



# Due diligence report

Pursuant to the Norwegian  
Transparency Act

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# 1) Introduction



## 1.1. Message from our President and CEO

At Kverneland Group, we stand firmly behind our commitment to upholding international human rights in all aspects of our operations, and we welcome the opportunity presented by the Transparency Act in Norway to strengthen this commitment. This provides a structured and recognized framework that echoes our longstanding dedication to these principles.

This report marks the beginning of a new journey, a journey of deepening our commitment to sustainable and responsible business practices. While our work towards this goal had begun even prior to the implementation of the Transparency Act, this new regulation gives us a structured path and means to show our professionalism and commitment to human rights in our supply chain. We are aware that we have an impact through our business operations that extends far beyond the confines of our company. Therefore, we consider our supply chain as an extension of our core business values. In line with this view, we are not only dedicated to ensuring the integrity of our operations but also to ensuring that every link in our supply chain shares our commitment to human rights.

The introduction of the Transparency Act provides us with a powerful tool to scrutinize and enhance our practices. It will drive us to conduct our business in a way that respects and promotes human rights, decent working conditions, and sustainable practices. The Act, along with the impending Corporate Sustainability Due Diligence Directive, signal a new era of corporate responsibility and accountability – an era that we wholeheartedly embrace.

We have already taken steps in this direction with the introduction of our comprehensive and strict ethical guidelines, Code of Conduct, and the establishment of our whistleblowing mechanism. We are also making efforts to better understand and manage potential risks in our supply chain, particularly in areas where the risk of human rights violations may be higher; we acknowledge that human right risks are also business risks and we operate in a complex environment.

Moreover, we believe that our commitment to Environmental, Social, and Governance (ESG) factors is an integral part of our long-term growth strategy, committing Kverneland Group to the GMB2030 Long-Term Vision and positioning ESG at the core of our management. The Transparency Act, and our commitment to its compliance, forms a significant part of our broader ESG commitments. Our dedication to these principles is not merely a regulatory obligation but a core component of our vision for sustainable and inclusive growth.

Thank you for your support and for joining us on this important journey. We are committed to ensuring that our operations generate value for our stakeholders while upholding the fundamental rights and dignity of everyone involved in our supply chain.

Sincerely,

**Yasukazu Kamada**

*President and CEO, Kverneland AS*



Foto: Unsplash / Raphael Rychelsky

## 1.2. Background and purpose

Kverneland AS, a part of the Kubota Group, stands unwaveringly dedicated to respecting and promoting international human rights within all our operations. Our mission is not solely confined to delivering products, but fundamentally, it extends to effecting positive societal change and cultivating a more equitable, sustainable world. Central to this commitment is the unequivocal dedication to respecting and promoting international human rights within every facet of our operations; both in Norway and globally. Our purpose extends beyond simply delivering high-quality products and services; we firmly believe in making a positive impact on society and contributing to a more equitable, sustainable world.

The Norwegian Transparency Act (Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions, "Åpenhetsloven"<sup>1</sup>), along with the OECD Guidelines for Multinational Enterprises<sup>2</sup>, the UN Guiding Principles on Business and Human Rights<sup>3</sup> – and adherent guidance<sup>4</sup>, serve as our guiding compass in our work. We embrace these guidelines not as an imposed legal requirement, but as an integral part of our ethical and business framework.

The report at hand underscores our commitment by displaying our due diligence processes, demonstrating how we identify and mitigate potential and actual risks to human rights in business operations, in our supply chain and through partnerships with our clients. Moreover, this report provides transparent disclosure about our efforts and results thus far. It stands as a testament to our continuous journey towards improved business practices, effective risk management, and a steadfast commitment to human rights. Through transparency, we invite our stakeholders to join us on this journey and contribute to making business a force for good in society.

Moreover, we acknowledge and prepare for the influence of the forthcoming EU Corporate Sustainability Due Diligence Directive<sup>5</sup> (CSDDD) and the Corporate Sustainability Reporting Directive<sup>6</sup> (CSRD), which will further heavily influence our EU operations. We welcome these evolving standards as a further opportunity to enhance our commitment to human rights and environmental protection, aligning our operations even more closely with global sustainability goals.

The purpose of this report is to underscore our commitment to these principles and present the findings of salient human rights risks in our operations. It presents our due diligence processes, reveals our efforts in identifying and mitigating potential risks to human rights within our supply chain, and offers a transparent account of our progress. We see the Transparency Act as an opportunity to exhibit our ongoing journey towards improved business practices, more

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1 Lovdata, Åpenhetsloven, 2022: <https://lovdata.no/dokument/NL/lov/2021-06-18-99>

2 OECD MNE Guidelines, est. 1976, last revised in 2023: <https://mneguidelines.oecd.org/mneguidelines/>

3 UN Guiding Principles on Business and Human Rights, 2011: [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf)

4 OECD Due Diligence Guidance for Responsible Business Conduct, 2018: <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>; OECD Due Diligence Sector Guidance: <https://mneguidelines.oecd.org/duediligence/>

5 Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0071>

6 Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (Text with EEA relevance) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2464>

effective risk management, and an unwavering commitment to human rights. As such, we also acknowledge that this report is a first stepping stone in mapping and reporting on our due diligence measures. Our due diligence work is ongoing and dynamic, and is subject to ongoing revision.

By choosing transparency, we not only hold ourselves accountable but also invite our stakeholders to join us on this significant journey, turning the lens of scrutiny into a lens of collective progress. We strongly believe in the transformative power of business to be a force for good in society, and through this report, we reiterate our dedication to that conviction.

### **1.3. Scope and applicability**

This report covers the activities and operations of Kverneland AS and its subsidiaries, both in Norway and in the rest of the world, from January 1, 2022, to December 31, 2022. In accordance with the Transparency Act and the guidance issued by the Norwegian Government, the reporting requirements are applicable to both our Norwegian entities and our international subsidiaries. This ensures a comprehensive and unified approach to due diligence, risk assessments, and measures taken to address adverse impacts on fundamental human rights and decent working conditions across all our business operations. The first report will serve as the foundation for ongoing reporting and continuous improvement in our responsible business conduct.



## 2) Enterprise Overview

### 2.1. Description of the enterprise

Kverneland AS is the Holding Company that owns all the entities within Kverneland Group. Since 2012, it is a fully owned subsidiary of Kubota Group.

Kverneland Group is one of the leading international companies for developing, producing and distribution of agricultural machinery. Through its strong portfolio of quality and respected brands, Kverneland Group is able to offer a complete and competitive product range to professional farmers and contractors in the areas of soil preparation, seeding and spraying, grass and forage.

The Kverneland Group is present in several markets, both geographically and from a product perspective, with a presence through distribution companies in the following countries: Denmark, Sweden, UK, Ireland, Germany, Belgium, the Netherlands, Italy, Spain, France, Poland, Czech Republic, Slovakia, Hungary, and Russia. As the products sold are mainly developed and manufactured by production companies, the Kverneland Group has several production sites in several countries.

The final customers of our products are the professional farmers as well as contractors, to which we sell through its own network of Sales Companies or with the help of importers. Both Kverneland Group sales companies and importers are in most cases selling through a network of independent dealers in their respective countries.

The name Kverneland has a long history, which goes back to 1879, when O.G Kverneland founded the first factory. From that time and until present, the Group has expanded to become a large international player within its industry. The listing below provides information on some of the main historical milestones in our history.

Year	Milestone
1879	Factory founded by O.G. Kverneland. Production of scythes and sickles.
1882	First plough exhibited in Stavanger, O.G. Kverneland receives diploma.
1894	Transition to public limited company with a share capital of NOK 50,000.
1895	New factory opened.
1902	Development of the horse-drawn plough "Record"
1928	Development of the first tractor plough.
1929	2.5 million scythes produced in 50 years.
1939	Workers at Kvernelands Fabrikk AS formed a trade union.
1947	Launch of the first tractor plough for three-point hydraulics.
1952	Launch of the Hydrein plough.
1952	Hay fork for tractor developed by local farmer and manufactured on license
1953	Introduction of the first major export drives of tractor ploughs and fork tools.
1955	Kvernelands Fabrikk AS becomes a "group" with the acquisition of Globus
1964	Opening of new plant at Øksnevad in Klepp municipality.
1965	Establishment of sales company in Denmark – the first company established abroad.

<b>Year</b>	<b>Milestone</b>
1966	Kvernelands Fabrik AS; named company of the year in Norway.
1968	Launch of the Stenomat plough with automatic stone release.
1969	Establishment of sales company in Sweden.
1972	Acquisition of Fraugde plough factory in Odense, Denmark.
1972	Launch of reversible plough, first in the world with automatic stone release.
1973	Employees join the Board of Directors and the new Corporate Assembly.
1978	Establishment of sales company in the UK.
1983	Kverneland AS is listed on the Oslo Stock Exchange.
1984	Acquisition of Kyllingstad AS plough factory, Kleppe.
1986	Merger with grass and potato machine manufacturer, Underhaug AS, Nærbø.
1986	Establishment of sales company in Canada.
1989	Establishment of sales company in Norway.
1990	Establishment of sales company in Spain.
1992	Acquisition of rotary harrow manufacturer, Maletti S.p.A., Italy.
1993	Acquisition of grass machine manufacturer, Taarup in Denmark.
1993	Establishment of sales company in Ireland.
1994	Acquisition of seeding machine manufacturer Maschinenfabrik Accord in Germany.
1996	Establishment of European Works Council, Kverneland Group.
1997	Establishment of sales company in Poland.
1998	Acquisition of the Greenland group of companies in the Netherlands.
1999	Acquisition of agricultural machinery manufacturer, RAU, Germany.
1999	Establishment of sales company in the Czech Republic and Slovakia.
2000	Agri Winner project
2001	Further acquisitions within the vineyard mechanisation sector
2004	Kverneland Group 125 years.
2007	Establishment of centralized spare parts warehouse in Metz, France
2010	Purchase of 38.7% of bale equipment supplier, Gallignani S.p.a.
2011	Take-over of majority of Kv shares by Kubota
2012	100 % take-over of Kverneland Group by Kubota
2012	Purchase of further 61.3% Gallignani S.p.a. shares, resulting in 100% ownership
2019	140 Years Kverneland Group
2021	Purchase of 80% of ROC S.r.l. in Italy
2023	Purchase of BC Technique S.A.S. in France



# Our product range is:

## Precision Farming Solutions



Terminals & Accessories



Licenses



Telematics



Service Tools



iM Farming

## Ploughing Equipment



Reversible Mounted Ploughs



Reversible Semi-mounted Ploughs



Conventional Ploughs



Packers

## Soil Equipment



Seedbed Cultivators



Stubble Cultivators



Subsoilers



Strip-Tiller



Disc Harrows



Power Harrows



Rollers



Packers

### Chopper Equipment



Choppers

### Seeding Equipment



Pneumatic Seed Drills



Integrated Seeding Combinations



Mechanical Precision Drills



Pneumatic Precision Drills



Vegetable Precision Drills



Other Seed Drills

### Spreading Equipment



Disc Spreaders

### Spraying Equipment



Front Mounted Spray Equipment



Mounted Sprayers



Trailed Sprayers



Self Propelled Sprayers

### Forage Equipment



Mowers



Tedders



Rakes

### Bale Equipment



Fixed Chamber Round Balers



Variable Chamber Round Balers



Fixed Chamber Baler-Wrapper Comb.



Variable Chamber Baler-Wrapper Comb.



Round Bale Wrappers

### Feeding Equipment



Bale Choppers – Feeders

## 2.2. Structure and operations

All the companies in the group can be classified in one or several of the company categories below. Each category has some specific features and roles in the business activities. The company categories are defined as:

- Production Companies
- Sales Companies
- Part Ware Houses
- Other companies

**Production Companies:** Kverneland Group has nine production plants located in Europe. The production companies are allocated to Business Areas of the group by product range.

**Sales Companies:** Over the last decades, hawse have established our own Sales companies (wholly or partly owned by Kverneland) in our key markets, currently fourteen.

The main objectives for the SCs are to:

- Maximize market and customer profitability;
- Provide local representation, co-ordination and resource management;
- Be accountable for dealer structure, dealer development and development of sales conditions;
- Execute operational marketing plans in conformity with guidelines from relevant divisions and business units

**Part Ware Houses:** We also own warehouses, to better service our customers worldwide.

**Other Companies:** Kverneland AS is the ultimate parent of the Group. In addition, there are a number of sub-holding companies and companies dedicated specifically to R&D.



Foto: Unsplash / Kamil Feczko

## 3) Due Diligence Process and Assessment of Adverse Impacts

### 3.1. Policy commitment

We have different internal documents that embed human rights into our business oversight bodies. We firmly believe that these documents anchor and strengthen our business model around sustainability, which ultimately also means that our operations are future-proof and resilient. The different guidelines and policy documents apply to different aspects of our business, to ensure that we respect and uphold internationally recognized human rights both in our direct operations, supply chain and through our business partnerships.

In the in following, you may find a brief summary of:

- Our ethical guidelines
- Our charter for action
- Supplier code of conduct

#### 3.1.1 Our Ethical Guidelines

Kverneland Group operates under a comprehensive and stringent set of ethical guidelines that outline our commitment to responsible business practices. These guidelines form the bedrock of our operations, directing every decision we make and every action we take.

One of the most critical aspects of these guidelines is our unambiguous stance to protect and respect internationally recognized human rights, and our work to prevent child labor. Aligned with UN conventions, particularly the Convention on the Rights of the Child and ILO Convention No. 182 on the Worst Forms of Child Labor, our guidelines explicitly forbid the employment of children in any part of our operations or supply chain. We are uncompromising in this respect and take proactive steps to ensure our adherence to these conventions. This includes thorough due diligence on our suppliers and regular audits to verify compliance. If any violations are detected, we take immediate and appropriate action to rectify the situation and prevent recurrence.

Our ethical guidelines reflect our firm belief in upholding human rights and maintaining the highest standards of corporate responsibility. Our explicit prohibition of child labour is just one facet of our broader commitment to operating with integrity, transparency, and respect for all individuals.

#### 3.1.2 Our Charter For Action

At the heart of Kverneland and Kubota's mission is a profound commitment to ethical conduct and social responsibility, which is encapsulated in our Charter for Action. This charter serves as our guiding light, detailing the fundamental principles that underpin our operations and inform our decision-making processes.

Point 3 of our Charter for Action expressly underscores our dedication to respecting human rights. This pivotal commitment is not simply an external obligation or legal requirement; it is an intrinsic part of our core values and organizational ethos.

As a sign of this commitment, we align our operations with international human rights standards, including the United Nations Declaration of Human Rights and the Fundamental Principles and

Rights at Work as defined by the International Labour Organization. We strive to ensure that our activities – from production to distribution – do not infringe upon these rights and, moreover, actively contribute to their realization.

Even before the Norwegian Transparency Act, we have embedded the respect for human rights into our business model. Through continuous monitoring, evaluation, and improvement, we aim to ensure that our practices not only meet but exceed the expectations set forth by this law. We firmly believe in the power of business as a force for good. By integrating human rights into the heart of our operations, we aim to contribute positively to the communities we operate in, setting a high standard for ethical and responsible business conduct. Through this Policy Commitment, we reiterate our pledge to uphold these rights and strive towards their universal recognition and realization.

### **1. Respecting Human Rights**

- We support the Universal Declaration of Human Rights, and respect the human rights of all people.
- We do not discriminate or violate human rights on the basis of nationality, race, age, gender, sexual orientation, and gender identity(\*), disability, or for any other reason whatsoever.
- We do not permit forced labor or child labor, and also request our business partner for compliance in this regard.

### **2. Prohibition of Harassment**

- 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.

### **3. Protection of Personal Information**

- We are aware of the importance of privacy and personal information related to our customers, management, employees, and others. We comply with relevant laws and Company rules to handle information properly, and work to prevent the loss, leakage, or other misuse of personal information.

(\*) Gender identity refers to the concept "how one identifies in terms of one's gender."

#### **3.1.3 Supplier code of conduct**

Our Norwegian factory, KgON, has taken proactive steps to ensure our suppliers align with our ethical standards and commitment to human rights. In this regard, we have drafted a comprehensive Supplier Code of Conduct that outlines our expectations and requirements in key areas, such as labor rights, environmental sustainability, and business integrity. Other entities within the Kverneland Group have drafted similar documents and it is our intention to uniform and standardize these documents, to apply an uniformed approach.

KgON requests all our suppliers to follow this Supplier Code of Conduct. This document sets forth a clear framework for our suppliers, providing explicit guidelines to ensure their operations align with our ethical standards. It represents our commitment to ensuring responsible business practices throughout our supply chain and offers a structured approach to maintaining this commitment.

If a supplier has already adopted similar documents that uphold equivalent ethical standards, we recognize and accept these after considerations of the documents, provided they are aligned with our principles and requirements. Our primary goal is to ensure a shared commitment to ethical conduct, transparency, and respect for human rights across our entire supply chain.

### **3.2 Whistleblowing and complaint mechanism**

It is necessary for our employees, suppliers and business partners to be able to report potential and/or actual breaches of our policy, guiding documents and our values.

At Kverneland Group we have established a whistleblowing policy for internal whistleblowing, stating our process in place for the safe management of those who report on breaches of our guidelines, harmful practices both internally and through external partners. In line with our commitment to uphold human rights within our operations and supply chain, we also have established a further dedicated whistleblowing mechanism. This system provides a confidential and secure channel for individuals to report any concerns or abuses related to our operations.

Our whistleblowing system for the Transparency Act and other ESG-related topics operates via the email address [esg.transparency@kvernelandgroup.com](mailto:esg.transparency@kvernelandgroup.com). We invite all stakeholders to reach out to us with any concerns they may have related to potential violations of human rights within our operations or supply chain. We understand the importance of maintaining confidentiality and ensuring the protection of those who choose to use this mechanism. Therefore, we guarantee anonymity to all whistleblowers and ensure that their identities are protected throughout the reporting and investigation process. All reports received through this channel will be taken seriously, thoroughly investigated, and will result in appropriate action, where necessary.

Whistleblowers face no retaliation for their actions. Any form of retaliation or intimidation against individuals who have used the whistleblowing mechanism is strictly prohibited.

### **3.3. Human Rights Risk Framework**

The Human Rights Risk Framework employed by Kverneland Group is designed to assess potential and actual risks in our operations, through our business partners and in our supply chain related to human rights, including decent working conditions.

This risk framework is meant as an operational assistance when conducting risk assessments. It is based on the OECD Due Diligence framework<sup>7</sup>, UN Guiding Principles on Business and Human Rights (UNGPR)<sup>8</sup> and integrates different risk parameters.

Through this framework and our methods for conducting due diligence we seek to cease, prevent and mitigate potential and actual adverse impacts. This risk framework is under ongoing consideration and will be a dynamic framework to be updated when new information is adopted. In addition, we are on an ongoing basis considering and updating our methods, to reflect the dynamic nature of conducting a due diligence. Moreover, we acknowledge that this framework does not shift responsibilities.

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7 OECD Due Diligence Guidance for Responsible Business Conduct, 2018: <http://mneguidelines.oecd.org/OE-CD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf> ; OECD Due Diligence Sector Guidance: <https://mneguidelines.oecd.org/duediligence/>

8 UN Guiding Principles on Business and Human Rights, 2011: [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf)

This framework is structured to evaluate and prioritize risk factors on two primary dimensions. The country in which the suppliers operate and the specific industry/sector they belong to. By integrating these risk factors, the framework aims to provide a comprehensive understanding of the potential human rights risks associated with a given supplier, allowing organizations to make more informed decisions when engaging with suppliers.

The **country risk** factor is assessed based on the overall human rights record of the country in which a supplier (and its sub-suppliers) operates. To gauge this risk, we use the World Justice Project Rule of Law Index<sup>9</sup>, the UN Human Rights Country-site<sup>10</sup>, International Trade Union Confederation – Global Rights Index<sup>11</sup> and other relevant sources where necessary.

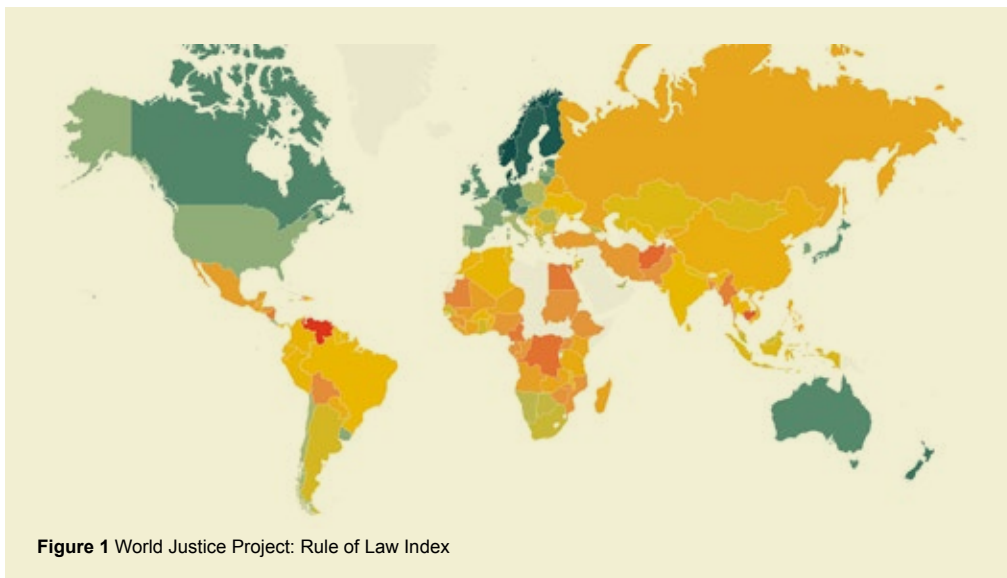


Figure 1 World Justice Project: Rule of Law Index

Furthermore, we also use reports and assessments from international and local organizations such as the United Nations, Amnesty International, and Human Rights Watch, or local unions, organizations where information is available, or local and international news sources, which can provide insight into recent human rights incidents or ongoing issues in the country, if needed.

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9 World Justice Project, <https://worldjusticeproject.org/rule-of-law-index/global>

10 UN OHCHR, <https://www.ohchr.org/en/countries>

11 ITUC, 2022 <https://www.globalrightsindex.org/en/2022/countries>

12 UNEP FI, Human Rights Guidance Tool for the Financial Sector, <https://www.unepfi.org/humanrightstoolkit/finance.php>



The **Industry/Sector risk** factor is assessed based on the specific human rights challenges and vulnerabilities associated with the industry in which a supplier operates.<sup>12</sup> Some risk indicators for this dimension include:

- 1 Prevalence of forced labor, child labor, or human trafficking within the industry, as reported by organizations such as the International Labour Organization (ILO) or the Global Slavery Index.
- 2 Incidents of labor rights abuses, including unfair wages, excessive working hours, or unsafe working conditions, as reported by industry associations, labor unions, or news sources.
- 3 Environmental impacts of the industry, which can indirectly affect human rights, such as pollution, resource depletion, or climate change, as reported by environmental organizations or scientific research.

By evaluating suppliers based on these two main risk factors, the Human Rights Risk Framework aims to provide organizations with a systematic and comprehensive understanding of potential human rights risks in their own operations, through their business operations and in their supply chain. This information will then be used to prioritize engagement, mitigation efforts, and ongoing monitoring to ensure that we, our business partners and our suppliers adhere to human rights principles.

As such, these two main risk factors are the foundation for how we identify and prioritize risks based on the scope, scale and remediability of the risk identified. Based on this initial analysis, we are better equipped to manage risks, and reducing potential and actual negative impacts.



### 3.3.1 The Country Risk

The country risk within the Human Rights Risk Framework is assessed in a way that prioritizes human rights risks, including working conditions. Importantly, this framework and the assessment does not involve political evaluation; our Ethical Guidelines explicitly forbid political contributions done in the name of Kverneland Group. Our focus is on understanding the environment within which we, our business partners, and our suppliers (and sub-suppliers) operate and the potential human rights challenges they may face. It is important to note that we do not analyze every single country in the world; instead, we concentrate on those that are part of our supply chain.

Based on these considerations, and applying the World Justice Project: Rule of Law Index, we have categorized the countries within our supply chain into three main risk levels:

- 1 **Low Risk:** These countries generally have strong legal frameworks and institutions that safeguard human rights, as well as a history of respecting workers' rights and working conditions.
- 2 **Medium Risk:** Countries in this category may have some challenges regarding human rights and working conditions, but they do not represent a significant risk for most suppliers.
- 3 **High Risk:** At present, there are no countries among our tier 1-suppliers that fall into this category. However, this classification would apply to countries where human rights and working conditions are severely compromised or where there is a high likelihood of human rights violations. Countries where armed conflicts are currently taking place are defined automatically as high risk and internal guidelines prohibit any business relation.

By categorizing countries based on their human rights risk, we can better understand the potential challenges and human rights risk that may occur. Furthermore, we may take appropriate action to ensure responsible and ethical practices in our business and across our supply chain.

When assessing the country risk within the Human Rights Risk Framework, we take into account several key factors that are directly related to working conditions and the potential for human rights violations. These factors allow us to understand better the environment in which our suppliers operate and the specific challenges they may face. The factors and core considerations are based on the UNGP and the ILO core conventions<sup>13</sup>, and the indexes and instruments mentioned before inform the categorization. The factors considered include:

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<sup>13</sup> The 8 ILO Core Conventions covers the thematic scope of: child labor, forced labor, discrimination and freedom of association. See ILO conventions: <https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12000:0::NO>

- 1 **Workplace Conditions:** We consider the overall working conditions in each country, including aspects such as occupational health and safety regulations, adherence to labor laws, and the prevalence of exploitative or unsafe working environments.
- 2 **Discrimination:** We assess the presence and enforcement of anti-discrimination laws and regulations in each country, as well as the prevalence of discriminatory practices on different parameters including, but not excluded to, gender, ethnicity, disability, sexual orientation, age.
- 3 **Child Labor:** We examine the prevalence of child labor in each country, taking into account the effectiveness of legal frameworks and enforcement mechanisms designed to prevent and address this issue.
- 4 **Forced or Compulsory Labor:** We assess the extent to which forced or compulsory labor is present in each country, including the effectiveness of national laws and enforcement mechanisms to combat this problem.
- 5 **Freedom of Association and Collective Bargaining:** We evaluate the extent to which workers in each country have the right to form and join trade unions, engage in collective bargaining, and participate in industrial action without fear of reprisal or discrimination.

By considering these factors, we are better equipped to assess the country risk and understand the potential human rights challenges that suppliers in our supply chain may face. Each assessment is considered individually, and this framework will assist responsible employees at Kverneland Group to consider the scope, scale and remediability of a potential risk.

### 3.3.2 The industry/sector Risk

The industry/sector risk within the Human Rights Risk Framework is assessed based on the specific human rights challenges and vulnerabilities associated with each industry that we are closely linked to through our supply chain. We have categorized industries into three main risk levels, as outlined below. This categorization is based on guidance provided by the United Nations Global Compact<sup>14</sup> and the UNEP Human Rights Guidance Tool for the Financial Sector<sup>15</sup> :

- 1 **High Risk:** Industries in this category are more prone to human rights violations due to the nature of their operations, labor-intensive practices, or the prevalence of vulnerable or marginalized workers. The high-risk industries particularly relevant for our operations include:
  - **Construction:** This sector often involves hazardous working conditions, informal labor arrangements, and a higher likelihood of forced or child labor. Additionally, construction projects may have significant environmental and social impacts on local communities.<sup>16</sup>

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14 <https://bhr-navigator.unglobalcompact.org/issues/migrant-workers/industry-specific-risk-factors/>

15 <https://www.unepfi.org/humanrightstoolkit/finance.php>

16 <https://globalnaps.org/issue/construction/>

- **Raw Materials:** This category includes mining and agriculture, which are known for their labor-intensive practices, hazardous working conditions, and potential environmental degradation.<sup>17</sup> These industries may also have a higher prevalence of child labor, forced labor, and human trafficking.
- **Fashion and Apparel:** This industry is characterized by complex global supply chains, which can make it challenging to monitor and enforce labor rights.<sup>18</sup> Workers in this sector are often subject to low wages, long working hours, and poor working conditions. Child labor and forced labor are also concerns in some parts of the industry.

**2 Medium Risk:** Industries in this category may not be inherently high-risk, but they can face increased human rights risks due to their interactions with high-risk suppliers. Examples of medium-risk industries include:

- **Transportation:** This sector can face risks related to workplace safety, labor rights, and environmental impacts. The risk level may increase when dealing with high-risk suppliers or transporting goods for high-risk industries.
- **Industries working with high-risk suppliers:** These industries may not be directly involved in high-risk activities, but their reliance on high-risk suppliers can create indirect risks. Examples include steel mills using iron ore or chocolate factories sourcing cocoa beans from farmers. The potential for human rights violations in their supply chains makes these industries medium risk.

**3 Low Risk:** Industries in this category generally have fewer human rights challenges or vulnerabilities. These industries tend to have more stable working conditions, better compliance with labor laws, and lower environmental impacts. Examples of low-risk industries include professional services, technology, and healthcare.

By categorizing industries based on their human rights risk, we can better understand the potential challenges suppliers might face and take appropriate action to ensure responsible and ethical practices across our supply chain.

Medium Risk industries, as previously defined, may not be inherently high-risk but can face increased human rights risks due to their interactions with high-risk suppliers. Given this relationship, medium risk industries are prime candidates for tier 2 and beyond supplier investigations.

Conducting a tier 2 (and further) supplier investigation allows organizations to delve deeper into their supply chain, analyzing the potential human rights risks associated with sub-suppliers. By assessing the suppliers one level below the direct suppliers (tier 1), organizations can gain a more comprehensive understanding of the human rights landscape in their supply chain and identify potential risks that may not be immediately apparent.

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<sup>17</sup> <https://www.unepfi.org/humanrightstoolkit/agriculture.php>

<sup>18</sup> <https://cleanclothes.org/file-repository/figleaf-for-fashion.pdf/view>

Tier 2 and beyond supplier investigations in medium risk industries can provide valuable insights into the potential risks associated with high-risk suppliers and help organizations develop targeted mitigation strategies. This proactive approach is crucial for ensuring responsible and ethical practices throughout the supply chain, and it helps organizations maintain a strong reputation for corporate social responsibility.

### **3.3.3 How we use the Human Rights Risk Framework**

The Human Rights Risk Framework serves as a valuable tool for conducting an initial, comprehensive analysis of all suppliers within an organization's supply chain.

This first level of analysis involves evaluating each supplier based on their country and industry/sector risk, creating a clear overview of the human rights risk landscape across the entire supply chain. Once this initial assessment is complete, the organization can identify those suppliers that present a higher risk profile due to their specific industry and/or country risk factors.

By focusing on the higher risk suppliers, we can prioritize our resources and due diligence efforts to address the most pressing human rights concerns within our supply chain. This targeted approach enables us to proactively identify and mitigate potential human rights risks, ensuring responsible and ethical practices throughout our supply chain. By concentrating on these higher risk suppliers, we protect not only our reputation but also contribute to the broader goal of promoting human rights and responsible business practices across industries and countries. This targeted approach ensures that we can proactively address the most pressing human rights risks in our supply chain, enabling us to make informed decisions about supplier engagement and build a responsibly managed supply chain.

## **3.4. Our risk assessment – application of the Human Rights Risk Framework**

In this chapter, we present how we have applied the Human Rights Risk Framework to conduct our risk assessment.

### **3.4.1 Our direct operations, supply chain and business partners**

We recognize that our responsibility to uphold human rights and ensure sustainable practices extends across all areas of our business, but we have focused the most significant aspects of our due diligence efforts on our production operations and our supply chain.

The parts of our business not directly involved in production, such as administration, sales, and support functions, are generally associated with lower risks in relation to human rights violations and/or environmental harm compared to production operations and our supply chain.<sup>19</sup> Nevertheless, we firmly believe that every sector of our operations should align with our overall corporate responsibility strategy. Therefore, we remain vigilant and continue to implement due diligence procedures in these areas, ensuring that all our business activities, regardless of their direct impact, conform to our standards of transparency, ethics, and sustainability. Our approach reflects our understanding that a robust commitment to responsible business conduct requires constant vigilance, regular monitoring, and a proactive stance in all parts of our organization. To ensure this in our organization, we conduct employee surveys to get feedback on important employee wellbeing topics, such as overtime, bullying at the workplace etc. For the Kverneland

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<sup>19</sup> <https://www.ungpreporting.org/resources/how-businesses-impact-human-rights/>

Group companies in Norway, for instance, this assessment is conducted every second year in dialogue with employees and workers representatives. The assessment and the results are then closely followed up by relevant employees/bodies. We aim to embed respect for human rights and sustainable practices into the fabric of our entire company, and not just the parts that are most visibly or directly connected to our supply chain and production processes.

Our supply chain primarily consists of local suppliers who provide materials and components to our factories. As such, we have both direct and indirect exposure through to risk because we may cause, contribute and be linked to adverse impacts.<sup>20</sup> This localized approach in our operations, underpins economic growth within the communities in which we operate, simultaneously enabling better control over supplier practices and nurturing robust relationships with our vendors. In turn, our sales companies predominantly source their equipment from the group's factories, ensuring a closed-loop system that reinforces our commitment to responsible business conduct. By maintaining a supply chain that relies predominantly on local suppliers and our own manufacturing facilities, we can more effectively manage risks, foster sustainable practices, and uphold fundamental human rights and decent working conditions throughout our operations. This model closely aligns with the requirements and objectives of the Transparency Act. By embracing a localized supply chain strategy, we are in a unique position to adhere to these requirements and take meaningful action.

#### **3.4.2. Scope for this first risk assessment**

While acknowledging the risk that exists in all parts of our operations, for this first due diligence process, we have chosen to focus our efforts onto the suppliers of our factory Norway, KgON, which is also one of our largest production sites. In addition, KgON produces products from raw materials, assemblies and are responsible for shipment. As such, KgON represents a more complete value chain of Kverneland Group. Moreover, KgON has the highest number of suppliers – a large number of which is shared with other Kverneland Group factories and production sites. Given the nature of the business, KgON is more closely linked to suppliers.<sup>21</sup> KgON has been actively implementing our Human Rights Risk Framework as a part of its commitment to conducting due diligence in the supply chain. Using KgON as a starting point for our analysis has enabled us to focus our efforts on key suppliers, provide local anchoring and ownership, and learn valuable practices and lessons to be embedded throughout all factories and production sites.

#### **3.4.3 Supplier and risk mapping, and prioritization**

Leveraging our Human Rights Risk Framework, the first step of our risk assessment was to categorize our suppliers based on various risk factors such as geographic location, sector, and size. In total, KgOn – as a representative for the various production sites – has more than 500 suppliers of different sorts. This ranges from office supplies to core suppliers of production equipment needed. This helped us in identifying those suppliers that pose the highest risk in terms of potential human rights abuses, and our leverage. Moreover, the suppliers we engage with represent very differentiating amounts of purchase and products. Upon identifying these high-risk suppliers, we engage with them proactively, initiating dialogues related to their operations. This interaction serves as an educational opportunity, allowing us to communicate our expectations and understand their current practices better.

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20 OECD Due Diligence Guidance, p. 72 <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

21 For instance, tier 2 suppliers of other Kverneland Companies will be the tier 1 supplier of KgON given the nature of the business.

In our due diligence efforts at KgON, we received much positive feedback from our suppliers, underscoring their commitment to our human rights principles and their willingness to engage with us in this important work. This gives us confidence in our ongoing due diligence process. However, parts of information received through our process was limited and we must acknowledge the need for increased scrutiny of whole supply chains moving forward, especially as we see the need to further investigate the risks related to raw materials as input factories in our production.

In total, circa 500 suppliers were part of the initial screening, and based on the risk parameters identified we followed up more stringently with selected, critical suppliers. As part of this engagement, we requested these identified potential high-risk and high-criticality suppliers to complete a detailed questionnaire. This document seeks information on a range of areas, including their labor practices, environmental footprint, and governance structures, and information and cooperation throughout their supply chain. The questionnaire allowed us to evaluate current operations against our standards, but also intended to encourage self-reflection among our suppliers, potentially leading to voluntary improvements in their practices. Furthermore, the questionnaire includes a section where suppliers confirm that they have read, understood, and are operating in line with our Supplier Code of Conduct and ethical guidelines. This is also a requirement to be signed prior to engagement, as well as added to contracts. This reinforces the importance we place on these guidelines and promotes their wider adoption within our supply chain. We found both through our analysis and in dialogue with our suppliers that concrete and specific information was challenging to come by.

Based on this initial screening, we conducted a more thorough analysis of circa 40 selected suppliers. This included looking more into debt on the risk parameters through our risk framework: geographic, sector and product risk. In addition, we considered our leverage and impact. For this analysis, we have spent time both researching our suppliers and their supply chain through reporting and dialogue, but importantly, through external and independent sources from international and local NGOs, union and international organizations such as the UN.<sup>22</sup>

#### **3.4.4. Our findings: material risks at Kverneland Group**

We have not identified any adverse impacts through our risk assessment. We have identified certain risks, mainly in our supply chain related to raw material production; we cannot presently completely exclude the risk in our supply chain of human rights violations of migrant workers, child labor, decent working conditions (HSE, working hours etc.) and forced labor.

While the vast majority of our tier 1-suppliers are located in the European Union, they source from areas all over the world. Our analysis show that the majority of material risks to Kverneland Group exist at the raw material production stage.

The majority of our tier 1-suppliers (and consequently, where we are considered to have the most leverage) are located in the EU. However, we know and acknowledge that there are human rights violations occurring also in the EU.<sup>23</sup> Furthermore, several of tier 1-suppliers operate in countries identified as medium risk, which are countries that have some challenges regarding

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<sup>22</sup> During our analysis we have for instance used the UNEP FI human rights guidance tool, and the OECD sector guidances to inform our analysis.

<sup>23</sup> See for instance the risk of migrant workers in varying sectors in Europe: IOM, 2022, <https://eea.iom.int/sites/g/files/tmzbdl666/files/documents/Mapping-Risks-to-Migrant-Works-in-Europe.pdf>, Human Rights Report: <https://www.hrw.org/world-report/2022/country-chapters/turkey>

human rights and working conditions. Through our analysis and risk mapping of our prioritized suppliers, we have seen that there are risks related to the manufacturing and production sector leaning heavily on mining and other high-risk sectors. Risks include the risk for migrant workers, excessive working hours and unionizing. Kverneland Group purchase semi-finished goods, hydraulic parts, forklifts etc. that are produced in countries where these risks occur, but are not directly linked to the risks and potential adverse impacts.<sup>24</sup>

Looking beyond our tier 1 suppliers in our high-level analysis, we acknowledge that the raw materials that are critical for the delivery of our products, are associated with risk. Several of our tier 1-suppliers source and have operations in countries identified as medium or high risk. A core component for our production is steel, which can be associated with various human rights risks.<sup>25</sup>

The findings and our process represent a dynamic, ongoing effort rather than a one-time activity. We are committed to regular monitoring, continuous communication, and iterative improvements to ensure that our suppliers align with our commitment to uphold human rights. By leveraging our Human Rights Risk Framework, KgON sets a strong example of proactive due diligence and responsible supply chain management within the broader Kverneland group.



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24 OECD Due Diligence Guidance, 2018, p.72: <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

25 International Federation of Human Rights, 2022: <https://www.fidh.org/en/issues/globalisation-human-rights/ironma-dein-brazil-report-reveals-iron-industry-s-human-rights-abuses>, DanWatch, <https://old.danwatch.dk/undersogelseskapitel/how-eu-steel-production-is-violating-human-rights/>; ILO: [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-manila/documents/publication/wcms\\_720743.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-manila/documents/publication/wcms_720743.pdf)



## 4) Measures, Actions, and Continuous Improvement

### 4.1. Preventing and mitigating material risks

Effective prevention and mitigation of human rights risks is a key component of our due diligence process. Consequently, as part of our risk assessment process we have identified measures and actions for continuous improvement. These measures and actions differs, in terms of our leverage and the risk identified.

It is crucial to note that while no high-risk tier 1-suppliers were identified in our preliminary investigation, this does not signal a cause for complacency, as the initial analysis on raw material production further down in our supply chain. Rather, it underscores the need for sustained diligence and constant vigilance. We understand that supply chain risk management is a dynamic, ongoing process, not a static, one-off exercise.

Importantly, we see that in order to monitor our progress in preventing and mitigating human rights risks, we must strengthen our tracking and monitoring system.

Going forward, we will continue to conduct our due diligence to the best of our abilities, ensuring that our supply chain remains resilient, reliable, and respectful of human rights.

Based on our initial risk assessment and our due diligence, we have identified the following measures for continuous improvement:

#### 4.1.1 Establishing ESG management oversight

This process has shown that it is necessary for our organization to establish clear and defined ESG management oversight and bodies. In 2023, we have initiated this process – both through the work with the due diligence, but also for our ESG work more broadly. We see a need to anchor the work, and learn lessons from the different value chains that exist within our organization. Consequently, for 2023/2024 we will work on establishing ESG management and oversight with processes, risk assessments and reporting structurally across all our locations.

We are committed to establishing a group-wide review process that enables a holistic view of our performance across all parts of the organization. This involves regular meetings with representatives from different purchasing departments to discuss the monitoring data, share insights, and identify potential improvements.

#### 4.1.2 Developing ESG training of employees

Following from the above point, one of the most effective ways to manage these risks is by ensuring that all employees, particularly those in direct contact with our suppliers, are fully aware of our internal policies and adhere to them in their day-to-day operations. To achieve this, we intend to put in place comprehensive training programs and courses aimed at promoting a deep understanding of our policies and the reasons behind them. This includes educating our staff about our Human Rights Risk Framework, our stance on issues such as child labor, and our broader commitment to ethical business practices. Adherence to sanctions also helps maintaining compliance and human rights risks under control.

Throughout 2023, we have strengthened policies and procedures broadly in our organization, which are made available to all employees, but we see a need and a potential to strengthen our work, particularly with procurement and purchasing departments across. Strengthening our practice here, is believed to reduce the risk of human rights violations in our supply chain.

#### **4.1.3 Audits and supplier assessments**

Regularly conducting audits or assessments of suppliers can help identify potential risks and non-compliant practices. We already conduct audits on certain suppliers and engage them constantly, but we aim to increase the control and oversight on these activities, which are currently entity-driven and not group-driven.

#### **4.1.4 Establishing clear KPIs on ESG, including human rights**

Building on the previous measures, we intend to establish key performance indicators on human rights (and ESG more broadly) that will serve as strategic steering in our work. These KPIs will measure our performance in managing human rights risks. We have already developed KPIs to measure the quality of our suppliers, and we see the potential to implement ESG factors within our regular scoring system. Hence, we believe establishing clear ESG KPIs will strengthen our monitoring of this work. These could include measures such as the number of suppliers contacted, the percentage of suppliers that have signed our Supplier Code of Conduct, or the number of employees trained in human rights risk management. This will be investigated, and is believed to have an impact on bettering the systemic thinking on risk and ESG.

#### **4.1.5 Risk assessments, continuous monitoring and supplier dialogue**

As presented here, through our supplier questionnaire, we have received valuable feedback from our suppliers, but we must acknowledge that there has been a challenge gathering information on suppliers, and particularly directly related to our supply chain. We have based our initial risk assessment on available sources, supplier questionnaires and our knowledge/dialogue with suppliers. But we see that there is a great potential to build on our work with tier 1-suppliers, and strengthen our risk assessment processes for the next year.

This relates also to the continuous monitoring. Our current monitoring activities are not limited to periodic assessments. We continuously monitor our supply chain for potential human rights risks and evaluate the effectiveness of our risk mitigation measures in real-time.

Our monitoring process is designed to be iterative. We use the insights gained from our tracking and monitoring activities to continuously refine and enhance our risk management strategies. We also welcome feedback from our stakeholders, as we believe their perspectives can provide valuable inputs to improve our practices.

#### 4.1.6 Stakeholder dialogue

We understand that for a comprehensive understanding of the risks and impacts on human rights within our supply chain, it is crucial to actively involve those directly affected.

Moving forward, we will apply the following stakeholder engagement process:

- 1 **Identifying Stakeholders:** Our first step is identifying who the affected stakeholders are. This could range from workers in our supply chain and their communities to local NGOs or government bodies in the regions where we operate.
- 2 **Establishing Dialogue:** Once stakeholders are identified, we establish channels of open and respectful dialogue. This could take the form of face-to-face meetings, workshops, or virtual consultations, always ensuring that the format is accessible and convenient for the stakeholders.
- 3 **Incorporating Stakeholder Input:** We see stakeholder engagement not just as a way to communicate our actions, but as a valuable source of insight to inform our due diligence process. The input we receive from these engagements is thoroughly considered and used to shape our policies and actions.
- 4 **Ongoing Communication:** Engagement with affected stakeholders is not a one-off event; it is an ongoing process. We commit to maintaining open lines of communication, providing regular updates on our progress, and creating opportunities for stakeholders to voice their concerns or suggestions.
- 5 **Protection of Stakeholder Rights:** Throughout this process, we are mindful of the rights of the stakeholders we engage with. We ensure that our engagement processes are conducted in a way that respects local customs and practices, and does not put stakeholders at any risk.

#### 4.1.7 Communication

Lastly, underpinning several of the previous measures and actions, we see that there is a need and potential to further strengthen internal and external communication.

We understand the importance of transparency in our due diligence efforts. As such, we report frankly and honestly on our progress and findings to internal and external stakeholders, maintaining an open dialogue about our efforts to uphold human rights in our supply chain. As stated, our policies are made available and communicated to employees, but we see a potential and need to be even more transparent on the risk assessment and our consideration of risk. We know this is something our employees hold dear to them.

Following this, we will extend the same due diligence process to the rest of the company, ensuring that every part of our operations, from administrative functions to sales and support services, upholds our commitment to human rights and ethical business conduct. This rollout will adhere to a "high risk first" approach, similar to the strategy employed by KgON. This means that we will prioritize those parts of our business and supply chain that pose the highest risk of potential human rights abuses. This risk-based approach allows us to efficiently allocate resources, ensuring immediate attention is given where it's most needed.

In conclusion, we believe that the measures explained briefly will have a particular impact in strengthening our systemic approach to human rights risk in our organization, and as such, strengthen our risk mitigation. As a part of our proactive approach towards supply chain management, we are continuously investigating the most effective ways to mitigate human rights risks in our operations. This involves closely monitoring developments within our supply chain and the broader industry, studying best practices, and considering innovative solutions to stay ahead of potential challenges. Our goal is not only to respond to risks as they arise but also to anticipate them, enabling us to take preventive actions that will maintain the integrity and resilience of our supply chain while upholding our commitment to human rights.

## 4.2. Remediation and compensation

In the unfortunate event that we identify any adverse human rights impacts linked to our operations or supply chain, we are committed to ensuring effective remediation and, where necessary, appropriate compensation.

### 4.2.1. Tailoring a Remediation and Compensation Mechanism

In developing our remediation and compensation mechanism<sup>26</sup>, we recognize the importance of aligning it with the specific needs and characteristics of the human rights issues we may face. We implement principle 29, in the UNGPs with the aim to make it possible for grievances to be addressed early and remediated directly, business enterprises should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted.<sup>27</sup> Consequently, we are committed to tailoring our approach based on the scale, scope, and remediability of potential human rights violations:

- 1 **Scale:** The severity of the human rights impact is a critical consideration. More severe cases may require immediate action, substantial compensation, and the involvement of higher levels of management or external authorities.
- 2 **Scope:** This refers to the reach of the violation. If an issue affects a large number of individuals or has the potential to cause widespread harm, our response will need to be correspondingly broad and comprehensive.
- 3 **Remediability:** We acknowledge that not all human rights abuses can be fully remedied. In cases where full remediation is not possible, our focus will shift towards compensating the affected parties and taking steps to prevent the reoccurrence of such issues.

In adhering to these principles, we aim to ensure that our remediation and compensation mechanisms are as effective and appropriate as possible. We are dedicated to doing what we can to rectify adverse human rights impacts linked to our operations and supply chain, in a manner that respects the dignity and rights of those affected.

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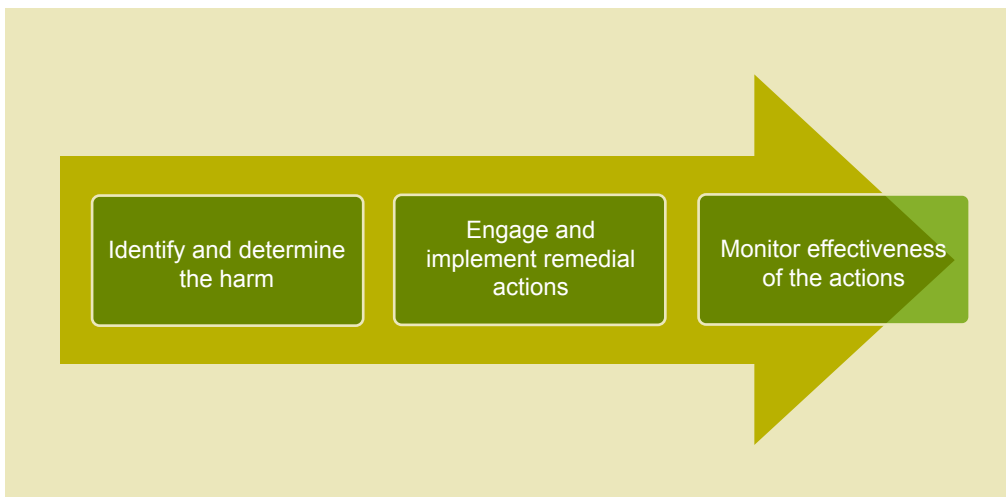
26 See UNGP, pillar 3 "Access to remedy", point 28: [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf)

27 Ibid.

#### 4.2.2. Our Remediation Process

The first step in our remediation process is to thoroughly understand the nature and extent of the harm caused. This could involve direct engagement with affected parties, consultations with human rights experts, or an internal investigation to gain a comprehensive understanding of the potential adverse impact at hand. Based on our understanding of the harm caused, we will identify the most appropriate remedial actions. This could range from corrective actions to prevent recurrence, changes in our business practices, or in certain cases, compensation for the affected parties.

We believe that effective remediation must involve the affected parties. Therefore, we are committed to engaging with them in a dialogue about appropriate remedial actions. This ensures that their perspectives and needs are taken into account in determining the most suitable response. Once we have determined the most appropriate remedial actions, we will move swiftly to implement them. This could involve working closely with our suppliers or other business partners to address the issue at hand. After remedial actions are implemented, we will closely monitor their effectiveness to ensure that they are successful in addressing the identified harm. If necessary, we may modify our approach based on the results of this monitoring.



In the event that we identify any issues within our operations, supply chain or business partners, our primary objective will be to work collaboratively with the affected party to resolve the problem. We believe in fostering strong, supportive relationships with our suppliers and business partners, and this includes assisting them in enhancing their own human rights practices through corrective action plans. We will not sever our business relationships precipitously over identified issues, as we understand that improvement often requires time and effort. Furthermore, this gives us, and them, a chance to improve and make a positive impact.

That being said, should we uncover any instances of extremely grave violations that are in stark opposition to our ethical guidelines and human rights commitment, such as child labor or forced labor, we will be compelled to re-evaluate our relationship with the offending party.

### **4.3. Periodic review of due diligence process**

We will review our due diligence process to ensure its effectiveness and to learn from our experiences. This involves a thorough analysis of our actions and results to identify areas of strength and potential improvements.

We will publish an annual report detailing our due diligence processes, findings, and steps taken. This report, freely accessible online, will not only provide insights into our efforts but also demonstrate our commitment to learning and improving. By reflecting on our experiences and incorporating our findings, we aim to make our due diligence process more robust and effective year after year.



Foto: Unsplash / Jan Kopriva

## 5) Communication and Reporting

### 5.1. Public reporting and disclosure

We deeply value the input and perspectives of our stakeholders. As part of our commitment to transparency and ongoing engagement, and pursuant to section 6 of the Transparency Act, we encourage stakeholders to direct any questions or comments regarding this document to [esg.transparency@kvernelandgroup.com](mailto:esg.transparency@kvernelandgroup.com)

We are dedicated to addressing these queries and providing clear, meaningful responses. We aim to respond promptly, but kindly request understanding for the time necessary to ensure thorough and accurate responses.

It is important to note that while we are committed to maintaining open lines of communication with our stakeholders, we are also equally committed to the protection of sensitive and personal data. As such, we will ensure our responses do not disclose any information that could compromise the privacy and confidentiality of individuals or entities associated with our operations.

This open channel of communication reflects our belief in the value of stakeholder engagement.



## 6) Conclusive remarks

While we acknowledge that we have just embarked on this journey, we want to reiterate the seriousness with which we approach this commitment. We understand that safeguarding human rights and ensuring responsible business practices is not a one-off exercise, but rather a continuous and dynamic process.

We are ready and eager to learn, adapt, and improve as we progress along this path. We recognize that new challenges and insights may arise, and we are committed to incorporating these learnings into our future actions.

As we move forward, we want to assure all our stakeholders that our dedication to this cause is unwavering. We understand the weight of our responsibilities under the Norwegian Transparency Act, and we are committed to the ongoing journey of improving our practices to respect and uphold human rights in all our operations and business relationships.

The comprehensive due diligence process that KgON has successfully implemented, leveraging our Human Rights Risk Framework, represents a best practice that we aim to roll out across the Kverneland Group.

We have already initiated investigations across all the other entities within the group, setting the stage for the full adoption of KgON's rigorous due diligence process, unless local entities have stricter action plans or policies. Our plan involves first integrating this approach into our other factories, given their significant role within our supply chain. We believe that embedding this process into our manufacturing operations will have the most immediate and substantial impact on our overall adherence to human rights principles.



Foto: Unsplash / Zura Narimanishvili



## 7) Signatories

This Due Diligence Report pursuant to the Transparency Act (“the Report”) has been prepared for and by Kverneland AS (“the Company”) and its subsidiaries in accordance with the requirements of the Norwegian Transparency Act (*Åpenhetsloven*).

The information contained in this Report has been gathered and collated with the utmost care and diligence. It is based on the best information available to us at the time of writing, from sources believed to be reliable and accurate.

We, the undersigned, declare that, to the best of our knowledge, the information provided in this Report is true, complete, and conforms with the legal requirements of the Transparency Act.



**Yasukazu Kamada**

*President and CEO, Kverneland AS*



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