

Activities for Reducing Environmental Impact from Upstream and Downstream Operations

Komatsu advances and supports the establishment of environmental management systems at its business associates and the implementation of safety and environmental activities at its sales agencies and rental companies. The company continually improves transport and packaging, aiming for greater efficiency in manufacturing and logistics by establishing new plants.



Tetsuro Kajiya
Executive Officer
President, Procurement Division

In procuring raw materials, components and parts, and indirect materials needed for manufacturing products, Komatsu adopts Green Procurement, the preferential purchasing of goods and products with low environmental impact.

In an integrated manner with its major business associates, the company proactively establishes environmental management systems and supports environmental management activities (control of chemical substances, reduction of VOCs, energy conservation, etc.) at its business associates.

In addition, Komatsu will prepare to create a Chemical Substance Management System to reduce the amount of substances of environmental concern.

Green Procurement

Strengthening Environmental Management in Major Business Associates

Supporting Active Efforts to Enhance Environmental Awareness

To enhance environmental management at its business associates, in July 2006 Komatsu established a Midori-kai Environment Committee (see P. 37), in which the procurement division takes the initiative and its major business associates in Japan serve as the committee members. In FY2006 the committee convened twice, with 59 persons from 58 companies participating. Komatsu and its business associates will further the activities of the Midori-kai Environment Committee on an ongoing basis in the years to come.

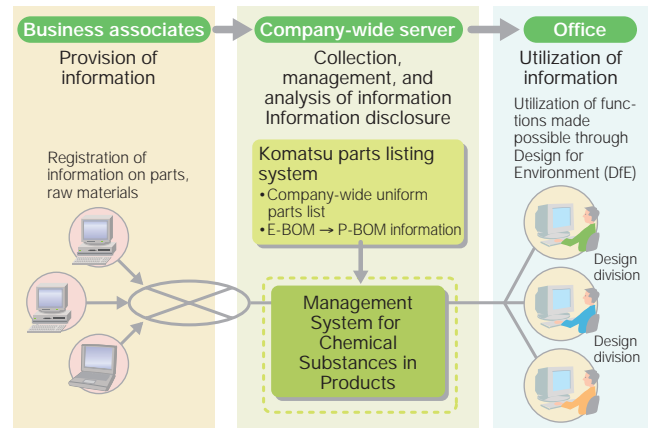


The second Midori-kai Environment Committee meeting

Promoting the Creation of Environmental Management Systems

Komatsu has been urging its major business associates to acquire certification in an environmental management system. Komatsu will strongly encourage the acquisition of ISO14001, Eco-stage, or equivalent environmental management system (EMS) certification by no later than 2008 for all of its major business associates in Japan.

Composition of the Komatsu System for Supporting Environment-friendly Design



Reinforcing Reductions in Substances of Environmental Concern

In addition to identifying the chemical substances used in Komatsu products and reducing or eliminating the use of regulated substances, the company will aim to establish a system by FY2010 whereby information on chemical substances in products will be collected from business associates and tabulated to create a means for information disclosure at any time, to be known as the Management System for Chemical Substances in Products.

In FY2007, Komatsu will investigate those parts subject to the first survey, which covers approximately 100 business associates in Japan.

Environmental Conservation in Logistics

Founding New Plants

Ibaraki Plant

In January 2007, Komatsu's Ibaraki Plant, which manufactures wheeled large construction and mining equipment, was founded immediately adjacent to the port of Hitachinaka in Ibaraki Prefecture, Japan. The new plant manufactures primarily dump trucks and wheel loaders for the market outside Japan, with over 90% exported around the world to North America, Europe, Asia and the Pacific, Africa, and Latin America. For reducing its CO₂ emissions, this plant has greatly shortened shipping distances by ship loading and exporting products at the immediate neighbor, the port of Hitachinaka.

Furthermore, even for the large construction equipment produced at the Ibaraki Plant loaded onto ships and exported from Tokyo or Yokohama, Komatsu has launched exclusive-use inland shipping for large construction equipment between the Ibaraki Plant and the ports of Tokyo or Yokohama, resulting in CO₂ emissions reductions through the modal shift from land-based transport in trailers. These innovations are expected to yield reductions in CO₂ emissions by some 2,300 tons annually.

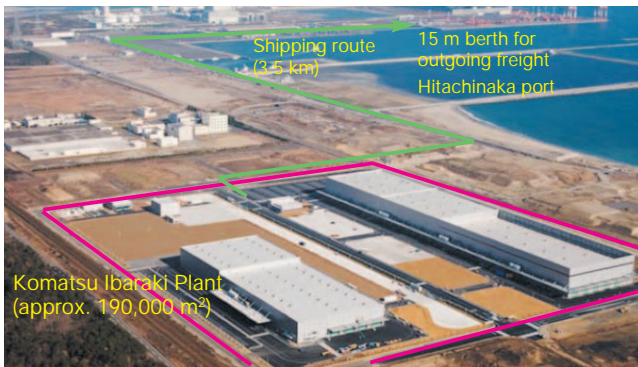
Moreover, the new plant is a model environment-friendly plant boasting eco-friendly features such as solar panels for energy conservation.



The completed Ibaraki Plant



The completed Kanazawa Plant



Hitachinaka port and the Ibaraki Plant

■ Kanazawa Plant

In January 2007, construction finished on the Kanazawa Plant, which was built on a site adjacent to the port of Kanazawa in Ishikawa Prefecture, Japan. The new plant, which manufactures large presses used to form automobile body parts, utilizes an integrated manufacturing method for sheet-metal working, cutting, and assembling presses' main components. Through processing improvements using this integrated manufacturing method and reductions in shipping distance using the adjacent port of Kanazawa, this plant has reduced CO₂ emissions by over 200 tons a year, lessening the plant's environmental impact.

Ongoing Activities to Improve Logistics

■ Improvements in the Transport of Products

The Osaka Plant, which manufactures large construction equipment, has been using a domestic ferry for shipping over long distances. In FY2006, the plant undertook a modal shift by switching from trailers to domestic ferries for shipping large construction equipment over medium distances.

Moreover, the Oyama Plant, which manufactures components for engines and hydraulic equipment, has been using rail-based transport for shipping components to automobile body plants a long distance away. In FY2006 the plant expanded this system to products sold to outside businesses, furthering its CO₂ emissions reductions. The Awazu Plant, manufacturing transmission components, has also been advancing the shift from truck-based to rail-based methods for shipping components to factories a long distance away.

These ongoing improvements have resulted in a reduction of 1,200 tons of CO₂ emissions each year.

Support for Environmental Activities by Sales Agencies and Rental Companies

Komatsu is pursuing corporate social responsibility (CSR)-related activities that are guided by an emphasis on safety and the environment in the sales and service divisions as well.

■ Distribution of the Komatsu Group's "Environmental Guidelines"

As one example of these activities, in April 2005, Komatsu distributed to the 33 sales agencies and 25 Group rental companies in Japan at the time "Environmental Guidelines: A Manual for Komatsu Sales Agencies and Rental Companies." Using a Plan-Do-Check-Action (PDCA) approach in implementing the Environmental Guidelines, Komatsu encourages these agencies and companies to improve their environmental activities.

■ Promoting Active Efforts at Sales Agencies and Rental Companies

In order to steadily expand PDCA activities into its sales agencies and rental companies, Komatsu distributed "Environmental Guidelines: A Manual for Komatsu Sales Agencies and Rental Companies" to them in FY2005. In FY2006 the company visited 13 agencies and companies to hold sessions explaining the contents of the Environmental Guidelines and conducted checks on the environmental aspects of

their sites, conditions, and equipment to give guidance directly on site and propose remedial actions when necessary. In addition, Komatsu provides support for them in safety and the environment, such as through safety promotion activities when industrial accidents occur at these agencies and companies and the distribution of a Safety and Environment Newsletter. As a result, an awareness of the environment has thoroughly permeated them and improvement in problematic areas has been seen.

As a next step, Komatsu will be preparing support for the sales agencies and rental companies already at a high level of environment-friendliness to enable them to advance to the next step, introducing an environmental management system.



On-site guidance during an environmental study session