

## MODERN SLAVERY STATEMENT 2022

### Introduction

This Modern Slavery Statement (**Statement**) is made pursuant to the *Modern Slavery Act 2018* (Cth) (**the Act**) and is intended to cover the supply chain and business operations of the following Australian reporting entities in accordance with s14(1) of the Act:

- Komatsu Australia Pty Ltd (ABN 63 053 514 739);
- Komatsu TA Pty Ltd (ABN 71 143 476 626);
- Komatsu Australia Corporate Finance Pty Ltd (ABN 84 067 959 666); and
- Komatsu Forklift Australia Pty Ltd (ABN 71 080 792 730),

collectively referred to as the “**Komatsu Group**”, “**We**”, “**Our**” or “**Us**” within this Statement.

This Statement sets out the steps which the Komatsu Group has undertaken during the 2021 financial year (**FY21**) to detect the risk of any modern slavery and human trafficking (**Modern Slavery**) within the Komatsu Group’s supply chain and business operations in accordance with the seven (7) mandatory reporting criteria outlined in s16 of the Act. This Statement also includes any additional steps which are proposed to be completed by the Komatsu Group by the end of financial year 2022 (**FY22**). The Komatsu Group’s financial year is 1 April to 31 March.

### Consultation with reporting entities within the Komatsu Group

During the reporting period this Statement covers, key stakeholders within the Komatsu Group who were responsible for the Modern Slavery Framework (**Framework**) actively engaged and consulted with each of the entities in the Komatsu Group to develop this Statement and the Framework. The Komatsu Group was briefed on the requirements and obligations under the Modern Slavery Legislation which included information as to how the Komatsu Group would implement the Framework. This included:

- regular discussions with key stakeholders within the Komatsu Group from relevant departments such as Procurement, Legal and Risk & Assurance;
- receiving input and approval from key stakeholders of all entities within the Komatsu Group in relation to any amendments to the internal processes and this Statement;
- receiving input from key stakeholders of all entities within the Komatsu Group in relation to the effectiveness and sustainability of the current Framework; and
- collaboration and implementation of the Framework.

## Organisation

### Structure

The ultimate parent company of the reporting entities listed in the Komatsu Group is Komatsu Ltd, whose head office is in Tokyo, Japan. Komatsu Ltd is a global manufacturer and distributor of earthmoving, mining, construction and utility equipment. The Komatsu Group in Australia has been supplying, financing and supporting Komatsu equipment to Australian contractors, quarries, miners, farmers and other end users since 1965. The Komatsu Group offers a wide range of new and used earthmoving machines and material handling equipment, together with parts and service for these machines and material handling equipment, to customers in Australia, New Zealand and New Caledonia.

The Komatsu Group's workforce consists of more than 3,000 employees, contractors and agents within Australia, New Zealand and New Caledonia. Our direct employees are engaged under contract, an award or via enterprise agreements. We have a number of collective industrial instruments and Our employees are free to associate with any trade union they choose.

### Supply Chains

The Komatsu Group's supply chain is predominantly made up of original equipment manufacturer (**OEM**) supply sourced overseas from Komatsu Ltd, and other related entities of Komatsu Ltd including Komatsu America Corporation, Komatsu Europe International N.V, Komatsu Germany GmbH, Bangkok Komatsu Co., Ltd, Komatsu China Ltd and an entity not related to Komatsu Ltd - Cummins South Pacific. However, the Komatsu Group also sources goods and services ranging from stationery, uniforms, cleaners, engineering specialists, alternative parts or local options for its equipment and personal protective equipment, from local suppliers. In FY21, the Komatsu Group worked with over 6,000 suppliers, with most of the annual supplier spend occurring with the OEM's (and Cummins South Pacific), followed by other suppliers who are primarily located in Australia or New Zealand.

### **Risks of Modern Slavery Practices**

Key stakeholders within the Komatsu Group conducted a preliminary assessment of all direct suppliers (other than OEM's) based on market, geography, the products supplied and their parent companies. The main focus was on those industries within the Komatsu Group's supply chain which prima facie, presented the greatest Modern Slavery risk. This assessment included a review of industries such as cleaning, maintenance, logistics, transport, information technology, uniforms and general consumables. From this preliminary assessment, several major suppliers were selected as key high risk suppliers.



These preliminary assessments have presented Us with no immediate concerns as the Komatsu Group is not sourcing a large or diverse amount of goods and/or services from Modern Slavery “at risk” industries or markets. However, to ensure Modern Slavery is not going undetected in the Komatsu Group’s supply chain operations, due diligence processes have been implemented and further steps will be identified and implemented by the Komatsu Group to ensure there is minimal exposure to Modern Slavery in its supply chain during FY22 (please see “**Future Steps**” below).

### **Actions taken to address Modern Slavery risks**

The Komatsu Group has a commitment to engage only those suppliers that uphold the same principles as the Komatsu Group, and where necessary, implement corrective measures.

The Komatsu Group has created a strategic Framework within its supply chain and business operations to reduce its exposure to Modern Slavery risks through implementation of risk assessments, due diligence processes, updating its suite of supply chain agreements, training of key stakeholders and the introduction of remediation processes with its suppliers that may be found to be engaging in Modern Slavery practices.

### Due Diligence

As a part of the Komatsu Group’s Framework, potential high risk and renewing suppliers have been subjected to a due diligence process which included a pre-qualification questionnaire (**Questionnaire**) that contained questions which seek to detect a supplier’s risk of Modern Slavery within their own operations or supply chain. It will be mandatory for these high risk suppliers to return their Questionnaire on an annual basis. If these high risk suppliers return a non-conforming Questionnaire or fail to return a Questionnaire without a valid reason, key stakeholders will engage with the supplier in a remediation process which has been created as a part of the Komatsu Group’s due diligence process. As part of the Framework, all new suppliers will also be subjected to this Questionnaire during the supplier on-boarding process. The responses to the Questionnaire will allow the Komatsu Group to identify potential areas, suppliers or industries that present the greatest risk of Modern Slavery in its supply chain.

If Modern Slavery is suspected or identified in one of the Komatsu Group’s suppliers’ operations or supply chain, the Komatsu Group is committed to working with the supplier and the supplier’s management team to seek to remedy any non-compliances relating to Modern Slavery instead of ending the relationship with the supplier. Ending the relationship with a supplier is not an appropriate method of remediation as it may lead to significantly worse Modern Slavery non-compliances as well as negative outcomes for the supplier’s employees. The Komatsu Group understands that not all of its suppliers are required to comply with the Act and will continue to work with these suppliers to ensure that they fully understand why compliance with the Act is important not only to the Komatsu Group, but for the community as a whole. Accordingly, the

Komatsu Group is committed to working collaboratively with suppliers to meet domestic and international obligations relating to Modern Slavery.

### Policies and Governance

The Komatsu Group's corporate governance framework seeks to address the complex risks associated with Modern Slavery within a suite of policies, procedures and internal guidelines which are available to all employees of the Komatsu Group. These include the Komatsu Group's Whistleblower Policy and Komatsu's Worldwide Code of Business Conduct (**the Code**) which all employees must follow. In relation to employment, the Code states that all of Komatsu Ltd's distributors (including those within the Komatsu Group) shall not tolerate child labour or forced labour. Where any deviation to the Code is found to be in existence or a report is made under the Whistleblower Policy, a proper investigation is required, and remedial action must be undertaken.

The Komatsu Group has also developed a Modern Slavery Guideline for the Modern Slavery Committee to utilise to ensure that the due diligence and remediation processes identified in this Statement are followed.

### Updating of Supply Chain Agreements

A number of the Komatsu Group's supply agreements and standard purchasing terms and conditions documents have been updated to contain a specific provision relating to Modern Slavery and the obligations of those suppliers if they are to be engaged by the Komatsu Group. It is the expectation that each non-OEM supplier to the Komatsu Group also includes a similar provision in its own suite of supply chain agreements.

### Training

During the due diligence process, key stakeholders within the Komatsu Group's Procurement, Legal and Risk & Assurance Departments were advised on the suppliers and industries within its supply and business operations which presented the greatest potential risk of Modern Slavery practices. Key Stakeholders were trained to identify and address any concerns regarding Modern Slavery practices when assessing a Supplier's actions and behavior. Additional training will be provided to all employees of the Komatsu Group during the next twelve months, including a targeted training session for key stakeholders who are responsible for managing the Komatsu Group's Modern Slavery risks.

The Komatsu Group's employees have received training in the Whistleblower Policy in FY21. Additionally, in FY21, all employees of the Komatsu Group received a copy of the latest version of the Code (11th Edition), and received training, to explain their responsibilities under the Code. There are contact persons in the Komatsu Group to whom whistleblowers can report breaches of the Code or general concerns, including information about possible Modern Slavery practices such as human rights violations and infringements of labour standards.



## Measuring Effectiveness

The Komatsu Group has undertaken extensive work to minimise the risks of Modern Slavery in its supply chain through the various due diligence measures outlined in this Statement. Human rights change is an incremental process and the Komatsu Group will continue to adopt processes to monitor compliance and detect Modern Slavery within its supply chain and business operations.

In order to measure effectiveness, key stakeholders within the business will meet bi-annually to address any concerns raised by suppliers, customers, employees or members of the public in relation to the Komatsu Group's approach to Modern Slavery, as well as conducting an assessment of the current due diligence process and whether enough information was collected from its suppliers to enable the Komatsu Group to assess the risk of Modern Slavery within its supply chain and/or business operations.

The Komatsu Group's approach to detecting the risk of any Modern Slavery within its supply chain and business operations will be audited by the Komatsu Group's internal Risk & Assurance department to assist in assessing the efficiency and effectiveness of the due diligence process.

No instances of Modern Slavery have been reported or alleged in FY21.

## Future Steps

The Komatsu Group is committed to engaging collaboratively with its suppliers to detect the risk of Modern Slavery and prevent these risks from continuing.

Key stakeholders forming part of the Komatsu Group's Modern Slavery committee will meet bi-annually to discuss:

- any Modern Slavery incidents which have arisen or been reported;
- any process improvements in relation to the current Framework;
- any industry specific risks which have come to its attention;
- the audit results from the current financial year in relation to the due diligence and remediation processes; and
- discuss any proposed changes to the Statement for the upcoming financial year.

Over the next year, the focus will be on:

- strengthening and refining the due diligence process to better target suppliers in high risk industries;
- driving consistent risk based processes across the Komatsu Group;
- exploring any additional mechanisms available to measure the effectiveness of the actions undertaken to address Modern Slavery; and
- improving the framework to align with the current modern slavery risks of 2022-2023.

## APPROVAL

In accordance with s14(2)(d) of the Act, this Statement was approved individually by the board of directors of each of the four reporting entities within the Komatsu Group on or about 30 November 2022.



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Sean Taylor  
Managing Director & CEO  
Komatsu Australia Pty Ltd and Komatsu TA Pty Ltd

30 November 2022



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James Dwyer  
Managing Director  
Komatsu Australia Corporate Finance Pty Ltd

30 November 2022



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Hiroaki Iwashita  
Managing Director  
Komatsu Forklift Australia Pty Ltd

30 November 2022