

Independent Review on *Environmental & Social Report 2006*

Regarding the Independent Review

Komatsu views the independent review process as crucial for ensuring the integrity and objectivity of its *Environmental & Social Report*. For that reason, Komatsu has received an independent review from Tohmatsu Environmental Research Institute Ltd., a member of the

Deloitte Touche Tohmatsu Group. The results are as represented below with regard to the information appearing in the *Environmental & Social Report 2006*.

<http://www.teri.tohmatsu.co.jp/>

(TRANSLATION)

Independent Review Report

July 3rd, 2006

Mr. Masahiro Sakane
President and CEO, Komatsu Ltd.

Tohmatsu Environmental Research Institute Ltd.
Chief Executive Officer, Komuro Masamitsu

1. Subject and Objective of Review

We have performed a review of certain significant information stated in the "Environmental & Social Report 2006" ("Environmental & Social Report") prepared by Komatsu Ltd. ("Company"). The purpose of our review was to provide conclusions from an independent standpoint about whether such information in the "Environmental & Social Report" was accurately measured and calculated in accordance with calculation methods, etc. adopted by the Company with reference to Environmental Reporting Guidelines 2003 (issued by the Japanese Ministry of Environment) and GRI 2002 Sustainability Reporting Guidelines.

2. Responsibility of Management and Persons Reviewing the Environmental & Social Report

The "Environmental & Social Report" is the responsibility of the Company's management. Our responsibility is to provide our conclusions with respect to the "Environmental & Social Report" from an independent standpoint.

3. Summary of Review

To obtain an adequate and valid standard of basis for providing limited assurance with respect to our provided conclusions, we performed our review with reference to the International Standard on Assurance Engagements (ISAE) 3000 (issued by the International Federation of Accountants in December 2003), Proposed Environmental Report Review Standard (issued by the Japanese Ministry of Environment in March 2004) and Environmental Information Review Practices Guidance (issued by The Japanese Association of Assurance Organizations for Environmental Information in January 2006).

4. Conclusions

With respect to the "Environmental & Social Report", our review did not identify items which were acknowledged to not be accurately measured or calculated in accordance with calculation methods, etc. adopted by the Company with reference to Environmental Reporting Guidelines 2003 (issued by the Japanese Ministry of Environment) and GRI 2002 Sustainability Reporting Guidelines.

5. Special Interests

There are no interests between the Company and Tohmatsu Environmental Research Institute Ltd. or its engagement personnel, requiring disclosure based on the rules of The Japanese Association of Assurance Organizations for Environmental Information.

Supplementary Explanation Regarding the Conducting of Independent Review Procedures

As a supplementary explanation, the following provides an overview of the review procedures conducted during an independent review.

Supplementary explanation regarding independent review procedures

Step 1

Formation of plan for review process

- Confirmation of items to be included in the report
- (1) Scope of information
- (2) Information collection process
- (3) Information collection method
- (4) Level of importance of individual pieces of information
- Finalization of items to be reviewed and review methodology

Step 2

Execution of review

- Review of offices and persons in charge
- Inspections of business units



Conducting a hearing at the Head Office with the person in charge of logistics

Step 3

Reporting on review results

- Reporting results of review (revisions and suggestions)



Conducting a hearing at the Oyama Plant with the person in charge of environmental education

Step 4

Check of final version of report

- Follow-up on issues identified during Step 3

Step 5

Submission of independent review report

- Submission of independent review report



Inspecting the effluent processing facilities at the Osaka Plant

Supplementary explanation regarding site visits to business units

1. Business units visited in this review:
 - Komatsu Ltd. Head Office
 - Oyama Plant
 - Osaka Plant
2. Visits to business units take place in a planned rotation. Records for business units not visited during this review were reviewed at the Komatsu Ltd. Head Office.