



# Komatsu's Worldwide Code of Business Conduct

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**11th Edition**



## Message From CEO

The cornerstone of Komatsu's management philosophy is to commit ourselves to quality and reliability to maximize corporate value. We at Komatsu believe our "Corporate Value" is the total sum of trust given to us by society and all stakeholders.

While Komatsu is expected to achieve its own sound and sustainable growth as a global corporation, a growing number of stakeholders also expect Komatsu to give due consideration to the environmental and social impacts of its business activities, products and services, and to make positive contributions to the sustainable development of society. Komatsu believes that meeting these expectations is our social responsibility as a good corporate citizen, while we seek to find solutions for ESG (Environmental, Social and Governance) issues through our core business activities. In addition, a positive cycle of solving ESG issues and improving our earnings is expected to facilitate sustainable growth for Komatsu. Part 1 of "Komatsu's Worldwide Code of Business Conduct" (the "Code") provides principles and standards for responsible business conduct that Komatsu follows to fulfill its social responsibilities.

For Komatsu to continue to earn the trust of society, each and every employee of Komatsu is required to act in good faith, ethically and in compliance with laws, regulations and other rules generally recognized and respected by society (the "Rules"). Accompanied by examples, Part 2 of the Code contains select universally applicable rules which set the code of conduct that must be followed by all employees of Komatsu, including myself.

As mentioned earlier, the Code does not cover all the Rules to be observed. Details or particular applications of the Rules may also vary depending on the country or region. When dealing with specific problems, each and every employee, including the management of each division and company, must work together to resolve the problems, following the principles and standards set forth in the Code and in line with the rules of the actual workplace (Gemba), the real thing (Gembutsu), and the real situation (Genjitsu).

All employees of Komatsu are also expected to make decisions in accordance with the priority order of "Safety (and Health), Law (Compliance), Quality, Delivery, and Cost", and to give the highest priority to Safety, Health and Compliance over all other principles. In addition, the "Five Principles of Compliance" demonstrate basic actions in order to comply with the Rules, and in particular, strictly prohibit covering up or disregarding any wrongdoings or mistakes in violation of the Rules.

All employees of Komatsu should understand the meaning and purpose of social responsibility and compliance described above, act in accordance with Komatsu's Worldwide Code of Business Conduct, and strive to grow further as a company with increasing societal trust.

April 1, 2021








Hiroyuki Ogawa  
President and CEO, Komatsu Ltd.

# Five Principles of Compliance

“Five Principles of Compliance” (the “Five Principles”) represent the basic actions of compliance that all Komatsu employees must observe. Komatsu employees must always keep the Five Principles in mind and perform their respective daily jobs accordingly.

## Five Principles of Compliance

- |                        |   |  |
|------------------------|---|--|
| <b>Trust</b>           |  | 1. To fulfill the trust of society, we must always follow the “Rules.”   |
| <b>Check</b>           |  | 2. Check or ask if you are uncertain about the “Rules.”<br>Lack of awareness of the “Rules” is not an excuse for not following them.   |
| <b>Report</b>          |  | 3. Never cover up or disregard any wrongdoings or mistakes that violate the “Rules.”<br>Report any issue immediately to the appropriate person(s) or department(s).  |
| <b>Correct</b>         |  | 4. Promptly correct any wrongdoings or mistakes and take effective measures to prevent recurrence.   |
| <b>Non-retaliation</b> |  | 5. Never obstruct anyone from reporting or using the compliance hotline (whistleblowing); never retaliate against the reporter/whistleblower for reporting a concern in good faith.<br><i>(Komatsu is committed to ensuring that no unfavorable action will be taken by any Komatsu Group entity against any person for providing such reporting or whistleblowing.)</i> |

Every Komatsu employee must follow the above principles and the priorities of SLQDC (Safety, Law, Quality, Delivery, Cost) to earn and maintain trust with each other and society. We should also visit the actual workplace (Gemba), examine the real thing (Gembutsu), and understand the real situation (Genjitsu) to find solutions, and anticipate issues and proactively address compliance and ethics concerns.

Following are explanations of each of the Five Principles:

**1. To fulfill the trust of society, we must always follow the “Rules.”**

The company and its employees are expected to act faithfully and ethically in compliance with the law and the rules generally recognized and respected in society. Failure to comply with the Rules (\*) will result in a loss of the trust of society. Instructions from superiors or requests from customers do not constitute any kind of excuse for a violation of the Rules.

(\*) “Komatsu’s Code of Conduct” defines the laws, regulations, standards, and social norms that companies and their employees are expected to comply with as “rules of the business community” or “the Rules.”

**2. Check or ask if you are uncertain about the “Rules.” Lack of awareness of the “Rules” is not an excuse for not following them.**

There are many Rules that companies and employees must observe. Lack of awareness of the Rules is not an excuse for not following them. To not know the Rules is unacceptable. Accordingly, each employee must strive to be familiar with the Rules related to his/ her work, including any updates.

Especially with laws, regulations, and standards which may have serious adverse impacts if violated, it is imperative to check with internal and/or external experts to properly understand the contents (including any updates) so that such Rules are duly observed.

**3. Never cover up or disregard any wrongdoings or mistakes that violate the “Rules.” Report any issue immediately to the appropriate person(s) or department(s).**

In many corporate scandals that attract public criticism and are of social concern, it is the “covering up or disregarding” an issue or the lack of corporate governance that is considered problematic, which results in further damage to the reputation of the corporation.

It does require courage to report bad news such as wrongdoings or mistakes. However, the dishonest practice of covering up or disregarding these issues will not fix the problem, which will be discovered sooner or later. Never cover up or disregard any wrongdoings or mistakes.

**4. Promptly correct any wrongdoings or mistakes and take effective measures to prevent recurrence.**

When wrongdoings or mistakes are found, it is important to correct them promptly, prevent further violations and mitigate adverse impacts. Measures to prevent a recurrence must not be ad hoc; rather, you should go back to the source of the problem and introduce effective and permanent measures that address the root cause.

For example, if you find a fire in a company warehouse, you should immediately notify the fire department. You would first focus on putting out the fire. Then, once the fire is extinguished, identify the cause of the fire by conducting thorough on-site investigations and eliminate all possible root causes to prevent recurrence.

If you simply post a “Beware of Fire” sign on the wall of the warehouse and another fire of similar nature were to break out under such circumstances, it would result in more severe condemnation by society and the company will lose the trust of society.

## **5. Never obstruct anyone from reporting or using the Compliance Hotline (whistleblowing); never retaliate against the reporter/ whistleblower for reporting a concern in good faith.**

In order for a company to earn and maintain the trust of society, the company must promptly identify and remedy any deficiencies it may have. In addition to a supervisor reporting system and auditing system, a whistleblowing system constitutes part of such “self-purification function”.

To ensure that the above systems work in an effective manner, you should never prevent any person who would bring useful information to the company from reporting to the Compliance Hotline. The corporate self-purification function will never be firmly established when people believe “honesty does not pay.” You should likewise refrain from seeking out the identity of the whistleblower because that would put undue pressure on potential whistleblowers.

Komatsu has made a clear commitment that it will never take any unfavorable action against any person because of his/her whistleblowing.

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## Definitions

Code	This "Komatsu's Worldwide Code of Business Conduct"
Family	Members of family such as spouse, partner, parent, child, sibling, grandparent, grandchild and other close relatives
Komatsu, we, our, or us	Komatsu Ltd. and its direct and indirect group companies
Komatsu employees, you or your	All who work for Komatsu, from top management to each and every employee, including contract employee, temporary employee, and others
Law Department	Law or Legal Department in charge of handling legal matters generally or other applicable departments in charge of matters related to specific legal areas (labor laws, environmental laws, etc.)
Rules	Laws and regulations applicable to Komatsu's business activities, and those rules that are generally recognized and respected in society

# Part I Guidelines for Business Conduct

Part I "Guidelines for Business Conduct" sets forth guidelines for responsible business conduct, with keen awareness of the economic, social and environmental impact Komatsu may have in promoting sustainable society through its business activities, products and services. All organizations and employees of Komatsu are required to conduct their business activities in accordance with these guidelines.

## 1. Stakeholder Relations

When we talk about "stakeholders", we refer collectively to all parties that are affected by our business activities. Stakeholders include customers, shareholders, investors, distributors, business partners in the supply chain ("Supply Partners" or "Kyoryoku Kigyo"), local communities and employees. Since Komatsu and its stakeholders are working together as mutually indispensable partners to pursue sustainable growth of Komatsu and to resolve social issues through business activities, together, we shall endeavor to establish and maintain long-lasting and healthy relationships of mutual trust.

### (1) Customers

Customers are the most important stakeholders for Komatsu. We shall always consider customers' issues from their point of view, provide our customers with relevant information according to their needs, seriously listen to their input, and provide them with suitable solutions by striving to deliver products, services and systems that are designed with safety in mind, environmentally-conscious, innovative and of superior quality.

### (2) Shareholders and Investors

Rather than pursuing short-term profits, Komatsu will meet the expectations of its shareholders and investors by aiming for continuous growth through stable management, and fulfilling its corporate social responsibility.

### (3) Distributors and Supply Partners (Kyoryoku Kigyo)

Distributors and Supply Partners (Kyoryoku Kigyo) are important business partners of Komatsu. We seek long-lasting stable relationships based on transparency, fairness, and mutual trust.

Distributors providing Komatsu products and services to customers are required to conduct business responsibly in accordance with this Code so as not to undermine trust in the Komatsu brand.

Komatsu encourages our Supply Partners to promote responsible procurement activities throughout the supply chain in line with Komatsu CSR Procurement Guidelines based on this Code.

We shall appoint our distributors and Supply Partners on the basis of financial soundness and other objective business criteria, as well as from the viewpoint of compliance with the Rules.

#### (4) Local Communities

Komatsu shall maintain close communication with our local communities and actively seek harmonious balance of interests, with a view to becoming a valued corporate citizen.

To attain this goal, we will contribute to society through our core business operations, and in addition, will actively and continuously engage in various global corporate social responsibility (CSR) activities.

The following are the aims and basic principles that apply to our activities for social contribution:

Aims:	To clarify the responsibilities of Komatsu and our employees as members of the local community and guide their activities for social contribution accordingly.
Principles:	Activities for social contribution should: <ul style="list-style-type: none"> <li>• have continuity;</li> <li>• contribute to the advancement of public welfare;</li> <li>• be chosen voluntarily (not forced);</li> <li>• be appropriate for the employee base; and</li> <li>• not be designed to advertise our products or services.</li> </ul>

We acknowledge that it is each employee's decision to participate in volunteer activities, and value and support such participation by introducing various systems and programs.

## 2. Business Operations with Integrity and Fairness

### (1) Fair and Free Competition

Komatsu recognizes the importance of fair and free competition in the market and shall comply with laws and regulations concerning antitrust, fair competition, and fair trade. In particular, a system shall be put in place to ensure strict compliance with the following matters:

- a. Do not engage in collusive bidding, or production, price fixing, or market manipulation, etc. or other acts that restrict free competition.
- b. Do not obtain or use trade secrets of third parties illegitimately.
- c. Do not infringe on intellectual property rights of third parties or use intellectual property of others without permission.
- d. Treat business partners in procurement, sales, distribution, and other value chains fairly and conduct business in good faith. Do not use our advantages to force unfair deals or impose restrictions or give directions as to prices in violation of laws and regulations of each country or region.
- e. Do not improperly represent the quality, performance, specifications, etc. of products and services to avoid misrepresentation.

## **(2) Anti-Bribery: Relationship with Governmental Agencies and Officials**

Komatsu shall observe all relevant international codes, laws and regulations of each country related to anti-bribery, and maintain sound and transparent relationships with government agencies and officials of each country. Komatsu shall also require its business partners, distributors, agents, and other intermediaries to act accordingly.

## **(3) Proper Export Control**

Komatsu shall implement export controls for maintenance of international peace and security. As such, Komatsu shall observe all applicable export control laws and regulations as well as relevant Komatsu policy and internal rules to ensure that, in relation to any transaction, the products or technology of our respective companies will not end up being used for the development, manufacture, use, and/or storage of weapons of mass destruction and conventional arms, support of terrorism or other activities of threat to world peace.

## **(4) Firm Approach Against Anti-Social Groups**

Komatsu will reject any relationships with groups or individuals pursuing economic interests by means of violence, intimidation, or deceptive methods, or any other organized crime groups, and take a resolute stand against any and all demands from them.

In addition, Komatsu shall comply with all applicable laws and regulations relating to money laundering and shall not be involved in any way.

## **(5) Protection and Management of Information**

Properly manage information provided by outside individuals, business partners as well as our internal and proprietary company information by preventing unauthorized disclosure, falsification, loss, or destruction and by implementing measures to prevent system failures.

### **a. Cyber Security**

Take appropriate measures against cyber attacks, hacking, and other cyber risks.

### **b. Personal Information**

Acquire, manage, use, provide, and dispose of personal information appropriately in accordance with applicable laws and regulations.

### **c. Data Falsification**

Do not falsify data on safety, performance, quality, test results or any other information, or file false reports.

## **(6) Customary Practices**

Komatsu recognizes that customary practices in business may vary from one country or region to another. Although we respect such customary practices in the country or region in which we operate, we shall give priority to fairness and compliance with the Rules and refrain from following the custom whenever we believe there is conflict. If there is conflict between customary practices

and applicable laws and regulations, we must always follow the applicable laws and regulations.

### 3. Respect for Human Rights

Komatsu shall support and respect the protection of internationally proclaimed human rights and make sure that we are not complicit in human rights abuses in order to address ESG issues.

Komatsu has established its Human Rights Policy thereby declaring its commitment to promoting respect for human rights in line with internationally accepted standards. Under this policy, we will thoroughly promote activities that respect human rights.

#### Human Rights Policy

##### (1) Respect for Human Rights

The Komatsu Way describes the values that all officers and employees in the Komatsu Group, including those at top management level, should inherit in a lasting way. To implement the Komatsu Way, it is necessary that we act responsibly in accordance with the expectations of society. Komatsu believes that it is essential to ensure that respect for human rights is firmly embedded within our company and therefore applies the human rights policy to Komatsu's worldwide operations to conduct its business. This policy is formulated based on international human rights principles encompassed by the Universal Declaration of Human Rights. In addition to promoting business activities in line with this philosophy, Komatsu promotes activities that respect human rights such as the prevention of child labor and forced labor and the elimination of excessive working hours, the prevention of discrimination and harassment, the right to freedom of association, the right to collective bargaining, minimum wage, health & safety, etc., in accordance with the "United Nations (UN) Guiding Principles on Business and Human Rights" and the "ILO Core Labour Standards". Komatsu Group will comply with the laws and regulations of all countries where it conducts its business activities. Where established international human rights norm exists as well as national laws, we will follow the higher standard; where they are in conflict and will seek ways to respect internationally recognized human rights to the greatest extent possible.

##### (2) Stakeholder Engagement

When we talk about "stakeholders", we refer collectively to all parties that are affected by our business activities. Stakeholders include customers, shareholders, investors, distributors, suppliers, local communities and employees. We will consult with independent external knowledge on human rights issues and respect dialogue and discussions with internal and external stakeholders to understand human rights related issues. We will regularly and publicly communicate our activities on human rights based on this policy through our reports and/or Group website.

### **(3) Local Communities**

Companies cannot continue to exist without maintaining good harmony with the local community. Komatsu wishes to be the most transparent company which actively seeks harmonious balance of interests with the local communities through close communication and contributes to the local communities as a valued corporate citizen.

### **(4) Human Rights Issues (Assessment and Due Diligence)**

In our effort to apply the major principles for protecting human rights, we conduct human rights risk assessments for our existing and new construction/mining equipment and forestry machinery businesses worldwide with the help of external experts. In addition to risk assessments, we will conduct CSR procurement assessments for suppliers and promote CSR procurement through improvement activities based on the results of the assessments.

### **(5) Guidance for Employees, Distributors and Suppliers**

In order to ensure the effectiveness of this policy, we will conduct appropriate training and activities to raise awareness in employees throughout the Group. We will also expect and encourage our distributors and suppliers to comply with this policy in their own operations.

### **(6) Remedy**

We have established and maintained a Global Compliance Hotline at our headquarters to take reports relating to non-compliance, including regarding human rights issues and make this Hotline number known to all Komatsu Group employees. Any employee who believes a conflict arises between this policy and the laws, customs or practices of the place where he or she works, or who has questions about this policy or would like to confidentially report a potential violation of this policy, should raise those questions and concerns with the Hotline anonymously. In addition to the Hotline for Komatsu Group employees, anyone other than Komatsu Group employees who become aware of any circumstance or action that violates or appears to violate this policy or applicable law with respect to human rights, can file a report anonymously. They can contact us at <https://home.komatsu/en/inquiry/> or call at +81-3-5561-4711.

## **4. Employment**

Employees are the driving force of our business operations and indispensable assets to Komatsu.

We shall maintain close communication with employees and endeavor to provide a safe, healthy and comfortable working environment. We shall provide employees with appropriate education and training so that they can proactively enhance their respective skills and abilities. We shall also endeavor to provide them with development opportunities to fully utilize their respective abilities, enhance their careers and feel satisfaction and pride in being Komatsu employees.

## (1) Human Resources Management Policy

Human resources management differs based on historical and cultural backgrounds. We should respect and take these differences into consideration.

Komatsu companies shall establish systems of human resources management that are suitable for their respective regions and in accordance with the following basic principles:

### Global Personnel Policy

- a. We shall respect each employee's human rights, personality, individuality and legally-protected privacy;
- b. We shall respect diversity and treat and appraise each and every employee in a fair and impartial manner. We shall not discriminate against any employee on the basis of race, ethnicity, color, sex, sexual orientation, gender identity, age, religion, national ancestry, disability, marital status or other legally protected status. We shall vigorously promote equal opportunities for employment;
- c. We shall give due consideration to work-life balance and physical/mental health, and endeavor to provide the employees with workplaces where they can effectively accomplish their tasks with satisfaction and pride;
- d. We will not tolerate inappropriate behavior and speech which prevents employees from working effectively and comfortably. In particular, all Komatsu employees must not do any type of harassment including harassment of subordinate personnel, sexual harassment, or harassment related to pregnancy, childbirth, parenting, or nursing care, in and outside of workplace;
- e. In designing and implementing Komatsu policies on employment conditions (such as wages, fringe benefits, performance appraisal, promotions), we shall assure that such policies are, and are understood to be, fairly and clearly implemented. Such policies shall be accurately communicated to employees and, to the extent practicable, made open and accessible;
- f. We shall comply with all applicable laws and regulations governing employees' rights and faithfully accommodate, whenever applicable, conversations or discussions with employees or their representatives;
- g. We shall not tolerate child labor or forced labor; and
- h. We shall offer terms and conditions of employment that are sufficiently competitive in their respective regions.

"Any action violating human rights (harassment of subordinate personnel, sexual harassment or other harassment related to pregnancy, childbirth, parenting or nursing care)" is specified as grounds for disciplinary action.

Komatsu shall duly observe the basic principles above and, upon discovery of a situation or action in deviation from the above, shall immediately conduct a proper investigation and implement remedial measures as necessary.

## (2) Occupational Safety and Health Policy

Management and employees of Komatsu companies will collaboratively promote safety and health management activities to realize a safe and secure work environment in accordance with the following policies.

### Occupational Safety and Health Policies

- a. Observe the laws and regulations concerning occupational safety and health as well as internal rules, key items common to the Komatsu Group about occupational safety and health, and particularly items agreed as a result of labor-management consultations in each workplace.
- b. Set up targets for activities based on occupational safety and health policies, review their progress, and endeavor to continuously improve and enhance occupational safety and health activities.
- c. Carry out occupational safety and health activities in management-and-labor partnership on a full participation basis and keep good communication with stakeholders with regard to occupational safety and health.
- d. Identify and evaluate the risk for occupational safety and health of a workplace and take appropriate actions accordingly.
- e. Actively promote employees' healthcare management and support the maintenance and promotion of employees' health.
- f. Actively promote education, training and qualification acquisition necessary for employees' occupational safety and health activities, and endeavor to develop human resources for safely carrying out their responsibilities in the workplace.
- g. Subject to appropriate protection of personal information, publicly offer the knowledge and information about occupational safety and health activities obtained through the business activities in order to secure safety and health in society.

Komatsu shall pay due attention to threats that might be posed by terrorism, conflicts, riots, natural disasters, pandemics of serious infectious disease and other events beyond our control. Komatsu shall continuously endeavor to enhance security measures to minimize human losses even if such uncontrollable events occur.

## 5. Environmental Protection

Komatsu products, while contributing to the achievement of more prosperous and convenient living standards, also put burdens on the environment through their production, use and disposal. In this regard, we shall endeavor to reduce or counterbalance such burdens on the environment.

Under the "Earth Environment Charter", Komatsu regards environmental protection as a high priority and proactively takes relevant measures.



## Komatsu Earth Environment Charter

### *Corporate Principles*

#### **(1) Contributions to Realization of Sustainable Society**

Mankind must not only promote the further growth of a rich and comfortable society but also pass down this indispensable environment of our planet earth to future generations in a sound and healthy condition.

We, at the Komatsu Group, define environmental conservation efforts as one of the highest priority management tasks, and endeavor to contribute to the sustainable growth of society by integrating advanced technologies into environmental conservation efforts in all our business activities.

This is represented by our hybrid construction equipment which features a substantial reduction of CO<sub>2</sub> emissions while in operation and by our superior manufacturing.

#### **(2) Simultaneous Realization of Environmental and Economic Performance**

We are committed to improving both environmental performance and economic efficiency, as a group of companies working toward superior manufacturing for customer satisfaction. To this end, we constantly take up the challenge of advancing technologies to develop creative products that improve both environmental performance throughout the product's life cycle and the product's economic performance at the same time.

#### **(3) Observance of Corporate Social Responsibility**

Each company of the Komatsu Group promotes environmental conservation by not only complying with the applicable laws and regulations of the concerned host community, region and country but also by establishing its voluntary standards which consider global and local environmental concerns. Each company of the Group also strives to fulfill its corporate social responsibility by actively participating in local environmental conservation programs and thereby promoting close-knit communication with local communities, while striving to become a company trusted by all Komatsu stakeholders.

### *Guidelines for Corporate Activity*

#### **(1) Basic Stances on Earth Environmental Problems**

We, at the Komatsu Group, work for sustainable society and earth environment through our global business operations by addressing the following four environmental problems with the stances discussed below.

##### **1) Climate Change**

We will reduce the use of energy and emissions of greenhouse gas in all phases of our business activities ranging from research and development, procurement, production and logistics to sales and service as well as in the total life cycle of our products and services.

## **2) Establishment of a Sound Material-Cycle Society**

Through our business processes, we work to minimize the use of natural resources, such as materials and water, promote their re-use or recycle them as much as possible, and expand Zero Emissions from our manufacturing activities around the world. At the same time we ensure the thorough management of waste materials in all our business domains, including our suppliers and distributors.

We also continuously work to increase the recyclability rate of products at the time of disposal.

## **3) Conservation of Air, Water and Other Environments as well as Management of Chemical Substances**

We comply with not only local laws and regulations but also with our established standards concerning the conservation of water quality, prevention of air pollution, noise and vibrations.

As much as possible, we also ensure the thorough management of chemical substances for use in our business activities, while continuously reducing the use of potentially harmful chemical substances or replacing them with alternative substances for discontinuation of their use.

## **4) Biodiversity**

We recognize biodiversity as one of the important issues concerning the earth environment, evaluate, understand and analyze impact on it in all our business domains, and work on our tasks according to the criteria of the highest impact and/or the most effective actions.

## **(2) Framework of Global, Group-wide Environmental Management System**

The Komatsu Head Office, as well as the manufacturing facilities and main companies of the Komatsu Group, already with ISO certifications, will work to maintain and improve their environmental management system, while other manufacturing facilities and suppliers will also work to establish their environmental management systems and reduce their environmental impact.

The Komatsu Environmental Committee develops environmental action plans and common guidelines for the Komatsu Group. Based on these Group-wide plans and guidelines, each division or company sets up its own mid- to long-term targets, develops and implements specific action plans, reviews them regularly and works to continuously improve them.

## **(3) Environmental Education and Communication**

We believe that it is important to enhance the environmental awareness of each and every employee and thereby actively promote environmental awareness and education programs for all employees.

We will gather environment-related information concerning not only our manufacturing facilities but also other related entities, such as major affiliated companies and suppliers, and strive to disclose such information, thereby facilitating proactive communication with all our stakeholders, such as customers, employees, local communities and suppliers and further expanding the content of environmental communication.

Komatsu shall promote activities for environmental protection throughout its operations in accordance with the above Charter and policies.

## **6. Disclosure of Information**

### **(1) Disclosure of Information**

Komatsu shall disclose appropriate information on Komatsu's business operations to our shareholders, investors and other stakeholders to the extent permissible under the relevant laws, regulations and contracts with third parties, and subject to appropriate protection of trade secrets and other confidential information. We will respond to inquiries from our stakeholders in a timely and impartial fashion taking into consideration the principle of impartiality. We will also proactively disclose relevant business information to employees when appropriate, no matter where they are geographically located.

At the same time, to prevent damage to Komatsu's reputation through inappropriate disclosure or by employee misuse of social media, Komatsu shall establish and circulate relevant written policies regarding public communications and the proper use of social media.

### **(2) Appropriate Financial Reporting**

Komatsu companies shall establish and maintain effective internal control systems to ensure the reliability of their respective financial reports. Komatsu companies shall also ensure that their books and records are properly kept, and their reports are timely made from the financial, accounting and tax points of view, in full compliance with all applicable laws, regulations, accepted accounting principles and internal rules. Tax payment obligations must be properly fulfilled in each country and region in accordance with tax-related laws and regulations.

The Representative and the CFO or their equivalents of each Komatsu company must certify annually to the president and the CFO of Komatsu Ltd. that the financial reports of their respective Komatsu company are appropriate in light of applicable laws, regulations and accounting principles. If any significant deficiency is found in their financial reports, they must report it to Komatsu Ltd.

### **(3) Prevention of Insider Trading**

Komatsu shall establish a system to ensure prevention of insider trading or any transactions that may cause suspicion of insider trading on the basis of any non-public information, whether concerning Komatsu, our customers, business partners or otherwise.

## 7. Internal Control Systems and Compliance Framework

### (1) Internal Control Systems

In order to ensure appropriate corporate governance, Komatsu shall establish and maintain, in accordance with corporate laws and other relevant laws and regulations, an intra-group control system including (i) improvement and maintenance of transparency, soundness and efficiency of management, (ii) group-wide compliance with the Rules, and (iii) appropriate risk management.

### (2) Compliance Framework

#### a. Compliance Committee

The Compliance Committee was established at the Komatsu Head Office to discuss and resolve compliance-related issues. The Chairman of the Compliance Committee shall be the president of Komatsu and the Compliance Department shall be established as the secretariat.

The Compliance Committee has the following roles:

- 1) Determination of fundamental Komatsu policies on compliance with the Rules;
- 2) Establishment and improvement of Komatsu's compliance structures;
- 3) Communication and dissemination of established Komatsu policies to each Komatsu company and its employees;
- 4) Supervision of Komatsu's compliance activities including Compliance Hotline; and
- 5) Handling of those specific matters in connection with violation of the Rules and implementation of preventive measures against those matters.

#### b. Compliance Officer

Komatsu Ltd. shall appoint one of its board members or executive officers to the position of Compliance Officer, and make it clear to all Komatsu employees and to the public that the Compliance Officer is responsible for Komatsu's compliance with the Rules.

#### c. Development of Compliance Hotline

Komatsu Ltd. shall establish and maintain a Compliance Hotline at its headquarters, and publicize this Hotline number to all Komatsu employees. This Hotline shall handle whistleblowing of alleged or suspected violation of the Rules, initiate investigations, and develop action plans for rectification, as necessary.

Komatsu guarantees that no employee of Komatsu shall be treated unfavorably because he/she consulted with, reported to, or in any other manner contacted the Compliance Hotline, unless it is proven that such consultation, reporting or other contact was made for purposes against the Rules.

**d. Company Level Actions**

Top management of Komatsu companies shall establish appropriate policies and structures to promote a culture of compliance within their respective organizations, including announcing specific responsibilities of those officers and managers in charge. Komatsu companies shall also keep in close contact with Komatsu Ltd. when designing and operating their compliance policies and structures so that all items described in this section are implemented in substance, and all relevant written rules are published internally and made known to employees.

In implementing the Compliance Hotline, Komatsu companies and Komatsu Ltd. shall collaborate to establish an effective network of contact-points that will enable all Komatsu employees throughout the world to use the Compliance Hotline in their native language. The Compliance Hotline will be staffed with experienced personnel and the written policy and process of claims handling shall be made available in advance.

Komatsu companies shall endeavor to establish regional supplemental Codes, incorporating Rules that are specific to their respective countries of operation or business models; provided that the establishment or revision of such derivative Codes shall not take effect until after the Compliance Department of Komatsu Ltd. has fully reviewed and approved their contents.

## Part II Rules to be Observed by Employees

This Part II contains the specific and concrete descriptions of actions that all Komatsu employees must do or must not do to comply with the Rules. As such, you should read this Part II thoroughly and perform your respective daily jobs accordingly.

### **1. Ethical and Proper Business Conduct**

All Komatsu employees are expected to observe the Rules and conduct business in a lawful, ethical, and proper manner.

Unethical or improper behavior jeopardizes employee morale and productivity, and opens the door to more serious problems, such as loss of business, erosion of the client base or market share, potential lawsuits, monetary penalties, and criminal sentences.

In particular, the following topics present ethical concerns:

#### **(1) Fraud (Behavior detrimental to company assets and value)**

*Example:* One of my co-workers occasionally extends his business trips in order to attend to personal matters, and I overheard him tell someone that he charges the company for the extra cost (such as additional hotel room nights, and additional flight cost). Is it a problem to charge the company the extra cost?

All assets of Komatsu, including its funds, facilities, fixtures, equipment, office supplies, inventory, intellectual property, and information, shall be used solely for Komatsu business. Komatsu employees shall not engage in conduct that is detrimental to the Company's assets, such as loss, unauthorized disclosure, theft, unauthorized use, misappropriation, or misplacement.

Each Komatsu employee is responsible for the detection and prevention of Fraud. You should be generally familiar with the types of fraud or similar improprieties that might occur in your area of responsibility and be alert for any indication of such activities whether by Komatsu employees or outside parties.

The term Fraud includes, but is not limited to, theft, embezzlement, misappropriation and other irregularities including such things as:

- forgery or alteration of negotiable instruments such as company checks and drafts;
- any conversion to personal use of cash, securities, supplies or any other company asset;
- any unauthorized handling or reporting of company transactions; and
- any falsification, or improper alteration, manipulation or destruction of company records or financial statements for business, personal or other reasons, including any actions made to impede, obstruct or influence any proceeding or investigation of any governmental agency or internal audit or in contemplation of any such proceeding or investigation.

The above list is not all-inclusive but is intended to be representative of fraudulent situations.

Komatsu employees shall not participate in methods or schemes to obtain personal or business advantage or reward, including those which depart from fundamental standards of honesty and good faith.

**(2) Bribes and Kickbacks (vis-à-vis customers, suppliers, distributors, etc.)**

*Example:* I've noticed that my colleague always purchases from one supplier, even though their prices seem much higher than the other suppliers. It is said that he accepts something of value. Is this a problem?

Komatsu employees shall never offer or accept, directly or indirectly, anything of value (such as a bribe or kickback) to or from a customer, a supplier (including supply partners (Kyoryoku Kigyo); the same shall apply hereinafter) or others to influence or reward an action. A business courtesy, such as a gift, contribution or entertainment, should never be offered or accepted if it might create the appearance of an impropriety or is otherwise prohibited by law.

(Regarding Komatsu's policy on bribes to government officials, please refer to Part II, Section 4 of this Code.)

**(3) Gifts**

*Example:* A supplier's sales representative offers you two tickets to a sporting event. (The seats are in a prime location!) Although you don't have direct influence over the Komatsu decision maker that the sales rep works with, there may be some expectation of a return favor on your part if you accept the tickets. Can you accept this gift?

Komatsu employees and their families shall not accept, directly or indirectly, any gift or favor from a competitor, supplier, customer or contractor, if the acceptance interferes with your ability to act objectively in dealings with such person or organization.

**(4) Political Contribution**

*Example:* Political Party X promises to promote the mining market. You have a little left in your budget and feel that supporting the party could benefit the company. Can you issue a check to the party on behalf of the company?

Unless otherwise duly authorized and approved by Komatsu Ltd., no Komatsu funds or other assets shall be offered or contributed to a political party or used for any political purposes whatsoever, whether or not permitted under local laws. Meetings and plant tours with candidates and lawmakers conducted in compliance with applicable campaign finance laws are permitted, however.

**(5) Records Retention**

*Example:* You just opened a drawer in storage and found documents of design drawings from 20 years ago. You need the drawer space. Can you throw the drawings away?

Komatsu employees shall retain records in accordance with Komatsu company's records retention policy and applicable laws and regulations. Documents concerning matters which are the subject of litigation or government investigation shall be retained and not destroyed until approval is received from the Law Department, even though such documents can be destroyed under Komatsu company's records retention policy. This also applies to electronic data including emails and other computer files. If there are any questions about whether records may be destroyed, please contact the Law Department.

## 2. Conflicts of Interest

*Example:* I became aware that the company is planning to hire a new office cleaning contractor. My uncle is CEO of a company which provides such cleaning services and I would like to recommend his company. Is this a problem?

Komatsu employees should not compete with Komatsu, and they should not sacrifice the interests of Komatsu to benefit themselves or third parties. Although conflicts may arise in many different situations, try to avoid situations which have even the appearance of a conflict of interest.

The following are common situations in which a conflict is likely to arise. Situations of possible conflict, including such common situations, must be avoided, unless such situation is fully disclosed and approved in advance through consultation with the Law Department or by an authorized officer pursuant to Komatsu's written policies:

- direct or indirect ownership or beneficial interest in a competitor, distributor, supplier, customer, or contractor (except when ownership is less than one percent (1%) of publicly traded securities);
- any consulting or employment relationship, either direct or indirect, with any customer, distributor, supplier or competitor, or service on the board of directors of any customer, distributor, supplier or competitor;
- any outside business activity which is competitive with any of Komatsu's businesses;
- engaging in work or services for another business, civic or charitable organization to the extent that the activities prevent you from devoting the time and effort to Komatsu's business which your position requires;
- being in the position of supervising, reviewing or having any influence over the job evaluation, pay, or benefits of any family employed by Komatsu;
- processing or supervising payments (i.e., payroll, employee benefits) directly or indirectly to your family employed by Komatsu;
- loans to or guarantees of obligations of employees or their respective families;
- appropriating, whether for yourself or others, any business opportunity which you learn or develop in the course of your employment relating to any current or prospective business of Komatsu;



- selling anything to Komatsu or buying anything from Komatsu (not applicable to buying novelty goods, such as miniatures); and
- using Komatsu assets (funds, facilities, property, know-how or personnel) for other business or personal endeavors.

Anything that presents a conflict for the employee's family would also present a conflict for the employee.

Conflicts of interest are not always clear-cut. Any time a conflict appears, or you are concerned that a conflict exists or might develop, you must discuss the matter with your immediate supervisor, the Law Department or the Human Resources Department.

### 3. Antitrust Compliance and Fair Competition

#### (1) Antitrust Compliance

*Example:* At a recent trade show, I was having lunch with sales reps from several competitors when the topic of rising steel prices came up. We all agreed that there will soon be a need to raise our prices to cover the impact down the road. Should I have participated further in the discussion, left the room, or documented the discussion in some way?

As stated in Part I, Section 2 (1), all Komatsu employees must comply with antitrust and competition laws throughout the world. These laws protect the free enterprise system and encourage vigorous, but fair, competition. Planning or acting together with any competitor to fix prices or to agree about the nature, extent or means of competition in any market is against Komatsu policy and in violation of antitrust laws. Antitrust laws may also prohibit agreements to boycott, to allocate products, territories, or markets, and to limit the production or sale of products. Using illegal or unethical means to obtain competitive information or gain a competitive advantage is prohibited. All Komatsu employees must exercise caution when attending trade association functions to ensure that all interactions with competitors in the trade association's legitimate business activities comply with antitrust and competition laws and Komatsu policy.

Antitrust laws are vigorously enforced. Among other things, communication with competitors, both direct and indirect, is governed by antitrust laws. Failure to comply with antitrust or competition laws could result in severe criminal penalties, including imprisonment, and heavy fines for both Komatsu and for the employee or employees who violate them. Komatsu employees may not participate in any activity which would result in a violation. These laws are complex and if there is any doubt in connection with any activity that may constitute a problem under the antitrust laws, the Law Department of your company must be consulted for further advice before proceeding. You must always seek guidance from the Law Department when confronted with interactions between competitors. Komatsu employees should also review and comply with each Komatsu company policy regarding antitrust compliance.

Please specifically note the following:

**a. Relations with Competitors**

Any agreement, understanding or arrangement with a competitor concerning price, terms of sale, production, pricing movements or allocation of territory or customers is strictly illegal and can result in criminal prosecution. Therefore, discussions of any of these activities with competitors are strictly forbidden. All Komatsu employees must immediately leave any meeting at which policies or cooperative conduct concerning prices or other prohibited matters are discussed. Also, the Law Department of the affected Komatsu employees' company must be immediately notified in writing about the meeting. These guidelines apply to all contact with competitors, including those at trade shows or meetings of professional organizations.

**b. Relations with Distributors or Customers**

Requiring a distributor or customer to resell a product at a particular price is known as "resale price maintenance" or "vertical price fixing" and is prohibited.

**Examples that could present antitrust problems:**

Exclusive Dealing	Arrangements for exclusive dealing with a distributor.
Tying	Requiring that a distributor buy one type of product in order to purchase another type of product.
Territorial Restrictions	Restricting territories in which a distributor may resell products.
Price Discrimination	Selling an identical product to competing distributors for different prices.

Generally speaking, these matters may or may not present an antitrust problem. It will depend upon the individual facts and circumstances of each situation. However, none of these activities may be undertaken without advance review by the Law Department and approval at the highest management level within the appropriate operating unit.

Also, since distributors may be competitors of one another, care must be exercised at all advisory council meetings to ensure that Komatsu is not a party to, or facilitator of, any agreements between distributors with respect to territorial restrictions, dealer price restrictions, or similar matters. If such proposals are brought into conversation in an advisory council meeting, you must immediately and conspicuously leave the meeting. Then, consult with the applicable Law Department and document that you left.

**(2) Respect for Intellectual Property Rights**

*Example:* I am preparing materials for in-house training. When browsing through commercially available books for reference, I found explanations and diagrams that are very easy to understand. Would it be OK to use them as-is in the training materials?

As stated in Part I, Section 2 (1) c, all Komatsu employees must respect the intellectual property rights of others. You must not photocopy, distribute, modify or download any materials which are protected by a copyright, without the approval of the copyright holder. When developing, manufacturing or selling new products, you must check whether or not the new products will infringe upon the intellectual property of others.

As intellectual property rights are complicated, make sure to consult with the Legal or Intellectual Property Department.

## 4. Anti-Bribery

*Example:* An officer of a company owned by a certain country's government will visit my country for a tour of my local Komatsu factory. As a thank you for coming all the way, I am planning to take the officer sightseeing and present a souvenir. Is this a problem?

As stated in Part I, Section 2 (2), it is the policy of Komatsu to avoid questionable relationships with government officials, either domestic or foreign.

### (1) Government Relations

Under no circumstances shall any Komatsu employee make or offer a payment, gift or other thing of value to a government employee or official or political candidate for the purpose of obtaining an unfair business advantage. This is not intended to restrict any of you from working for candidates and parties of your choice as an individual. Personal participation, including contributions of time or financial support, shall be entirely voluntary.

### (2) Foreign Corruption Prevention

Komatsu employees must comply with all provisions of the U.S. Foreign Corrupt Practices Act (FCPA), the Unfair Competition Prevention Act of Japan and any other similar laws and regulations of different countries that apply to Komatsu. The FCPA and similar laws make it a criminal offense for Komatsu and its shareholders, agents, and Komatsu employees to give anything of value, directly or indirectly, to a foreign official for the purpose of influencing the official's discretion. Stated simply, these statutes prohibit any direct or indirect bribery or attempt to bribe any foreign official or politician to obtain business.

No distributor or agent may be appointed in connection with the solicitation or sale of Komatsu products outside each Komatsu company's home country until such distributor or agent has been approved in accordance with each Komatsu company's policy and procedure. Payments to distributors, sales agents, consultants or representatives with the knowledge or with reason to believe that any portion of such payments will be passed along to a government employee or official or political candidate are also prohibited. Requests for commissions or payments that are unusual or unreasonable in amount should be reviewed by the Law Department or other relevant departments designated by Komatsu.

Proposed payments or use of Komatsu funds may be unlawful under the laws of countries other than an employee's home country. This is often true of payments requested by an agent or distributor. It is the policy of Komatsu to strictly comply with such laws.

It is also the policy of Komatsu to comply with the accounting and record keeping requirements of the FCPA and other applicable statutes to accurately reflect transactions in conformity with accepted methods of accounting.

In some countries, industries such as mines and utilities are government-owned. Officers, directors, and employees of these industries are considered government employees, and cannot be offered payments, gifts or other valuable consideration in order to obtain an unfair business advantage.

In sum, any activities which result in an unlawful act are strictly prohibited. Consult the Law Department before engaging in any activities which you suspect may be unlawful.

## 5. Export Control

*Example:* We received an inquiry from a new customer overseas, intending to purchase a large amount of construction equipment. As the profit margin was higher than usual and it had a favorable condition of a lump-sum cash payment, I decided to accept the order right away. Is there any problem?

As stated in Part I, Section 2 (3), it is the policy of Komatsu to comply with applicable trade laws throughout the world, especially all applicable export control laws and regulations as well as relevant Komatsu policy and internal rules in order to ensure that the products or technology of Komatsu will not be used for the development, manufacture, use, and/or storage of weapons of mass destruction and conventional arms, support of terrorism or other activities that are a threat to world peace. For this reason, reasonable due diligence and screening of customers and new business partners, including vendors, service providers, agents, consultants, and distributors, is critical. It is also necessary to constantly confirm that transactions with existing customers are not in violation of export control laws, regulations, or policies.

Komatsu expects that Komatsu employees will fully understand the policy above and take necessary steps to become familiar with Komatsu's business partners and customers and implement safeguards to comply with international trade laws.

## 6. Trade Secrets and Proprietary Information

*Example:* You're so proud of the unique and advanced technology used in Komatsu equipment that you want to tell your friends all about it, even though it's not been publicized. What can you tell them?

Komatsu employees shall maintain as secret and confidential Komatsu's trade secrets and proprietary and confidential information and those of any third party entrusted to Komatsu. Proprietary and confidential information includes any Komatsu information which is not generally known to the public. Examples often include financial data, sales figures, new product information, manufacturing methods, customer and supplier lists, pricing information, information concerning corporate acquisitions or divestitures, capital investment plans, supplier prices, engineering data and drawings and certain employee information.

Trade secrets and proprietary or confidential information shall not be disclosed to anyone outside Komatsu except in accordance with applicable policies or a written non-disclosure agreement approved by the Law Department, and only on a "need-to-know" basis. Komatsu employees with access to such information should only disclose it to others within Komatsu on a "need-to-know" basis. Komatsu employees should also be alert to inadvertent disclosures which may arise in social conversations or in communications with the employees of customers and suppliers. Komatsu employees must also maintain as secret and confidential the trade secrets and proprietary and confidential information of customers, suppliers and others.

In case that a Komatsu employee is required to disclose or provide Komatsu's trade secret or proprietary and confidential information by a public office, court or other government organization, the Komatsu employee shall first consult with the applicable Law Department.

## 7. Electronic Communications Tools

*Example:* A very expensive graphics application software is installed in my PC provided by the company. As I have wanted personally to generate some graphics by using this application software, I personally use this PC on my time off. Is there any problem concerning such an action?

Komatsu provides electronic communication tools and computer systems to assist employees in the conduct of Komatsu's business. These tools are provided for primarily business-related purposes, such as to communicate with other employees, customers and suppliers, to research relevant business topics, and to obtain useful business information.

All messages, files, software or other material composed, sent, received or stored on Komatsu computer and communication systems are and remain the property of Komatsu, and are not the private property of any employee.

Unauthorized use of Komatsu's computer systems, including e-mail and internet access, is strictly prohibited. Komatsu employees should also review and comply with Komatsu's policy with respect to information technology.

## 8. Equal Employment Opportunity/Non-Discrimination

*Example:* A member of my staff is very talented, works enthusiastically and aims to advance her career. However, she is going to have a child, so I am sure that she will not be able to do the same work as previously as she will be raising her child. Although I haven't asked her, I will assign her a light or simple workload, instead of many business trips or challenging projects. Is this a problem?

As stated in Part I, Section 3 (1) and Section 4 (1) b, Komatsu values and respects the diversity of its employees and the communities in which it operates. Komatsu employees shall not discriminate against any employee on the basis of nationality, race, ethnicity, color, sex, sexual orientation, gender identity, age, religion, national ancestry, disability, marital status or other legally protected status.

Any Komatsu employee who becomes aware of a suspected violation of this policy should promptly bring it to the attention of his/her manager or the Human Resource Department and/or report it to the Compliance Hotline.

## 9. Harassment

*Example:* I felt uncomfortable when someone at work of the opposite sex told me, "You have become prettier recently," so I consulted with my supervisor, who simply commented, "Why do you mind? It's a compliment." Am I too sensitive?

As stated in Part I, Section 3 (1) and Section 4 (1) d, it is the policy of Komatsu to provide and maintain a work environment that is free from harassment and unlawful bias. Komatsu will provide and maintain a workplace free from harassment based on an individual's nationality, race, ethnicity, color, sex, sexual orientation, gender identity, age, religion, national ancestry, disability, marital status or superior position in the workplace, pregnancy, childbirth, parenting, nursing care or other legally protected status.

All Komatsu employees are responsible for ensuring compliance with this policy. Harassment in any form, at any level and to any person such as Komatsu employees, employees of other companies, or job applicants will not be tolerated.

Komatsu's policy is to intervene early so that it may take the necessary steps to prevent a violation of this policy. Therefore, early reporting of any conduct which may violate this policy, whether it is directed at the employee or others, is important. Any Komatsu employee who believes that he/she has been, or knows that others may have been, subjected to harassment should immediately report the incident to his/her manager or the Human Resource Department, and/or report it to the Compliance Hotline.

## 10. Employee Privacy

*Example:* One of my staff members went on a leave of absence for medical treatment for a while, so I shared the name of his/her sickness to everybody in our department without his/her permission. Is there any problem concerning such action?

As stated in Part I, Section 4 (1) a, Komatsu respects the privacy of its employees. Employee data will be used for the sole purpose of supporting company operations and providing employee benefits. Komatsu will comply with all applicable local data protection regulations.

All Komatsu employees are responsible for ensuring compliance with this employee privacy policy. No Komatsu employee shall make any disclosure or use of personal data about other employees that he/she acquires through his/her work. Exceptions to this policy are those authorized in advance by the Law Department.

## 11. Safety and Health

*Example:* The metalworking machinery I use for my job is equipped with a safety device to stop the machinery when it detects an entry of a hand or any part of the body. The sensors of the safety device, however, are so sensitive that the machinery sometimes stops unexpectedly. Because of this, production is lowered and so I am going to turn it off. Is this a problem?

As stated in Part I, Section 4 (2), Komatsu is committed to providing a safe, healthful and injury-free workplace for employees, contractors and the surrounding community. Health and safety are a priority consideration in the planning and execution of all work activities at Komatsu facilities.

Each facility shall meet or exceed all applicable standards in its jurisdiction and shall ensure that safe and healthful working conditions exist for all employees. Unsafe conditions observed by employees shall be promptly reported to the operating manager.

All Komatsu employees shall act in accordance with the "Occupational Safety and Health Policy" in Part I, Section 4 (2).

## 12. Product Safety and Reliability

*Example:* We received an initial defect claim from a customer right after delivery of the product. We discovered some cracks on a small part and were able to fix the problem by simple welding, and the customer was satisfied. As we were able to promptly solve the problem and have not heard about any more problems from the customer, I have not reported to my supervisor about this issue. Is there any problem with the way we handled the case?

It is the policy of Komatsu to provide products and services that are designed to be as safe and reliable as possible for their designed use. To assure the full realization of this policy, Komatsu employees shall strive to:

- provide products and services that comply with international standards and the legal requirements particular to individual countries;
- provide products and services that are safe and provide a sense of assurance, and do no harm to the customer;
- provide products and services that minimize any injury that might occur to a customer who has an accident;
- on an ongoing basis, provide advance safety warnings after receiving information from the customer and, in the case of a defect arising in a product or service, provide prompt response measures and information; and
- in order to create a corporate climate in which product safety is emphasized, to standardize the safety management system and safety techniques as well as make ongoing efforts to improve them.

## 13. Environment

*Example:* In our group-wide environmental audit, we discovered that the oil-water separation and septic tanks installed at the workshop of our distributor would not be capable of efficiently responding to torrential rain, which happens occasionally due to recent climate change. As this distributor has never had an oil spill, they want to keep the facilities as they are. Is there any problem?

As stated in Part I, Section 5, Komatsu recognizes the importance of preserving the environment, conserving global resources and protecting human health. Each Komatsu employee shall strive to ensure that Komatsu conducts its business activities in an environmentally responsible manner by:

- complying with all applicable environmental laws and regulations in all of the countries in which we operate;
- undertaking continuous improvement of operations to enhance pollution prevention (air quality and water quality), minimize waste production, increase recycling, efficiently use non-renewable resources, reduce greenhouse gas emissions and conserve biodiversity;
- integrating environmental considerations in the planning and execution of all work activities and corporate processes, including strategic planning;
- conducting environmental audits to evaluate conformance with this policy and applicable environmental laws and regulations;
- using production processes that minimize environmental impacts; and
- immediately reporting any suspected violations of an environmental law or regulation to your immediate supervisor, a department in charge of environmental management or Compliance Hotline.



Managers have a special obligation to be aware of environmental, health and safety requirements and standards and to advise senior management of any issues which come to their attention.

All complaints received from any governmental agency alleging noncompliance with any environmental law or permit should be promptly reported to the Law Department.

## 14. Disclosure

*Example:* I found incorrect information about the company on a certain social media platform. As an employee of the company, I want to make corrections by writing in accurate information. Is it okay?

As stated in Part I, Section 6 (1), it is the policy of Komatsu to disclose financial data and material information about Komatsu only in a manner designed to make such information publicly available, and not to comment on analysts' projections. Limited exceptions to this policy may be authorized by the president or CFO of Komatsu Ltd., or other officers formally designated from time to time.

Any unintentional disclosure of material non-public information concerning Komatsu by any Komatsu employee must be immediately reported to the Law Department for review and determination as to whether the information must be broadly disclosed.

All contact with the media may be made only in accordance with Komatsu's Disclosure/Communication policy. Komatsu employees should not answer questions from anyone outside Komatsu asking for material nonpublic information. Information is "material" if in light of the total mix of information available about Komatsu a reasonable investor would consider the information significant. The CEO or its equivalent of each Komatsu company shall identify those employees authorized to communicate non-material information to trade publications or other media devoted to our industry or customers.

Do not post any Komatsu information on personal social media. Also, do not impair Komatsu's reputation by communicating on social media in any way that makes it look like such communications are made or approved by Komatsu. Such communications include, but are not limited to, topics that could create controversy about race, gender, sexual orientation, creed, religion, national origin, and political issues.

Any questions should be directed, through the general manager of public relations or the general affairs department of each Komatsu company, to the Corporate Communications Department of Komatsu Ltd.

## 15. Internal Control Systems

*Example:* My colleague skips some designated company rules when performing his/her work. When I warned him/her, he/she replied, "These rules are no longer compatible with today's conditions, but it is too troublesome to change rules, so it's OK to leave them as they are." Is it okay to leave the situation like this?

As stated in Part I, Section 7 (1), applicable laws and regulations also require Komatsu to maintain a system of internal accounting controls.

### (1) System of Internal Control

Each Komatsu employee has a responsibility to implement and maintain the internal controls related to his/her particular job duties and to report defects of internal controls or misconduct relating to internal controls that come to their attention.

### (2) Internal/External Auditor Cooperation

No Komatsu employee may take any action to fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant engaged in the performance of an audit of Komatsu or any member of Komatsu engaged in the performance of an internal audit or investigation. All Komatsu employees must cooperate in any audit or investigation conducted by Komatsu's internal or external auditors.

## 16. Financial Controls and Records

*Example:* Construction of a building was scheduled to be completed in the final week of the fourth quarter. However, I received a call from the contractor, telling me that completion will not be until next week. As this project was budgeted for the current fiscal year, it cannot be carried forward to the next fiscal year. Would it be OK to ask the contractor to send me an invoice dated end of this month before construction completes?

As stated in Part I, Section 6 (2), Komatsu is responsible for properly recording, preserving and reporting financial information to investors, government agencies, stockholders and others, and for maintaining accurate, reasonably detailed records which fairly reflect Komatsu's transactions and disposition of assets. Applicable laws and regulations also require Komatsu to maintain a system of internal accounting controls.

False or misleading entries regarding both the amount or purpose of transactions, as well as any other misrepresentations or omissions, are prohibited. Some examples of relevant documents and records include vouchers, bills, invoices, financial data, expense reports, bills of lading, submissions to government agencies, performance records and agreements with agents, consultants or other third parties.

Company record keeping and reporting must be consistent to provide a uniform basis for measuring, managing and reporting Komatsu operations. To this end, Komatsu employees shall:

- maintain complete and accurate records and accounts to reflect transactions and the disposition of assets;
- follow all accounting, reporting and control procedures established or approved by the CFO of Komatsu Ltd.;
- obtain and document all required management approvals before involving Komatsu in any transaction or releasing any financial information;
- keep records secure, including computer-based information resources; and
- give Komatsu's auditors and other authorized individuals accurate and complete information along with access to supporting records.

## 17. Prohibition of Insider Trading

*Example:* You learn that Komatsu is going to have a very good fiscal quarter, but this information is not public yet. Should you buy stock in Komatsu before this information is released to the public?

Komatsu employees are prohibited from trading in the securities of any company on the basis of "material non-public information". Material non-public information is any non-public information concerning a company, including its business, prospects, securities, or markets, which a reasonable investor would consider to be significant to an investment decision. Examples include actual or estimated financial results; obtaining or losing significant contracts; possible mergers, acquisitions or divestitures; and major changes in business strategies. Laws applicable to Komatsu worldwide prohibit the intentional disclosure of material non-public information unless Komatsu discloses the information publicly.

If you have access to material non-public information, whether it pertains to Komatsu or to another company, do not buy or sell Komatsu securities or those of the other company until the information has been officially disclosed to the public in accordance with applicable law. This Komatsu policy applies to all securities, including common stock, debt securities, etc.

In order to implement Komatsu policy, Komatsu employees shall not:

- use material non-public information for personal or third party's gain; or
- pass along such information to someone else who has no need to know.

Any questions should be directed to the Law Department.