk management matters of the Company and affiliated companies.

In accordance with the Affiliated Company Regulations and relevant rules, reports provided from affiliated companies regarding business operations, financial position and other important management matters are provided also to Audit & Supervisory Board Members.

The Company's Risk Management Rules and Internal Auditing Rules are applicable to affiliated companies and any important matter is reported to Audit & Supervisory Board Members.

9)-2 Systems to Ensure Individuals who Provide Reports to Audit & Supervisory Board Members are not Given any Disadvantageous Treatment for the Provision Thereof

It is clearly stated in general rules on compliance regulated by the Company and each affiliated company that no disadvantageous treatment will arise from the act of reporting or informing, and the Company and each affiliated company shall operate in accordance with the aforesaid general rules.

10) Policy related to Processes of Advance Payments and Reimbursements for Expenses Incurred by Audit & Supervisory Board Members Executing Duties and Expenses or Debts Incurred by Executing Other Duties  
The Audit & Supervisory Board, after discussion with the operating department, shall secure the necessary budget to implement audit plans approved by the Audit & Supervisory Board.

On receiving claims from Audit & Supervisory Board Members for expenses to be incurred related to the execution of their duties, the Company shall promptly pay expenses in all cases except where there is no clear connection with the execution of duties of the Audit & Supervisory Board Members.

Audit & Supervisory Board Members and employees assigned to the Office of Corporate Auditors' Staff shall be responsible for managing and implementing costs related to the execution of duties by Audit & Supervisory Board Members.

11) Basic Policy Pertaining to the Elimination of Antisocial Forces

The Company and each affiliated company shall sever all relationships with groups or individuals that puer economic benefits through violence, threats and fraudulent methods, or other organized crime groups, and

shall develop and maintain an internal system based on a policy of taking a firm stand against any and all demands.

## **2. Basic Views on Eliminating Anti-Social Forces**

The Company's basic views on eliminating anti-social forces are described in 1. Basic Views on Internal Control System and the Progress of System Development and (11) Basic Policy Pertaining to the Elimination of Anti-social Forces.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
None	

### 2. Other Matters Concerning to Corporate Governance System

[The internal system for ensuring the timely disclosure of information] (the reference material at the end of this Report: see the schematic diagram.)

The Company's internal system related to information disclosure is described in the schematic diagram below.

Important decision facts, occurrence facts, and financial information related to the Company and the Group are first reported to the Corporate Communications Department of the Company. Under the supervision of an officer responsible for handling information disclosure, the general manager of the Department discloses the information in a proper manner based on the related laws and regulations and disclosure rules.

The Information Disclosure Committee not only controls information disclosure but also works to improve the level of information disclosure.

Based on the related laws and regulations, the Company is steadfastly strengthening its internal control system required for financial reports. In an effort to further strengthen corporate governance, the Company's Directors, Executive Officers and senior employees concurrently serve as Directors or Audit & Supervisory Board Members of major companies of the Komatsu Group worldwide.

#### 1. Information Disclosure Committee

##### 1) Major Roles of the Information Disclosure Committee

- i) Decision making on disclosure of important information
- ii) Evaluation and reviews of the contents of documents which are legally required for disclosure
- iii) Creation of guidelines related to information disclosure

##### 2) Members of the Information Disclosure Committee

Chairperson: CFO

Members: Senior Executive Officer supervising Business Coordination, Senior Executive Officer supervising Human Resources, Education and Sustainability, Senior Executive Officer supervising Legal, General Affairs & Compliance, Safety & Health Care and Brand Strategy, President of Sustainability Promotion Division, General manager of the Human Resources Department, General manager of the Business Coordination Department, GM of the IR group of Business Coordination Department, General manager of the Corporate Controlling Department, the Finance and Treasury Department, the Corporate Accounting Department, the Legal Department, the General Affairs Department

Observer: Standing Audit & Supervisory Board Member

Secretariat: General manager of the Corporate Communications Department of Sustainability Promotion Division

##### 3) Schedule of holding the Information Disclosure Committee

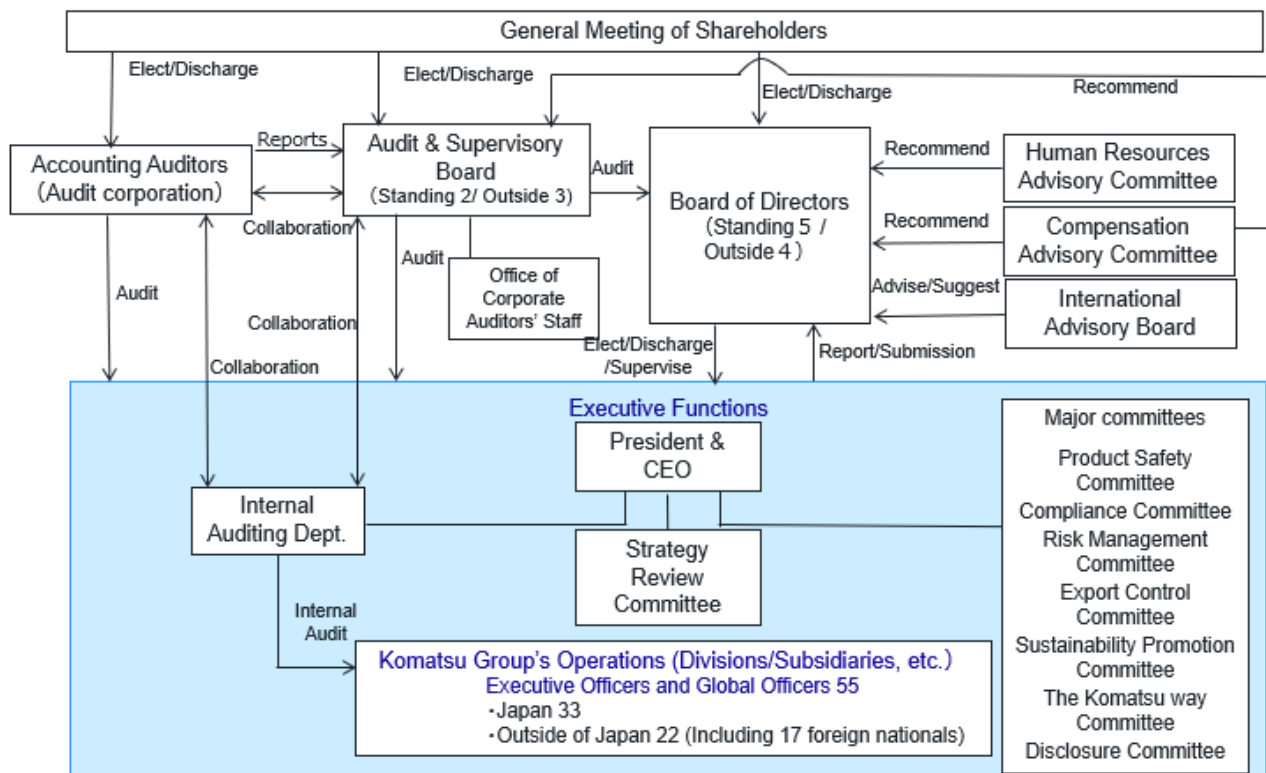
- i) Before disclosing financial reports, including quarterly reports
- ii) Before issuing important documents for disclosure, such as annual securities report
- iii) When there are important facts that should be disclosed concerning the important decision facts and occurrence facts
- iv) When it is deemed necessary for information management and other tasks, not limited to legal disclosure items alone

#### 2. Internal rules of information disclosure, etc.

The Company defines Komatsu's Worldwide Code of Business Conduct, which provides guidelines for corporate behavior and basic business social rules to be followed by Directors and employees and announce it to all employees of the Komatsu Group, and discloses it on the Company's website. The Code stipulates

that the Komatsu Group actively discloses information related to all aspects of management to shareholders, investors and other stakeholders, except when given information is applicable to confidentiality under the laws or contracts as well as confidential business information. Furthermore, the Company defines the internal rules related to information disclosure in order to ensure timely and properly disclose important information concerning the Komatsu Group.

< Corporate Governance of the Company >



< Internal structure related to timely disclosure >

