June 18, 2020

Company name: Komatsu Ltd.
Name of Representative: Hiroyuki Ogawa, President and CEO
(Code: First Section of TSE 6301)
Contact: General Manager of Corporate Communications
Akitoshi Watanabe (Telephone: +81-3-5561-2616)

Komatsu to Issue a "Green Bond" for the First Time

Komatsu Ltd. (hereafter "Komatsu") has announced 'Komatsu to Issue a "Green Bond" for the First Time: Accelerating environmental responses to achieve sustainable society' as attached.

End

For Immediate Release

Komatsu Ltd.
Date: June 18, 2020
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Komatsu to Issue a "Green Bond" for the First Time: Accelerating environmental responses to achieve sustainable society

Komatsu Ltd. (hereafter "Komatsu") (President and CEO: Hiroyuki Ogawa) is going to issue a "green bond", an unsecured straight bond, through a public offering on the Japanese market. Green bonds are designed to raise funds for exclusive use in business which works to help solve environmental problems. This is Komatsu's first "green bond" issuance.

Komatsu plans to use the proceeds from this green bond to research and develop, provide and disseminate its products, such as hybrid hydraulic excavators and electric construction equipment, which contribute to reducing CO2 emissions while in use. Additionally, its services which support fuel-economy machine operations by using KOMTRAX, for example, and its solutions, such as SMARTCONSTRUCTION centering on ICT-intensive models. Komatsu also plans to use them mainly in facilities and equipment which help reduce CO2 emissions in manufacturing and increase the ratio of renewable energy use.

Under the three-year mid-term management plan, "DANTOTSU Value - *FORWARD* Together for Sustainable Growth" to be completed in the fiscal year ending March 31, 2022, Komatsu is making efforts for sustainable growth through a positive cycle of improving earnings and solving ESG issues. In this management plan, Komatsu upholds ESG management targets of reducing CO2 emissions to 50% and increasing the ratio of using renewable energy to 50% of total energy use, both by 2030 from 2010. To this end, Komatsu supplies high-quality, high-performance products, services, and solutions, that are designed to reduce environmental impacts, particularly in relation to climate change, and enhance safety. With the proceeds from the green bond, Komatsu is going to further accelerate its efforts to help realize a decarbonized society.

While continuing its commitment to Quality and Reliability and working to maximize its corporate value, Komatsu is working to achieve safe, highly productive, smart and clean workplaces of the future and promote sustainable growth through a positive cycle of improving earnings and solving ESG issues, which is driven by growth strategies.

Corporate Communications Dept., Komatsu Ltd.
2-3-6 Akasaka, Minato-ku, Tokyo 107-8414, Japan TEL:+81-(0)3-5561-2616 URL:https://home komatsu/en/
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Outline of the green bond

Issuer	Komatsu Ltd.
Maturity	5 years (planned)
Issue amount	JPY10.0 billion (planned)
Issuance	July 2020 (planned)
Uses of proceeds	Applicable to the following projects: Project A: Responses to environmental problems resulting from the use of products. Efforts designed to help reduce CO2 emissions from products in use to 50% by 2030 from 2010 (Specifically, R&D, the provision and wide use of products, services and solutions). 1) Products: hybrid hydraulic excavators, (applicable for low carbon-type construction equipment certification by Japan's Ministry of Land, Infrastructure, Transport and Tourism) and electric construction equipment. 2) Service: Support for fuel-economy machine operation by using IoT. 3) Solutions: Reduction of CO2 emissions by promoting wide use of ICT-intensive construction equipment and providing applications which support optimization of construction as a whole. Project B: Responses to environmental problems resulting from manufacturing. Efforts designed to help reduce CO2 emissions in manufacturing to 50% and increase the ratio of using renewal energy to 50% of total energy use, both by 2030 from 2010 (capital investment in facilities and equipment, etc.). 1) Energy-savings of factories and equipment in plants. 2) Power generation by using solar panels and biomass as well as purchase of renewable energies.
Assessment of eligibility against green bonds (External review)	Komatsu has obtained a second-party opinion*1 from DNV GL BUSINESS ASSURANCE JAPAN K.K., concerning eligibility against both 2018 Green Bond Principles and Green Bond Guidelines, 2020.
Lead manager	Nomura Securities Co., Ltd.
Green bond structuring agent*2	Nomura Securities Co., Ltd.

Komatsu will disclose other details after finalizing the arrangement.

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Obtainment of second-party opinion concerning eligibility against green bond *1

For the issuance of its green bond, Komatsu has formulated a Komatsu Green Bond Framework which specifies Komatsu's policy concerning the four core components (1. Use of proceeds, 2. Process of project evaluation and selection, 3. Management of proceeds, and 4. Reporting), which are defined in the 2018 Green Bond Principles of the International Capital Market Association (ICMA) and Green Bond Guidelines 2020 of Japan's Ministry of the Environment.

With respect to eligibility against the 2018 Green Bond Principles and the Green Bond Guidelines, 2020, Komatsu has obtained a second-party opinion from DNV GL BUSINESS ASSURANCE JAPAN K.K. (hereafter "DNV GL"), an internationally recognized third-party organization with expertise in this field.

The cost of obtaining an independent assessment related to the green bond is subsidized by Japan's Ministry of the Environment in its 2020 assistance project to promote the issuance of green bonds.

*2 This organization supports the issuance of green bonds by giving advice regarding the formulation of green bond frameworks and on obtaining second-party opinions.

(end)

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