



# DUE DILIGENCE REPORT

Pursuant to the Norwegian Transparency Act

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# Content

## 1. Introduction

- 1.1. Message from our President & CEO Arild Gjerde 3
- 1.2. About the report and Kverneland Group 4

## 2. Policies and Governance of Kverneland Group

- 2.1. Policies 4

## 3. Due Diligence of KGON Suppliers

- 3.1. Background 6
- 3.2. Method 6
- 3.3. Preliminary findings 7
- 3.4. Risk Assessment 7
- 3.5. Limitations & Future Directions 8

## 4. Measures, Actions, and Continuous Improvement

- 4.1. Mitigation 8
- 4.2. Remediation & compensation 8
- 4.3. Looking forward 9

# 1. Introduction

## 1.1 Message from our President and CEO Arild Gjerde

2024 is the third year we issue a statement according to the Norwegian Transparency Act. By this we further confirm Kverneland Group's commitment to continuously improving our environmental and social performance and governance structure related to all our stakeholders: customers, distributors, suppliers, ourselves (employees), authorities and the communities in which we operate.

The report of 2024 is focused on our due diligence process with our suppliers, to ensure that the activities in our upstream supply chain are in accordance with our high targets for this area.

Kverneland Group is, since 2012, a fully owned subsidiary of Kubota Group, and therefore fully committed to Kubota's brand statement "For Earth, For Life". In Kverneland Group we support this statement through our product development, where we focus on developing implements that not only contribute to producing food but also doing so in the most sustainable way possible.

Kubota Group has, for a long time, aligned its ESG principles with the United Nations' Sustainable Development Goals (SDG's). For more details on this, we refer you to Kubota Groups ESG report for 2025. Looking into the future, Kverneland Group will continue to utilise the framework of the Transparency Act, together with the other related directives and regulations to further align our supply chain with the targets set by the UN and EU for ESG. As a part of Kubota Group, Kverneland Group will be included in the CSRD-report which will be issued first time in 2028 for 2027 figures. We are looking forward to the Corporate Supplier Due Diligence Directive, which we expect will further strengthen the mandate to work in this area.

I am, on behalf of Kverneland Group, thankful for your continued partnership and cooperation as we continue this important journey. Together, we will make a lasting impact on the development of our society, especially when it comes to the agricultural sector, which in return creates a better world to live in for the generations to come.

Yours sincerely,  
Arild Gjerde  
President & CEO, Kverneland Group





## 1.2 About the report and Kverneland Group

The obligations under the Norwegian Transparency Act (Åpenhetsloven) (the “Transparency Act”) apply to the activities of Kverneland AS (“KvAS”) and Kverneland Group Operations Norway AS (“KGON, “KGON AS”). Kverneland AS is the Holding Company that owns all entities within Kverneland Group. Since 2012, it has been a fully owned subsidiary of Kubota Group. Kverneland Group is one of the leading international companies for developing, producing and distributing agricultural machinery, most notably for tillage, sowing and spreading, as well as grass care equipment. This report was prepared in accordance with the requirements of the Transparency Act and covers the period from 1 January 2024 to 31 December 2024. The report is predominantly based on the activities of KGON (owned by KvAS), due to it having the highest number of suppliers and potentially higher risk in comparison to other entities.

The management of KvAS holds the ultimate responsibility for ensuring that our work under the Norwegian Transparency Act is carried out in accordance with legal requirements and the OECD Guidelines for Multinational Enterprises. For information about our organisational structure and general supplier follow-up, please refer to last year’s statement.

## 2. Policies and Governance of Kverneland Group

To support our commitment to responsible business conduct, KGON has developed its own supplier code of conduct which is shared with all new suppliers during procurement. The code outlines our expectations regarding labour rights, human rights, environmental responsibility, and ethical business practices. This document provides a clear framework for suppliers to understand the standards we require and reflects our aim to promote transparency and integrity across our supply chain. While several companies within the Kverneland Group have developed similar guidelines, there is now a shared intention to harmonise these into a standardised document, ensuring a consistent approach group-wide.

All suppliers working with KGON are expected to comply with the principles outlined in the Code. Where a supplier already follows an equivalent set of standards, these may be accepted after review to ensure alignment with our expectations. The goal is not simply to enforce a uniform document, but to foster a shared understanding of ethical conduct and human rights due diligence across all entities we work with.

This initiative is part of our compliance with the Norwegian Transparency Act and aligned with the broader Kubota Group Human Rights Policy, which affirms our commitment to international human rights frameworks and outlines how we aim to integrate these standards into our operations and business relationships.

A summary of KGON and Kubota Group policies, which was used as the background for conducting our risk assessment, follows.

### 2.1 Policies

#### Child labour

KGON deeply respects children’s right to development and education. Suppliers shall take all appropriate measures to ensure that no child labour occurs at their own place of production or operations or at their sub-supplier’ sites of production or operations. Child labour is defined as work done by children younger than 15 years of age or younger than the age of completing local compulsory school. However, the local legal minimum age for employment must never be violated. Young workers (15-18 years of age) shall not be employed in work that put their health or safety in danger, including night shifts.

The supplier shall have a certified copy of an official document which shows the worker’s date of birth. In countries where this is not possible, the factory shall implement an appropriate method for evaluating the age of its workers.

### Forced labour

Forced or involuntary labour is not tolerated by KGON. This includes work on a forced contract and other forms of work, which are done against the individual's will or choice. There must be no deductions in salary because of fines or penalties imposed during the execution of disciplinary punishment, unless this is done with reference to a collective agreement or permitted by law.

Workers shall not be required to lodge deposits, original identity papers or work permit with the employer or any other body on behalf of the employer.

### Consideration for marginalised population

In line with our obligations under the Norwegian Transparency Act, we are committed to ensuring that the production and extraction of raw materials for production shall not contribute to the destruction of the resources and income base for marginalised populations, such as in claiming large land areas or other natural resources on which these populations are dependent.

### Working hours and salary

KGON recognises the need for a healthy balance between work and spare time for all employees. Unless the national law is different, the working hours and salary should be in compliance with ILO Conventions nos 1, 14, 26, and 131.

### Anti-discrimination

KGON expects its suppliers to treat everyone fairly when selecting and dealing with their employees and should not treat any person less favourably because of their race, colour, religion, sexual orientation, age, gender, nationality, disability, marital or health status, union membership, political affiliation or ethnic origin.

### Health and safety

Suppliers must ensure that they or their producers or sub-suppliers abide by all local laws, directives and regulations relating to health and safety in the workplace or in any other location other than the workplace where production or work is undertaken and that they implement any amendments to these laws, directives or regulations.

KGON expects its suppliers to provide safe and adequate working facilities for all of its employees. Specifically, and as a minimum:

- Access to clean sanitation facilities, drinking water, and fire escapes
- Provision of meal breaks
- Adequate ventilation and temperature controls

### Freedom of association and the right to collectively bargain

KGON respects the employees' right to organise and bargain collectively. This means, that also, suppliers must recognise their employees' freedom to choose whether or not to associate with or establish any organisation including labour organisations.

Workers' representatives shall not be discriminated, and they shall have access to carry out their representative functions in the workplace.

If the right to join or form trade unions is limited by law, the employer shall facilitate, and under no circumstances hinder parallel means of independent and free association and bargaining.

### Anti-harassment

As part of our broader ESG commitments, we have adopted a Charter for Action to guide responsible business practices across all entities, including KGON. This charter plays an important role in reinforcing the expectations we place on our employees, partners, and suppliers, particularly regarding respect for human rights. It serves as a foundation for how we approach workplace conduct, due diligence, and supplier engagement. Our stance on anti-harassment is as follows:

"We do not allow infringements of human rights, such as any type of harassment or mistreatment. We regard one another as important partners and seek to build rich and rewarding personal relationships."

## Whistleblowing and complaint mechanism

At Kverneland Group, including KGON, it is essential that our employees, suppliers, and business partners can report potential and/or actual breaches of our policies, guiding documents, and values. To facilitate this, we have established a robust whistleblowing policy that outlines our procedures for the safe management of reports concerning breaches of our guidelines and harmful practices, both internally and with external partners. Our whistleblowing system, particularly for matters under the Transparency Act and other ESG-related issues, is accessible via the email address [esg.transparency@kvernelandgroup.com](mailto:esg.transparency@kvernelandgroup.com). We encourage all stakeholders to use this channel to reach out with any concerns, questions, or suggestions regarding potential human rights violations within our operations or supply chain. We strictly prohibit any form of retaliation or intimidation against individuals who use the whistleblowing mechanism.

## 3. Due Diligence of KGON Suppliers

### 3.1 Background

In 2024, KGON took further steps to strengthen its supply chain due diligence practices, in line with the requirements of the Norwegian Transparency Act (§4), which mandates companies to carry out and report on human rights due diligence. While we have long had policies in place to promote ethical conduct among suppliers, this year marked a move toward a more formalised and structured process. The focus was on improving how we identify, assess, and monitor risks related to human rights and decent working conditions within our supply chain.

As part of this process, KGON began working with Prewave, an AI-driven risk monitoring platform. Prewave scans thousands of publicly available sources (such as media, social networks, reports from NGOs, and government records) to assess supply chain risks. It flags potential concerns such as child labour, forced labour, workplace safety issues, or discrimination connected to suppliers. Additionally, it enables for a more diligent risk assessment, based on industry and country risk, to be conducted for all our suppliers. By using Prewave, KGON aims to monitor supplier-specific risks more proactively and to rely less on static questionnaires and manual data collection. This new capability allows for earlier detection of risks and a more continuous approach to due diligence.

Alongside Prewave, we launched a targeted supplier engagement effort to collect self-reported data through a structured questionnaire. This two-tiered system—external risk monitoring paired with direct input from suppliers—was designed to provide a more complete view of risk across our most critical supply relationships. We recognise that effective due diligence also requires engagement with affected stakeholders. Where relevant, KGON seeks to include worker voices and local community perspectives through dialogue with suppliers and civil society partners.

### 3.2 Method

KGON works with a global network of 662 suppliers (at time of writing), spanning a wide range of materials, components, services, and geographies. To focus our efforts, we applied a risk-based selection model to identify a subset of suppliers for assessment in 2024.

The selection process was based on five main criteria:

- 1) **Annual spend** – suppliers with a spend of over kr4,7mil were prioritised
- 2) **Operational dependency** – focusing on suppliers that are integral to product delivery or cannot be easily replaced.
- 3) **Geographic risk** – considering country-level human rights indicators and governance risks.
- 4) **Results of previous internal risk reviews** – including supplier history and past performance.
- 5) **Nature of goods supplied** – giving attention to suppliers of raw materials and manufactured components, where labour risk is typically higher.

Using this framework, 65 key suppliers were selected and onboarded to Prewave. This included our top 21 suppliers by spend, who together, account for 91% of our total procurement on products and raw materials. Two suppliers were included despite having a low annual spend (under MNOK 1) because they operate in higher-risk regions and warranted closer attention. The remaining 32 suppliers were included due to operational dependency and previously assessed suppliers.

Of this, 28 suppliers were contacted to conduct the assessment. They received a structured questionnaire covering areas such as child and forced labour, working hours, wages, health and safety, non-discrimination, freedom of association, and the use of subcontractors. This combination of risk monitoring and supplier disclosure forms the core of our 2024 due diligence approach.

### 3.3 Preliminary findings

Of the 28 suppliers contacted, 50% responded to the questionnaire. Respondents included both small and medium-to-large suppliers, with 36% classified as medium (50–499 employees) or large (500+ employees). These larger suppliers were asked to respond to an expanded set of questions focused on their internal human rights frameworks and due diligence processes. While this provides an initial data set, the response rate highlights a need to increase engagement and improve future participation rates.

Across all responses, no supplier answered “no” to any of the risk-based questions asked. While this may indicate a shared baseline commitment to core human rights principles, self-reported data can carry limitations, and absence of negative responses should not be interpreted as absence of risk. Responses from the larger suppliers were particularly encouraging. Several shared internal policies on human rights, ethics, and workplace safety. These were aligned with internationally recognised frameworks, such as the UN Guiding Principles on Business and Human Rights or ISO 45001. Multiple confirmed previously conducted site audits in relation to human rights. In addition to the questionnaire responses, Prewave monitoring revealed no critical incidents among the prioritised suppliers during the 2024 period. No reports were flagged regarding human rights violations, labour disputes, or regulatory breaches in publicly available data. However, the absence of risk signals should be interpreted alongside the limited coverage of publicly reported issues in certain countries and sectors.

### 3.4 Risk Assessment

Our risk assessment for 2024 combined both self-reported data from the supplier questionnaire and external data from the Prewave platform. Each supplier was reviewed based on a combination of location, sector, response status, and ongoing monitoring results.

Suppliers were categorised as follows:

- 1) Low risk:** These suppliers either completed the questionnaire and reported full compliance, or they are based in countries with strong legal frameworks and Prewave detected no external red flags.
- 2) Moderate risk:** This group includes suppliers that did not respond to the questionnaire or only partially completed it. Some are also based in regions where enforcement of labour and human rights protections is less consistent. While no specific incidents were identified, the lack of direct engagement limits our ability to verify practices.
- 3) High risk:** No suppliers were classified as high risk in this cycle. However, this is not a conclusive finding given the partial response rate. Some suppliers may move into higher risk categories in future reviews if monitoring data or direct disclosures suggest otherwise.

Results of the assessment show that no breaches of human rights were identified within the supply chain. However, based on the response rate, some risks may remain undetected, and the findings do not show conclusively that a risk does not exist. This reinforces the importance of improving supplier engagement and compliance in future cycles to gain a more complete and reliable picture of risk exposure across the supply base.

### 3.5 Limitations & Future Directions

2024 is the first year for which we employ Prewave and our first cycle combining both automated risk screening and supplier self-assessment. As with any new system, there were challenges:

- Some suppliers needed more time to understand and respond to the questionnaire.
- Internal onboarding to Prewave took longer than expected.
- Without complete historical data, trend analysis and benchmarking were limited.

Despite these challenges, we see clear potential to scale and improve the process. In 2025, we plan to:

- Increase supplier response rates through earlier communication and integration into procurement workflows.
- Expand risk screening to a broader supplier group, particularly those involved in higher risk industries.
- Provide clearer guidance and training materials for suppliers as well as our internal procurement team.
- Continue integrating Prewave alerts into yearly supplier reviews.

## 4. Measures, Actions, and Continuous Improvement

### 4.1 Mitigation

In 2024, KGON focused on strengthening its human rights due diligence process in line with §4 of the Norwegian Transparency Act. Our efforts centered on building a necessary foundation for future mitigation by improving our capacity to identify and monitor human rights risks across our supply chain. A key advancement during this reporting period was the implementation of Prewave, a digital risk monitoring platform designed to scan public data for potential ESG-related concerns, including labour violations, unsafe working conditions, or human rights breaches.

The platform was deployed to monitor our top 65 prioritised suppliers and will serve as a key tool in our ability to assess and compare risk exposure across different supplier categories and geographies. This marks a shift away from a manual spend-based approach to a more detailed and responsive risk assessment process, consistent with OECD Guidelines on Responsible Business Conduct.

While no new formal mitigation measures were implemented in 2024, the introduction of Prewave represents a step forward in how we track and understand supplier-specific risk. However, we acknowledge that risk identification alone does not meet the full due diligence obligation under the Transparency Act as mitigation and follow-up actions are essential components of this process. In the coming year, the platform will enable us to take more targeted actions, engage more effectively with suppliers, and begin developing supplier-specific mitigation plans where risks are identified.

### 4.2 Remediation & compensation

At the time of this report, KGON has not identified any confirmed instances of adverse impacts within the scope of the suppliers assessed. This reflects the current findings based on available data but does not rule out the presence of hidden or unreported issues. Consequently, no remediation or compensation actions were triggered during the 2024 reporting period. Nonetheless, we have previously established internal protocols for handling such cases should they arise (see due diligence report 2023). These protocols are aligned with the UNGPs and include engagement with affected stakeholders, transparent communication, and support for corrective actions in collaboration with suppliers.



### 4.3 Looking forward

The 2024 reporting cycle marks a key step in KGON's continued implementation of its obligations under §4 of the Norwegian Transparency Act. With the introduction of the digital monitoring tool Prewave, we have begun operationalising a more structured and proactive approach to supply chain due diligence. Although this was the first year, by implementing a digital monitoring tool, we now have a stronger foundation to build on.

In 2025, our priority will be to expand the scope and effectiveness of our due diligence activities, as required by the Transparency Act. This includes extending Prewave coverage to additional suppliers, particularly those with indirect exposure to raw materials, or those operating in regions with known human rights risks. Our initial focus was on 65 key suppliers, but we intend to gradually scale this coverage to better reflect the breadth of our supplier base.

We will also work closely with the procurement team to embed ESG risk awareness into daily procurement workflows. This includes integrating Prewave alerts and risk indicators into supplier review processes, equipping buyers with training on how to interpret ESG risk data, and using it to support procurement decisions. The goal is to move from a reactive model of compliance toward a more proactive approach, where transparency and risk awareness become part of how we manage all supplier relationships.

A second focus area is improving supplier engagement and response rates. In 2024, 50% of surveyed suppliers completed our questionnaire. To improve this, we will start engaging suppliers earlier in the procurement process and provide clearer expectations about what information will be required as part of onboarding.

Internally, we will formalise escalation protocols for suppliers who either fail to respond or are flagged by Prewave for potential concerns. These protocols will include how and when to reach out, criteria for escalation to management, and guidance for tracking resolution over time.

Lastly, we will begin benchmarking year-on-year performance, now that we have an initial dataset. This will allow us to monitor progress over time, identify patterns, and prioritise improvements and efforts where needed. We also intend to share relevant insights across the wider Kubota Group to contribute to group-level learning and improvement in ESG practices.

Over time, our aim is for responsible sourcing to become a consistent and measurable part of our supplier management approach, not only to meet legal requirements, but to ensure that the products and services we rely on are sourced in a way that respects the safety and rights of all workers in our supply chain.

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