

# Environmental Management Structure

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

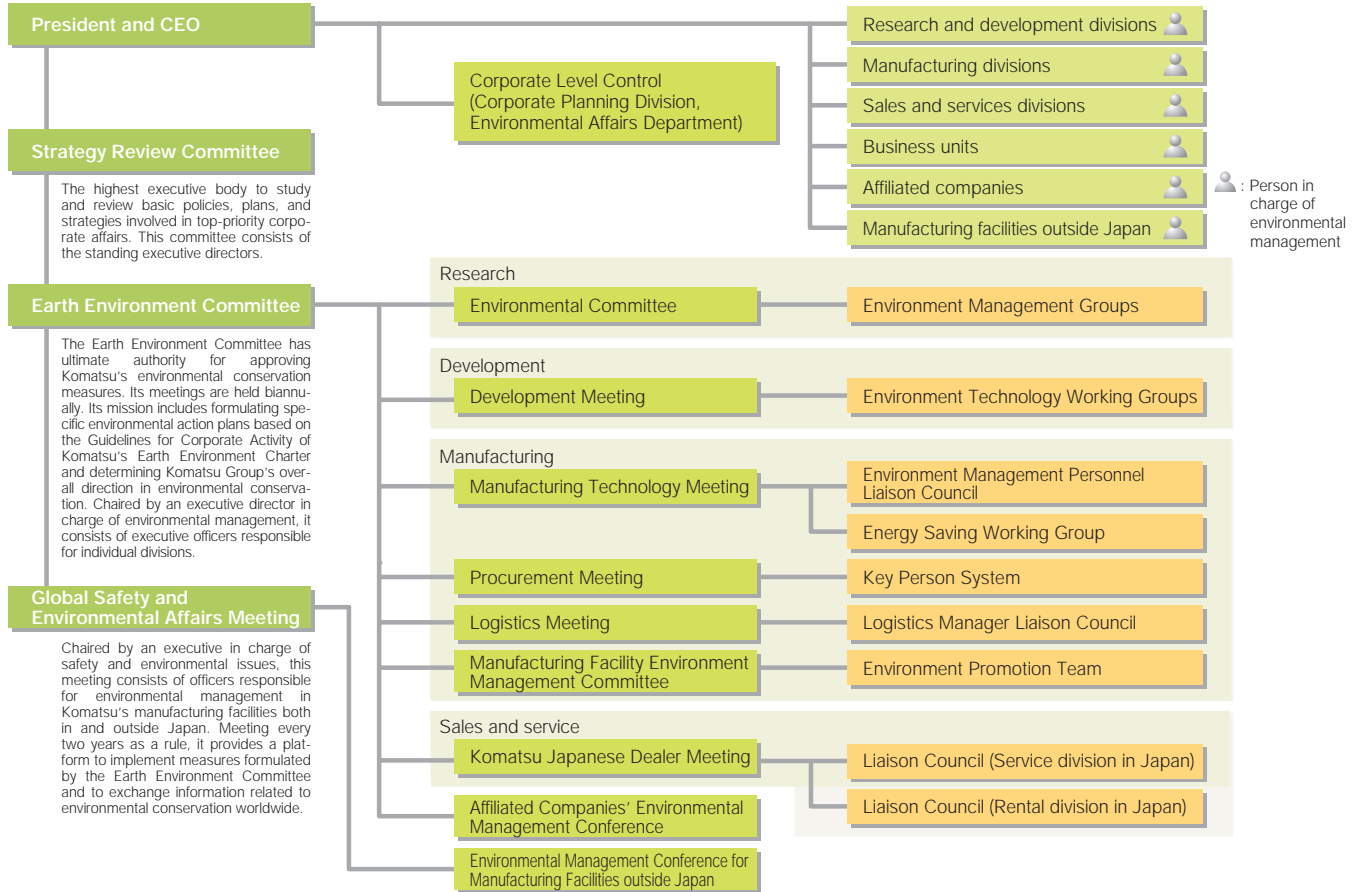
## Overview of Environmental Management Structure

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

The Strategy Review Committee is responsible for matters related to corporate management while the Earth Environment Committee is

in charge of examining individual policies. After the Earth Environment Committee formulates environmental policies, the executive officers of the respective divisions and subsidiary companies are responsible for enhancing and applying these policies to meet their objectives in accordance with the functions of their own division or company. Further, an officer in charge of environmental conservation activities at each business unit implements these policies. When a policy includes important objectives, subcommittees of experts, so-called key persons, or working groups established in each division study them and work jointly with other divisions to develop solutions for environmental issues.

## Organizational Chart of the Environmental Management Structure



## ISO14001

Komatsu has been engaged in a Group-wide undertaking to acquire ISO14001 certification, an international standard for environmental management systems, with a view to enhancing management quality through strengthening systematic steps towards environmental conservation. Through these measures, all manufacturing facilities in Japan acquired certification by FY2002.

In FY 2006, the Komatsu Group engaged in several environmental management activities, such as conducting assessments of the new Ibaraki and Kanazawa Plants before they launched operations. As a result, in April 2007 both plants acquired certification, having undergone inspection while surveillance audits were conducted at Komatsu's four other plants. From now on, Komatsu (non-consolidated), including its Head Office, will work to acquire integrated certification even as the Group moves forward in acquiring certification at its new plants outside Japan.

## Environmental Auditing

With regard to environmental auditing, in accordance with ISO14001 stipulations, Komatsu conducts internal auditing as well as periodic review by external certification bodies. Moreover, beginning in FY2004 the Komatsu Group launched internal environmental auditing focused primarily on environmental performance and legal compliance by environmental experts from within the Group. It was decided that after newly creating the Komatsu Environmental Risk Check Sheet and having each manufacturing facility use it to conduct a self-evaluation, the Group would undertake environmental audits.

In FY2006, the Group performed audits on three manufacturing facilities, namely Komatsu Utility Kawagoe Plant, Komatsu Utility Tochigi Plant, and Komatsu Castex Himi Plant. In FY2007, the Group plans to conduct audits at all Group manufacturing facilities in Japan. Apart from the above internal audits, the Komatsu Internal Audit Department implements business audits, including a review of the environment-related activities of each individual Group company, about every four years, with each company bearing independent responsibility for the findings and follow-up.

## Second European Health, Safety, and Environment Meeting Held in Sweden

Komatsu Forest AB held the Second European Health, Safety, and Environment (HS&E) Meeting on October 2 and 3, 2006. A total of 12 representatives from six European subsidiaries and Komatsu Ltd. Head Office participated in the meeting. After hearing Komatsu Forest's explanation on its management structure and activities now underway regarding health and safety as well as environmental conservation, the participants went on a tour of the plant and then all took part in an exchange of views. Furthermore, the representatives had the opportunity to visit GreenZone, Sweden's advanced environment-friendly shopping area, and sites at which Komatsu Forest's forestry equipment is in use.

To intensify these information exchanges in the future, the Komatsu Group is planning to hold the Third European HS&E Meeting at another European subsidiary in 2007.



The meeting in progress



Touring a site at which forestry equipment is in use

## Environmental Inspections at Chinese Subsidiaries

Three representatives involved in environmental affairs at Komatsu Ltd. Head Office visited five subsidiaries in China from March 14 to 20, 2007, exchanging views on the environment and inspecting environment-related facilities. During this trip the representatives also toured the premises of the subsidiaries' suppliers and waste disposal companies.

The Group will compile the findings and stipulate points in order to establish guidelines for Group companies to follow for environmental conservation, thereby moving towards the betterment of the environmental achievement of the Group as a whole.



Exchanging opinions



Inspecting the plant

## Environmental Education and Training

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

In FY2006, Komatsu conducted almost the same curriculum for environmental education and training as in FY2005. As a means of further enhancing understanding of environmental issues, the company held e-Learning courses for managers and employees after a two-year hiatus. Furthermore, to accelerate understanding of compliance issues, the company conducted refresher courses for internal auditors.

What's more, in light of the growing importance of the climate change issue, each business unit held environmental lectures focused specifically on global warming.

The number of persons who have some environment-related certificate has far exceeded the minimum requirement. However, from the viewpoint of risk management, employees are encouraged to obtain a suitable certificate.

### Number of Persons Having Environment-related Certificate

Certificate name	Number of persons with certificate			
	FY2003	FY2004	FY2005	FY2006
Pollution control administrators	250 (60)	243 (60)	247 (60)	209 (53)
Energy administrators	40 (11)	47 (11)	49 (11)	42 (14)
Environmental management system auditors	8	9	8	7

(Figures in parentheses indicate the number of officers required.)

### Courses in Environmental Education and Training in Japan (excluding general environmental courses)

Venue	No.	Course name	Target	Participants			
				FY2003	FY2004	FY2005	FY2006
Head Office	1	Advanced environmental education (held every two years)	Environmental specialists (Komatsu and affiliates)	17	—	28	—
	2	Overview of the ISO14000 series	Administrators (Komatsu, affiliates, and partner companies)	30	24	42	29
	3	Training of internal auditors/Refresher courses	Environmental auditors (Komatsu, affiliates, and partner companies)	25	19	30	60
	4	Development and manufacturing (introductory)	Development and manufacturing staff (for second-year employees)	89	59	56	73
	5	Training of assistant foremen/ Training of manufacturing engineers	Assistant foremen/Manufacturing engineers				50
	6	Training new employees	New recruits	69	70	89	125
	7	Lectures on mitigating climate change	Komatsu Group managers and employees				468
	8	Education for enhanced environmental understanding (e-Learning)	Komatsu Group managers			1,294	767
	9	Education to refresh environmental understanding (e-Learning)	Komatsu Group managers and employees				4,675
Administrative divisions of plants	1	Basic environmental education	Managers and employees	169	784	269	241
	2	Overview of the ISO14000 series	Managers and employees	72	87	62	0
	3	Training of internal auditors	Environmental auditors	86	113	232	76
	4	Training new employees	New recruits	511	859	707	418
	5	Regulatory education and personnel exchange	Managers and employees	243	144	590	1,084
	6	Specialist training	Environmental conservation practitioners (persons involved in regulatory affairs, etc.)			553	277

In addition to the education and training courses listed in the chart above, Komatsu also held explanatory sessions at partner companies regarding the introduction of environmental management systems and at sales agents regarding the Group's Environmental Guidelines (see P. 33).