

ESG Report on child labour prevention

Introduction

JCB Group Holdings Sàrl (hereafter: the "**Company**") is the holding company of the JCB Group, a multinational group operating internationally and manufacturing in the UK, India, the United States of America, Brazil and China. The JCB Group offers products which are made of parts either manufactured by the JCB Group itself or purchased from various suppliers locally and internationally. A portion of the parts and components used to produce the JCB products are made in countries where the risk of child labour is considered by UNICEF as enhanced. (hereafter: "**Risk Countries**").

Human Rights Policy

JCB Group has published a JCB Human Rights Policy. According to this policy, "*JCB is committed to respecting internationally recognized Human Rights principles and standards in all aspects of [its] business operations. In addition, JCB complies with all relevant national laws and regulations in all jurisdictions within which [it] operates*". Article 4 of the policy further states that "*JCB will not use child labour in its business operations and expects its suppliers and dealers to also apply this zero-tolerance approach and in accordance with all relevant laws*". Those commitments apply to all JCB Business Units, at all levels of the business including Human Resources. This policy is published on JCB's website and applies internationally.

Supply chain policy of the JCB Group

The supply chain policy of the JCB Group with regard to child labour (also covering other areas such as human rights, slavery, sustainability and environment) is currently being implemented and developed at various levels:

1. New Supplier Audit

All production suppliers are subject to a new supplier audit. This requires a visit to the supplier premises by a representative from JCB.

2. Supplier Code of Conduct

In 2020, the JCB Group published a Supplier Code of Conduct providing that the suppliers "*are required to comply with this Code of Conduct in order to provide products and services to [the JCB Group]*", and "*to communicate [the content of such Code of Conduct] to their employees and their own suppliers*". They must also "*ensure that appropriate documentation is kept to demonstrate compliance with the JCB Supplier Code of Conduct and must provide access to that documentation upon request*". With regard to child labour, the Supplier Code of conduct states the following: "*We expect all our suppliers to [...] Not use child labour – the minimum age for admission to employment should not be less than the age of completion of compulsory schooling and never be less than 15 years. Hazardous work may not be done by anyone below the age of 18.*"

3. Supplier Corporate Responsibility Questionnaire

In 2023, a questionnaire aiming at monitoring the suppliers' corporate responsibility and the best practices in areas such as child labour prevention were sent to suppliers. With regard to child

labour, the questionnaire includes the following question: "*Does your company have a documented policy and risk management process to prevent child labour and modern slavery throughout your supply chain?*" The "yes or no" answers to this questionnaire allow for a scoring of the suppliers based on their corporate responsibility.

4. ASSENT Expertise

Since 2022, the JCB Group has hired ASSENT, a worldwide recognized service provider offering supply chain sustainability management solutions for the world's most responsible complex manufacturers. The aim is to benefit from the best available expertise in order to better assess the Group's supply chain sustainability and to have a deeper view of suppliers, regulations and ethical standards. Ultimately, the JCB Group aims at being able to issue a digital passport for each machine manufactured, indicating all parts and components of the machine and their traceability.

5. Supply Agreement

JCB Group uses a template supply agreement with all its suppliers, which provides that the Supplier shall comply with all laws relating to Human Rights and with the Modern Slavery Act 2015.

HR Policies of the JCB Group

JCB Modern Slavery Statement for 2023 indicates that JCB undertakes "right to work" checks on all employees prior to them commencing their roles with the Group. This includes checking, where applicable, that the employee has a valid work visa and is of an appropriate age to work. The Employee Guide explains that every new employee must provide the relevant "right to work" documentation which includes a valid passport or original birth certificate, supporting visa documents and national insurance documentation. The JCB Group also operates a Whistleblowing Policy aimed principally at the UK employees but also available to all employees internationally which encourages individuals to report wrong doing (incl. human rights violations).

This currently applies to the UK employees only but similar processes are in place in the other regions where JCB operates (notably China, US and Brazil), either through the Employee Handbook and pre-employment checks, or similar documentation referring to a "right to work" check. JCB India complies with domestic labour laws prohibiting the employment of minors under the age of 18 and follows the UK Policy on Human Rights including the prohibition of child labour.

Observations and Targets for 2024

The JCB Group is currently in the process of improving the assessment of its supply chain policy as part of its risk management policy. In 2023, processes that were in place allowed to partially identify risks of child labour in the supply chain. The process of scrutinizing the results of JCB questionnaires and ASSENT's surveys is ongoing. In the future, it will support the identification and understanding of deviant results and help identify corrective actions and mitigation measures. In 2024, these processes are going to be expanded and systematized within the Group.

JCB Group has a zero tolerance approach to Modern Slavery and Child Labour. To ensure full compliance with JCB values and policies and prevent any risk of child labour internationally, the assessment of the "right to work" checks and the risks attached thereto will be added on the list of internal audits & risks reviewed by the Group in 2024. This internal audit process will review the mechanisms and provide assurance and recommendations over the processes deployed.