

Volvo Construction Equipment Canada Inc.

Report on Measures to Prevent and Reduce the Risk of Forced and Child Labour under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

I. Introduction

This is the first report of Volvo Construction Equipment Canada Inc. (“**VCE**”) under Canada’s *Fighting Against Force Labour and Child Labour in Supply Chains Act* (the “**Act**”). The report covers the related activities of VCE from January 1st to December 31st, 2023.

II. VCE Structure, Activities and Supply Chains

a. Corporate Information

Legal name of reporting entity: Volvo Construction Equipment Canada Inc.

Financial reporting year: January 1st to December 31st, 2023

Report version: Original

Corporation Number: 1062023-8

Business number: 77104 9715

Entity category: VCE is a Canadian corporation that does business and has assets in Canada. VCE has at least \$20 million in assets for at least one of its last two fiscal years and generated at least \$40 million in revenue for at least one of its last two fiscal years. VCE employs less than 250 employees for at least one of its last two financial years.

Sectors or industries: Manufacturing

Headquarters: Toronto, Ontario Canada

Entity structure: VCE is a corporation incorporated under the *Canada Business Corporations Act*. It is wholly owned by Volvo Construction Equipment AB (Sweden). The latter, in turn, is wholly owned by AB Volvo (collectively, with all its subsidiaries and divisions, the “**Volvo Group**”), which is a publicly held company listed on the Stockholm Stock Exchange (STO:VOLV-B) and headquartered in Gothenburg, Sweden. The Volvo Group is one of the world’s leading manufacturers of trucks, buses, construction equipment, marine and industrial engines and also provides complete financing solutions.

b. Activities and Supply Chains

VCE sells construction equipment and parts in Canada, which are manufactured and provided from outside of Canada. All Volvo brand construction equipment and parts sold in Canada are manufactured at assembly plants in Brazil, France, Germany, Korea, Sweden or the United States.

III. Volvo Group and VCE Commitment to Human Rights

Respect for human rights is fundamental to the Volvo Group and its members, including VCE. We are committed to respecting internationally recognized human rights.

The Volvo Group, and VCE individually, continue to strengthen and align their human rights work within the context of international frameworks such as the UN International Bill of Human Rights, the ILO's fundamental conventions, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and Children's Rights and Business Principles. The Volvo Group and VCE further recognize that a core tenet of many of these frameworks is tracking and monitoring performance to drive continuous improvement and using experiences as a source of continuous learning.

a. Policies and measures taken to combat forced labour and child labour in supply chains

As a member of the Volvo Group, VCE is bound by and adheres to all policies and programs developed by the Volvo Group regarding human rights. The following policies and programs address forced and child labour:

The Volvo Group Human Rights Policy

In 2021, the Volvo Group launched a standalone [Human Rights Policy](#). The policy sets the common threshold for the Volvo Group's commitment to respect human rights and applies to all Volvo Group entities (including VCE), employees and others working at its sites. The Human Rights Policy describes the Volvo Group's salient human rights risks across the Group's sustainability ambitions. Modern slavery and children's rights are included in the Volvo Group's list of salient human rights risks. The policy states that the Volvo Group does not tolerate any forms of modern slavery and child labor in their own operations or supply chain. The Volvo Group Human Rights Policy is publicly available on [Volvogroup.com](#).

The Volvo Group Code of Conduct:

As part of its full commitment to respecting internationally recognized human rights, the Volvo Group does not tolerate any forms of modern slavery, including forced, bonded or compulsory labour and child labour. This has been an essential part of the [Volvo Group Code of Conduct](#) since 2003. The Code of Conduct applies to everyone who works on Volvo Group's behalf (which includes VCE), including full- and part-time employees, consultants, temporary staff, and senior management. Practices that constitute forced labour, including debt bondage, human trafficking, and other forms of modern slavery, are not accepted in any part of the Volvo Group. The Code of Conduct includes examples of modern slavery-related practices such as confiscation of identity papers or passports, withholding of wages, not conferring an official employment status, subjecting someone to physical and sexual violence, debt bondage, imposing excessive recruitment fees, and restricting people's freedom of movement. The Volvo Group Code of Conduct is publicly available on [Volvogroup.com](#) and is a mandatory part of the training for all employees and management of VCE.

The Volvo Group Supply Partner Code of Conduct:

Since 1996, the Volvo Group Responsible Purchasing Program has consistently increased supplier requirements on human rights. Since 2019, the [Supply Partner Code of Conduct](#) applies to all Supply Partners that deliver goods and/or services to any entity of the Volvo Group, including their parent,

subsidiary, or affiliate entities as well as their respective employees and agents. It has been recently updated and strengthened with firmer requirements and expectations including more due diligence requirements on direct suppliers to cover further tiers in the supply chain.

The Supply Partner Code of Conduct states that the Volvo Group does not tolerate any forms of modern slavery or forced labour in its supply chain, including but not limited to forced, bonded or compulsory labour and human trafficking. It further states that suppliers and their recruitment agencies shall not engage in or tolerate, restrictions of movement, unethical recruitment fees, confiscation of identity documents and/or passports, withholding of wages, abusive working conditions, debt bondage, violence or any other kind of exploitation or abuse. Suppliers are also encouraged to have adequate policies, risk awareness, risk assessment and due-diligence processes in place to prevent modern slavery and forced labour throughout their supply chain.

Suppliers are further encouraged to engage constructively with relevant stakeholders such as recruitment agencies, non-governmental organizations, and industry associations to build awareness and proactively work towards preventing modern slavery and forced labour. Suppliers are required by the Supply Partner Code of Conduct to ensure that their own organization and its direct suppliers comply with the Supply Partner Code of Conduct's minimum requirements. Suppliers to the Volvo Group are expected to perform human rights due diligence of their supply chains, and suppliers are encouraged to work proactively in their supply chains beyond direct suppliers to implement standards that correspond to the standards of the Supply Partner Code of Conduct. The Supply Partner Code of Conduct is implemented through self-assessments and supplier audits as part of our Responsible Purchasing Program (see below, at section III.b for further details). The Supply Partner Code of Conduct is publicly available at Volvogroup.com.

Sustainable Minerals Program:

The Volvo Group does not directly source conflict minerals or other minerals of concern such as tin, tantalum, tungsten, gold and cobalt; however, these minerals are part of its global supply chain and are used in a variety of materials and components. The Volvo Group supports suppliers with a view to securing sustainable supply of these minerals through our [Sustainable Minerals Program](#). The Volvo Group is a member of the Responsible Minerals Initiative (RMI) and with the support of the tools provided by RMI, it performs supply chain mapping and due diligence of its supply chain for conflict minerals. This is an important initiative with the aim of mitigating human rights related risks at the bottom of its supply chain, including but not limited to, modern slavery related risks. All invited suppliers will be assessed on the parameters of (a) the strength of their Human Rights Due Diligence program and (b) their association to smelters or refiners of concern in their supply chain. The long-term ambition of the Sustainable Minerals Program is to drive full transparency by 2025 with all in-scope supply chain partners complying with Volvo Group Responsible Purchasing Standards and Requirements.

United States Uyghur Forced Labor Prevention Act (ULFPA) prohibited entity list:

VCE will not contract with any entity identified by the above Act as part of its obligations emanating from the various Volvo Group Policies pertaining to human rights. Likewise, VCE complies with sanctions imposed by Canada, including under the Special Economic Measures (People's Republic of China) Regulations.

More information is available on our commitment and measures related to sustainability and human rights in the Volvo Group 2023 Annual Report available online at:

<https://www.volvogroup.com/content/dam/volvo-group/markets/master/events/2024/feb/annual-report-2023/AB-Volvo-Annual-Report-2023.pdf?>

b. Assessing Risk and Implementing Due Diligence in Relation to Forced Labour and Child Labour

The Volvo Group, and VCE specifically, acknowledge that there may be risks of forced or child labour in our supply chains. As explained in more detail above in connection with our Sustainable Minerals Program, the Volvo Group considers that certain metal raw materials supply chains present a risk of forced or child labour. The following measures have been implemented by the Volvo Group, including VCE, to identify such risks and to implement the above policies:

Mapping of activities:

VCE has completed the mapping of all its manufacturing activities.

Mapping of supply chains: VCE's mapping of suppliers included in its supply chain is ongoing and not yet complete; however, the Volvo Group engages in the procedures described below:

Supplier Self-Assessments:

The Volvo Group utilizes a standardized questionnaire focused on sustainability in the construction equipment industry supply network. The self-assessment questionnaire (SAQ), considers sustainability performance within human rights, working conditions, as well as environmental and responsible supply chain management. Potential supply partners are invited to conduct the SAQ and the result is used, together with other risk parameters, in the supply partner selection process. For a selected partner, the self-assessment result will result in a corrective action plan if it falls below a 60% risk threshold. In order to drive continuous improvement, the rating is valid for three years and thereafter a new assessment is required.

Sustainability Audits:

As part of the supplier selection process, new suppliers above a certain spend in high-risk countries and segments are assessed through sustainability audits, namely the Corporate Social Responsibility (CSR) audit process. The CSR audit is a tool that is used to make an on-site inventory of the Volvo Group supplier policies, procedures and practices and to compare them with the Group's overall sustainability requirements and expectations. It is both a gap analysis as well as maturity analysis of supplier's practices. The result helps the individual supply partner to initiate and implement dedicated, specific actions to remediate breaches of Human Rights Governance.

CSR audits are also used by the Volvo Group and VCE to complete thorough risk assessments of their supply chains. For supply partners in extreme and high-risk countries as defined by the Volvo country risk atlas, an on-site CSR audit is completed prior to rendering a supply partner decision in the Sourcing Board or Sourcing Committee.

The Volvo Group's, including VCE's, ongoing internal reviews and risk assessments have yet to detect or identify adverse findings relating to modern slavery. The Group's above verifications have intensified in 2024. Should an above risk be detected, the Volvo Group, including VCE, will use its own commercial influence to impose its policies to combat forced/child labour or if same proves impossible, action will be taken, up to and including termination of any contract with the offending supplier.

Contractual mechanisms:

The Volvo Group regularly makes use of the Volvo Group's General Purchasing Conditions (GPCs) which provide a direct contractual link between third party suppliers to the aforementioned Supply Partner Code of Conduct. As previously stated, the said Code prohibits any form of modern slavery. The GPCs are included in our suppliers' contracts and within each suppliers' purchase order.

Grievance mechanisms:

The Volvo Group offers various channels to internal and external stakeholders to report on potential ethical concerns or violations of the Volvo Group policies, including our whistleblower process, the "Volvo Whistle", which is publicly available on Volvogroup.com. 'Volvo Whistle' is available to all employees, consultants, managers, and staff of the Volvo Group. Internal and external stakeholders are also made aware of "Volvo Whistle" through the Volvo Group Code of Conduct, included as part of compliance and human rights trainings, articles on the Volvo Group and posted on the Volvo Group intranet, and in the Volvo Group Annual and Sustainability Report. Neither VCE nor the Volvo Group tolerate any retaliation against whistleblowers raising concerns in good faith. In 2021, an updated Whistleblowing and Investigations Policy was published to emphasize the Volvo Group's commitment to non-retaliation and whistleblower protection, including confidentiality, right to anonymity, and other key best practices in the handling of reported concerns. No issues relating to modern slavery have been reported through the Volvo Whistle from its creation to date.

c. Measuring the Effectiveness of our Actions

As explained in the [Volvo Group 2022 Annual Report](#) (see page 178), there is a dedicated Group Compliance function that oversees the implementation of a compliance management system approach for core compliance areas. The Volvo Group's compliance management system includes, among other things, policies, guidelines and procedures, regular compliance communication and training, as well as assurance activities such as effectiveness testing and auditing.

The Volvo Group's internal audit function, Group Internal Audit, provides the Board and the Group Executive Board with an independent, risk based and objective assurance on the effectiveness and the efficiency of the governance, risk management and control systems of the Volvo Group. The audits cover, among other things, assessments on the adequacy and effectiveness of the Volvo Group's processes for controlling its activities and managing its risks and evaluation of compliance with policies and directives, including those reviewed in this report.

d. Training and capacity building:

The Volvo Group, including VCE, regularly trains its employees and offers supplier-facing training on the Supply Partner Code of Conduct. All employees with access to computers are required to complete a yearly Volvo Group Code of Conduct e-learning module. For employees in the production environment or without access to computers, managers are required to lead mandatory Volvo Group Code of Conduct training sessions. In 2022, the Volvo Group Code of Conduct e-learning included a focused module on Modern Slavery for all employees. In addition, the said training contains an e-learning program for all Volvo Group staff working with suppliers, explaining the concept of responsible purchasing. Further, the Volvo Group conducts various internal trainings on more detailed sustainability topics connected to specific purchase segments, sales and associated risks.

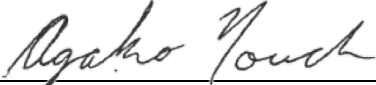
It is of note that all VCE employees must reiterate their commitment to this Code of Conduct at the end of each annual training.

e. Remediation Measures

The Volvo Group, including VCE, has not identified any incidents of forced or child labour in its supply chains. We have, therefore, not had occasion to adopt any remediation measures to address forced or child labour, nor any related measures to remediate income losses. In the unlikely event an incident does arise, the Volvo Group, including VCE, is committed to implementing appropriate remediation measures and related loss-mitigation measures.

f. Approval and Attestation:

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. I attest that the report has been approved by the board of directors of VCE and that, based on my knowledge, and having exercised reasonable diligence, the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Signature:	
Name:	Agako Nouch
Title:	Vice President of Sales
Date:	May 24 rd , 2024
<i>I have the authority to bind Volvo Construction Equipment Canada, Inc.</i>	