

Environmental Activities of Overseas Manufacturing Facilities

Each of the Komatsu Group's overseas manufacturing facilities, in recognition of the effects its activities have on the environment, promotes activities that minimize environmental impacts. Additionally, each facility undertakes various activities aiming to coexist in harmony with its local host community and contribute to society.

Komatsu do Brasil Ltda.

The "Working with the Future" Project

Komatsu do Brasil Ltda. was established in 1975 in the city of Suzano, São Paulo, manufacturing and selling hydraulic excavators, bulldozers, and other medium- to small- sized construction equipment and foundry pieces.

In FY2005, Komatsu do Brasil, as part of its efforts to contribute to the host local community, in cooperation with the Suzano Region Education Supervision body and Municipal Department of Sports, Leisure and Recreation, launched a project entitled "Working with the Future (Trabalhando com o Futuro)." Over the course of five years, the project activities will work to develop the environment, society, and culture of the local community where employees and their families live.

Promotion of Various Local Activities

Environmental Education

The person supervising environmental issues at Komatsu do Brasil serves as a lecturer, conducting explanatory workshops for teachers and staff in local elementary and junior high schools regarding the importance of separating trash by type and means of promoting various activities.

Drama Events Taking Up the Theme of the Environment

The company put on plays at elementary and junior high schools, taking up the themes of environmental conservation and having good relations among family members. Approximately 2,200 people participated in these activities.

Dramas Taking Up the Theme of Local Culture

In March 2006, the company contracted with a professional performing troupe to put on plays at five elementary and junior high schools on the theme of local cultures in Brazil's five regions. Some 3,700 people attended these performances in total. Conducting a study of the local cultures of the areas taken up in the plays, the schools will hold an exhibition and presentation of results in June 2006.

Walking for the Environment

Over 1,000 residents of Suzano participated in a walking event from the grounds of Komatsu do Brasil to a park, the walk's final destination. On that day, to provide donations to local institutions, participants also contributed food. In the park there was also an exhibition of pictures made by participating elementary school students on the theme of environmental conservation.



The first walking event for the environment

External Evaluations of Activities Contributing to Host Local Society

The following awards were granted in recognition of these well-received activities.

- Received First Alto Tiete Region CSR Award, sponsored by local daily newspaper *Magi News*
- Commended as "corporate friend of schools" by Suzano Region Education Supervision body

Komatsu UK Ltd.

Received Gold Award for Occupational Health and Safety Activities

Komatsu UK Ltd. is located in the suburbs of Newcastle, UK, and manufactures and sells hydraulic excavators.

Komatsu UK was selected to receive the British Royal Society for the Prevention of Accidents (RoSPA) Gold Award for Occupational Health and Safety. The awards ceremony was held in May 2006 at the Hilton Birmingham Metropole Hotel. David Rawlins, RoSPA Awards Manager, said, "Komatsu UK Ltd. have demonstrated how seriously they take health and safety management and are a fine example to many other companies. We would like to see more organizations following their lead by providing a positive example."

Andy Robertson, Komatsu UK Senior Health, Safety and Environment Officer said, "This award is recognition for an excellent year's safety performance at Komatsu UK, as a result of an extensive risk assessment program, along with the implementation of counter-measures to hazards reported by employees and Safety Representatives."

Komatsu UK intends to utilize the receipt of the RoSPA award as an opportunity to more fully implement its health and safety management system, leading to even better results in the future.



Richie Coyles, Design Department Safety Representative receiving the Gold Award from Deputy President of RoSPA Lord Jordan of Bournville

Social Contribution Activities by Komatsu UK

The Pinetree Centre

Komatsu UK has provided one of its buildings, The Pinetree Centre, to be utilized to benefit local businesses and to support charity work. The Pinetree Centre is managed by a not-for-profit company and offers low-cost office space with accommodation for start-up businesses. The charity work being performed includes the offering of IT training for people with disabilities.

The Sports and Social Committee

Each year the Sports and Social Committee selects one charity to support by way of fundraising events. Selection of the charity is conducted by employees as well as Komatsu UK's Charity Panel. During 2005 Sunningdale School, a school for children with learning difficulties and special needs, was selected as the charity.

Komatsu UK's fund raising activities to support the school included raffles and the family day and dinner dance, with £15,100 raised over the course of the year. The ceremony to present the funds raised took place in April 2006 on the occasion of the dinner dance, with Komatsu UK Managing Director Peter Howe and Sports and Social Committee Member Trevor Brown handing the check to the Sunningdale School Head Master.

Celebrating 170 Years in Business at Family Day

Komatsu Hanomag GmbH, located in Hanover, Germany, manufactures and sells wheel loaders and wheeled excavators. Hanomag, predecessor to the present company, was founded in 1835 as an iron foundry and machine tools factory and joined the Komatsu Group in 1989. Boasting such a long corporate history, the name Hanomag is known throughout Germany.

Family Day

In 2005, Komatsu Hanomag celebrated its 170th year in business. On September 9, about 170 representatives of business associates and other guests from around Germany and 17 other countries around the globe gathered at the company. The next day, September 10, was deemed Family Day, and for the entire day the company was opened to employees and their families. This was the second holding of Family Day, continuing from the previous year. The event is designed so that employees' family members are able to see what the employees experience on a daily basis and get to know the company better. Some 2,500 people visited the company that day.

A full array of the wheel loaders manufactured at the company was available for viewing on the company grounds. In addition, the very first wheeled excavator made at the plant since the recent transfer of



Family Day

manufacturing from Komatsu UK was on display.

The employees' family members were excited to see the strength of the large-scale construction machinery. Long lines formed as people waited for their chance to ride on a wheel loader, children tried their skills on the trampoline, climbing wall, and other child-friendly attractions, and the grounds were filled with chatter and laughter as participants bustled around holding charbroiled sausages and potatoes.

Efforts for the Environment

Reductions of VOC Emissions

Komatsu Hanomag, in an effort to reduce emissions of VOCs (Volatile Organic Compounds) during the painting process, has switched over to water-based paints. Although in FY2005 the company did not meet the reduction targets, it will continue to work towards its targets for FY2007.

Recipient of "Blue Angel" Eco-mark, Widely-recognized around EU

In 2005 Komatsu Hanomag earned the "Blue Angel (Blauer Engel)" eco-mark for meeting low-noise requirements in its small wheel loaders. Launched in 1977, the Blue Angel is the eco-mark with the longest history in the world. It is awarded through deliberations of a committee appointed by the German Minister for Environment to products and services that give high consideration to both environmental conservation and user protection. Viewing noise minimization around construction equipment as essential for protecting health and the environment, Komatsu Hanomag will continue its efforts to improve its results even further.

European Health, Safety and Environment Meeting Held in UK

The first European Health, Safety and Environment (HS&E) Meeting was convened by Komatsu UK over two days, from August 31 to September 1, 2005. Fifteen people participated in this meeting from European regional overseas subsidiaries Komatsu Europe International NV, Komatsu Forest AB, Komatsu Utility Europe S.p.A., Komatsu Hanomag GmbH, as well as UK sales agent Marubeni Komatsu Ltd., and the Tokyo Head Office, in addition to the host company Komatsu UK.

On the first day, Komatsu UK gave a presentation that included an overview of its management systems for health and safety and environmental conservation as well as the state of relevant activities. After that, attendees took a tour of the plant, seeing for themselves the plant's state of affairs and participating in a question and answer session at the site.

On the second day, all the participants took part in an exchange of views. As a result of this meeting, they agreed that in order to promote more efficient health and safety and environmental conservation activities as the Komatsu Group, common indicators across the Komatsu Group are necessary.

The second European HS&E Meeting is expected to be convened within 2006, hosted by a different European subsidiary.



Exchanging views at the meeting



Visiting the plant

Komatsu Forest AB

Best Company in Umeå

Komatsu Forest AB is located in Umeå, a city of 120,000 people in the northern part of Sweden near the Arctic Circle, manufacturing and selling wheeled forestry equipment. In January 2004, Komatsu purchased Partek Forest AB, the second largest manufacturer of forestry equipment in the world, from the Kone Corporation of Finland, renaming it Komatsu Forest AB.

Commended as "Best Company in Umeå"

Komatsu Forest was selected by the Swedish city of Umeå where it is located as the "Best Company in Umeå" for FY2005, in recognition of its significant contributions to the development of Umeå and the surrounding community. A company is selected for this award annually, and this marked the second time that Komatsu Forest received the commendation, 20 years since its first commendation. An awards ceremony was held in November 2005.

"Open House" Day

In commemoration of the bestowing of this prestigious award, the company opened its plant to the citizens of the host local community in December 2005, with some 800 people visiting the company

grounds. The company allowed visitors to view the area inside the plant for assembly line operations, and many people took advantage of this opportunity to tour the plant. Numerous participants listened attentively to explanations of the forestry equipment while others talked and laughed with each other as they enjoyed cakes and sausages from the barbecue corner, making for an enjoyable day for the entire family even on such a cold weekend in the middle of winter.



Awards ceremony



"Open house" day

L&T-Komatsu Limited

Safety-related Activities Awarded a Gold Medal

Located in Bangalore, India, L&T-Komatsu Limited manufactures and sells hydraulic excavators and hydraulic equipment.

For its activities to promote safety, in May 2005 the company was awarded a gold medal from the Greentech Foundation. Greentech is one of three major safety-related organizations in India and well-known for its emphasis on practice. L&T-Komatsu has for many years taken proactive efforts to improve its record on safety, as shown by its acquisition of OHSAS18001 certification in 2003. As just one example of its efforts, operations had historically included the horizontal stacking of steel sheets, which were later inverted through the use of cranes and transported by forklift. This was modified to a safer system of transport in which the sheets are stacked vertically in an area for exclusive use, from which a factory conveyor belt carries the sheets to the welding area. Besides a reduction in the risk of accidents arising

from crane usage, this change also reduced the amount of storage space needed and time required to complete operations.

Through such proactive efforts to improve safety over the long term, the number of accidents in 2005 was only one-fifth the number recorded in 1994. The award was in recognition of these efforts.



Upon receiving the gold medal from Greentech

Komatsu Shantui Construction Machinery Co., Ltd.

Social Contribution Activities

Komatsu Shantui Construction Machinery Co., Ltd. is located in the city of Jinan in Shandong, China, and manufactures and sells hydraulic excavators.

Every year since 1997 the company has been contributing funds to local elementary and junior high schools as social contributions to the local area, centered on contributions to the host local community. During the first few years, annual contributions were of 100,000 yuan. However, in recent years contributions have reached as high as approximately 400,000 yuan. Most of these funds are used in the construction of classrooms and other buildings, with some also going to the purchase of education-related indoor equipment.



Ceremony marking the completion of construction of an elementary school



Commemorative marker