

Statement from Komatsu

We as Komatsu - in line with our [Komatsu Human Rights Policy](#) - share the concerns on human rights violations linked to business operations. We have recognized the importance of the UNGPs and the OECD Guidelines in shaping a business approach to responsible sales and have been working accordingly. The text may give the reader the impression that Komatsu has done nothing so far, so we would like to inform you again what we have developed and delivered from a human rights perspective in Myanmar as we have replied on April 27, 2021. The following is an excerpt from that original e-mail:

Komatsu is concerned about the developments in Myanmar since declaration of the state of emergency of February 1.

We have conducted sales of equipment and parts to the Myanmar market through our distributor for over 10 years, and we believe that Komatsu has contributed to the development of Myanmar's social infrastructure as well as the maintenance and improvement of its economy and employment.

Since February, due to the impact of demonstrations and civil disobedience movements, sales of both equipment and parts have almost come to a halt. The representative of our Yangon office has already returned to Japan temporarily, and the rest of our national staff is working from home to ensure their safety.

<Formulation of human rights policy>

In September 2019, we established our Human Rights Policy and declared that we endeavor to conduct our business respecting human rights in compliance with the United Nations Guiding Principles on Business and Human Rights, and to apply respect for human rights in accordance with international standards throughout our global organization.

URL link: https://home.komatsu/en/ir/library/annual/pdf/annual_06b.pdf

The human rights policy has been incorporated into Komatsu's Worldwide Code of Business Conduct (Eleventh edition published 2021) and is thoroughly communicated to all Komatsu Group employees worldwide.

<Implementation of human rights due diligence>

Through human rights due diligence (evaluation/assessment) in our business operations, we have been working to identify priority issues and to clarify our policy for countermeasures towards these issues. We will also formulate a roadmap to implement concrete measures.

We are aware that there are potential risks from a human rights perspective in Myanmar. Since 2019, we have conducted due diligence in the region with the support of external experts to identify the issues and discuss how we approach those issues. As a result, we made a decision in 2019 to terminate sales of mining equipment to the jade mining market in Myanmar.

<Implementation of a screening process>

In our worldwide operations, we have established a screening system to check and regulate transactions with partners specified in sanction lists and other documents. We are also working to comply with international laws and regulations (such as embargoes) for Myanmar. We will be working on a widening of this scope into responsible sales approaches and policies. This is currently under study.

<Deployment of human rights to employees and distributors>

To inculcate our human rights policies within our employees and to raise awareness of preventive and mitigation measures against negative impacts, we have launched an e-learning program in July 2020, and starting with employees in Japan and the United States, we will expand this to our employees worldwide.

We do not have ownership in many of our distributors that sell and service our products worldwide, but we added the clause in our distributorship agreements in which our partners will "respect human rights in the business". We are also requesting with our partners to formulate their own human policies and conduct fact finding and self risk assessments in line with actual business conditions of each region.

<Future activities>

As a further response, we are working to identify the regions and businesses that pose the most significant challenges through a systematic global human rights risk assessment. Based on these results, we will consider integrating the high priority issues into our human rights policy. In addition, we believe that an approach to regional and economic development in those areas will also contribute to remediation. Through human resource development utilizing our core skills, we continue to focus on education at training centers around the world, and support regional vocational training schools through our social contribution programs in ways such as providing curriculums and training tools. This will also support the safe deployment of the machines and reduces further the risks for accidents and misuse.

Recognizing the importance of maintaining transparency in our process to address challenges, we will make further efforts for information disclosure and engaging with our stakeholders.

Finally, we will further collaborate with our distributor in Myanmar, and external experts to take effective measures to strengthen the respect human rights in our business operations. We consider this as one of our top priority issues and is part of our efforts to contribute towards a future where people, society, and the earth can prosper together.

We would also like to explain what has been further developed in recent years based on the above approaches. We have engaged since with an external specialist organization, who developed with and for us a process and methodology to further improve our approach to human rights due diligence of our downstream business which includes:

- Development of a "Human Rights Approach for Sales & Downstream Business Operations" in line with Komatsu's Human Rights Policy;

- A systematic global human rights risk assessment of our downstream business (sales of equipment and spare parts) in construction, mining, and forestry equipment business;
- A practical human rights e-learning program for expatriates deployed around the world; and
- An on-site survey (human rights impact assessment) in downstream business including engagement and dialogue with the customers and stakeholders. A pilot project in South African mining operations was successfully delivered in Fall 2022 and based on the analysis of this pilot, further actions along above outline will be implemented.

In addition, we would also like to provide information on initiatives other than downstream operations for your reference. We have established and are implementing a process to identify human rights risks and issues and to correct and mitigate them by conducting constant risk assessments. As part of this process, we conducted human rights risk assessments for Komatsu Group companies and major suppliers in 2022, and we are currently analyzing the results of these assessments.