

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 recognised 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 remains unchanged and 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. **Supplier Code of Conduct:** The JCB Group has 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 demonstrating 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."* This policy remains in effect as previously outlined. All approved suppliers are requested to sign the Supplier Code of Conduct, and a record of supplier acceptance is kept in file against supplier records.
2. **New Supplier Audit:** All production suppliers are subject to a supplier audit process. This requires on-site visits to the supplier premises by a Supplier Development Engineer (SDE), who is a representative from JCB. The UK-based SDE team covers suppliers in the UK and Europe, while local teams, following Group policies, oversee suppliers in regions such as India, China, and the USA. This process ensures that all production suppliers are evaluated for compliance with the standards of JCB Group. JCB is actively working to incorporate Child labour and modern slavery considerations within the new supplier audit. The Supplier Code of Conduct requirement applies only to suppliers who have been formally awarded business, meaning the new supplier audit may be completed prior to the official award of business.
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 was sent to suppliers. With regard to child labour, the questionnaire included 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, after which suppliers receive scorecard points upon completing the questionnaire. This process has been phased out in favour of the ASSENT process.

4. **ASSENT Expertise:** Since 2022, the JCB Group has retained ASSENT, a worldwide recognised 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 to be able to issue a digital passport for each machine manufactured, indicating all parts and components of the machine and their traceability. In 2023, ASSENT scrutinised the results to identify shortfalls and recommend corrective actions. Recommendations for improvement have been made where relevant and are being monitored centrally. The ASSENT ESG questionnaire has been assigned to 1,542 suppliers and is focused exclusively on production suppliers supporting all JCB business units in the UK. In May 2025, the questionnaire was revised to align with updates to the corporate social responsibility framework, and a new request was subsequently issued to suppliers to complete the updated ESG survey.
5. **Expansion of ASSENT Process and Improvement of Internal Audit:** In 2024, the JCB Group appointed a Compliance and Sustainability Manager at the Group level. This role involves benchmarking best practices across all levels of the Group and improving the assessment of supply chain policies. A dashboard displaying results from ASSENT's evaluations is overseen, enabling the identification of areas requiring corrective actions. The process, developed in 2024, emphasises data collection to cover all active supplier groups. To date, 834 suppliers have fully completed the ESG survey, representing 54% of the total supplier base, while a further 219 suppliers are currently in progress, accounting for 14% of the total, 489 suppliers (32%) have not yet responded to the ESG survey. This data-driven approach facilitates the identification of potential risks, prioritisation of corrective actions, and the development of ESG goals and initiatives. Additionally, an Internal Audit system has been established, including a Risk Committee for compliance with, and assessment of, matters such as "right to work" checks in Europe and the appointment of risk champions at each level. The Risk Committee meets regularly throughout the year, monthly where possible. Key adverse findings identified by the Compliance and Sustainability Manager result in steps being taken to motivate suppliers to implement corrective actions.
6. **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. ESG and compliance has been added to the monthly supplier evaluation scorecard, which negatively impacts their overall rating compared to suppliers who fulfil this requirement. This creates a direct commercial incentive for suppliers to engage with JCB's ESG requirements.

HR Policies of the JCB Group

JCB's Modern Slavery Statement 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, including a valid passport or original birth certificate, supporting visa documents and national insurance documentation. Effective January 1, 2024, JCB implemented a system called PPAC, which verifies these forms of identification. To date, there have been no failures in these checks. If any queries arise, the PPAC team investigates further, and individuals are not permitted onsite if the checks fail. PPAC also identifies fraudulent identification, and new employees must preregister on a system called Compliant 101 prior to the PPAC checks.

The JCB Group also operates a Whistleblowing Policy. In January 2026, a Global Whistleblowing platform was launched (www.speakupjcb.com). This is no longer focused solely on UK employees and has been introduced globally via the Whistleblowing Policy. This encourages individuals to report wrongdoing, including human rights violations. This whistleblowing mechanism also serves as the reporting channel through which any interested party may raise concerns regarding potential or actual risks of child labour within JCB's operations or supply chain.

"Right to work" checks 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. 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. Additionally, JCB India conducts comprehensive pre-employment background verifications to ensure compliance with legal requirements and uphold ethical standards.

The Anti-Bribery and Corruption Policy has undergone a high-level independent review. The findings of the broader ECCTA assessment have been implemented as part of both the www.speakupjcb.com system, associated policies and procedures and the ongoing development of the corporate risk register. No significant findings were reported; however, several administrative improvements were recommended. Ownership has been assigned, and work to address the minor changes has been completed. Action has been taken with reference to the SpeakUp platform and reporting route. Fraud risk management is a significant focus area; a maturity assessment has been completed and actions are being taken to make improvements in key areas.

Observations and Targets for 2026

Following the 2024 release of the ESG survey and the risks identified within JCB's supply chains, specific ESG-related objectives were assigned to all purchasing teams in 2025. One key requirement is that all critical supplies, representing 80% of total business spend, must achieve a medium to low-risk rating within the social module of the ESG score. Suppliers identified as high risk are required to complete ESG-related corrective actions and implement appropriate measures to proactively manage risks within their own supply chains. All corrective actions must be supported by robust evidence submitted to JCB, which is then independently verified by the ASSENT team to ensure compliance.

To ensure full compliance with JCB Group's values and policies and to prevent any risk of child labour internationally, the assessment of "right to work" checks and associated risks has been incorporated into Internal Audits risk review processes in 2025, with Internal Audit having evaluated existing mechanisms and provided recommendations to strengthen these processes. Improvements and expansions include enhanced data collection, which has become more comprehensive, thereby improving risk management through multiple internal audits. Notably:

- A new Compliance and Sustainability Manager has been appointed to oversee compliance initiatives and to reinforce JCB's commitment to sustainability.

- A Risk Committee has been established, focusing on compliance, with risk champions being elected at multiple levels within the organisation. This committee meets regularly throughout the year, monthly where possible.
- Key adverse findings identified by the Compliance and Sustainability Manager result in steps being taken to motivate suppliers to implement corrective actions. Supplier ESG performance, including child labour prevention, is managed through monthly supplier scorecards. Supplier motivation is directly linked to commercial outcomes, including their ability to secure additional business with JCB. In addition, JCB provided targeted support to suppliers that may be struggling to complete corrective actions.

JCB Group maintains a zero-tolerance approach to Modern Slavery and Child Labour. These measures underscore JCB Group's commitment to prevent child labour within its operations and supply chain, aligning with international human rights standards and legal requirements.