

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 second report of Volvo Construction Equipment Canada Inc. (“**VCE Canada**”) under Canada’s *Fighting Against Force Labour and Child Labour in Supply Chains Act* (the “**Act**”). The report covers the related activities of VCE Canada from January 1st to December 31st, 2024.

II. VCE Canada 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, 2024

Report version: Original

Corporation Number: 1062023-8

Business number: 77104 9715

Entity category: VCE Canada is a Canadian corporation that does business and has assets in Canada. VCE Canada has at least \$20 million in assets for at least one of its last two fiscal years, generated at least \$40 million in revenue for at least one of its last two fiscal years. VCE Canada 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 Canada 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 Canada 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 an assembly plant in Brazil, France, Germany, Korea, Sweden and the United States.

III. Volvo Group and VCE Canada Commitment to Human Rights

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

The Volvo Group and VCE Canada 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, OECD Guidelines for Multinational Enterprises, and Children's Rights and Business Principles. The Volvo Group and VCE Canada 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 Canada 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 Canada), employees and others working at its sites. The Human Rights Policy describes the Volvo Group's salient human rights risks across the areas of 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 do not tolerate any forms of modern slavery and child labor in our own operations and our 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 Canada), 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 Canada.

In 2022, the Volvo Group Executive Board adopted a Groupwide Human Rights Program. The Volvo Group Human Rights Program describes how we implement our commitment to respect human rights as set out in our Human Rights Policy. The purpose of the Human Rights Program is to ensure that Volvo Group can systematically identify, mitigate and address human rights risks and ensure continuous improvement in our processes. The program provides further clarity on the Volvo Group's ambition on human rights, applicable standards, salient human rights risks, human rights due diligence strategy, and

human rights governance across various levels of the Volvo Group. In the process of implementing the Human Rights Program, we initiated during late 2023 a groupwide Human Rights Risk and Maturity Assessment Project with the objectives to enable us (i) to deepen our understanding of our human rights risks across Volvo Group's value chain, (ii) to better understand the maturity of our existing management systems to perform human rights due diligence, and (iii) to prepare the setup and continuous integration of a robust, systematic, and coherent approach to the identification and management of human rights risks and impacts across the Volvo Group.

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. In 2021, it was updated and strengthened with firmer requirements and targets including more due diligence requirements on direct suppliers to cover further tiers in the supply chain. The Volvo Group is planning further updates to the Supply Partner Code of Conduct in 2025.

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. Consequently, Supply Partners, including their recruitment agencies, shall not engage in or tolerate restrictions of movement, 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. Supply Partners shall have adequate policies, risk awareness, risk assessment and due-diligence processes in place to prevent modern slavery and forced labour throughout their supply network, including remediation plans addressing situations if modern slavery or forced labour is detected. Supply Partners are also encouraged to engage constructively with relevant stakeholders such as non-governmental organizations and industry associations to build awareness and proactively work towards preventing modern slavery and forced labour.

The Supply Partner Code of Conduct also states that, to achieve full effectiveness of the Supply Partner Code of Conduct, Supply Partners must ensure that all requirements are lived by in their own operations, and that their full value chain complies to the same standards. The Volvo Group also expect all our Supply Partners to integrate, share and promote the expectations of the Volvo Group Supply Partner Code of Conduct internally and throughout their entire supply network.

It is further stated that the Volvo Group requires every Supply Partner to perform due diligence in the areas covered by the Supply Partner Code of Conduct and/or applicable laws and regulations, including for the purpose of investigating and evaluating the integrity, quality, suitability, and credibility of all its potential business partners. Supply Partner's due diligence efforts shall be in accordance with international standards such as the OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights. Supply Partners shall include impacts of its own operations and its supply network with a focus on where it has the highest risks of doing harm, and appropriate to company size and circumstances.

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 Canada will not contract with any entity identified by the above Act in order to respect its obligations emanating from the various Volvo Group Policies pertaining to human rights. Likewise, VCE Canada complies with sanctions imposed by Canada's 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 2024 Annual Report available online at: [Volvo Group Annual Report 2024](#)

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

The Volvo Group, and VCE Canada specifically, acknowledge that there may be risks of forced or child labour in our supply chains. Specifically, and as detailed 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 VCE Canada to identify such risks and to implement the above policies:

Mapping of activities:

VCE Canada has completed the mapping of all its manufacturing activities.

Mapping of supply chains: VCE Canada has completed the mapping of suppliers included in its supply chain using the procedures described below:

Supplier Self-Assessments:

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. Potential indirect material supply partners are also audited when located in high-risk

countries and with a contract value that exceeds a pre-defined threshold. The responsibility for improvements and corrective actions always lies with the potential supply partners. Non-compliance cases are managed by the responsible buyer, together with the auditor, until resolved. Auditing of existing supply partners follows the same procedures. Overall, the sustainability assessment of supply partners focuses on developing a sustainable supply base and establishing a strong partnership. The results are used in the sourcing decisions, and violations of the requirements are expected to be resolved in a timely manner if the long-term partnership is to remain. Those who fail to address critical issues risk not being awarded a contract or having their contracts terminated.

VGCI ongoing internal reviews and risk assessments have yet to detect or identify adverse findings relating to modern slavery.

VCE Canada's above verifications have intensified in 2024. Should an above risk be detected, VCE Canada will use its own commercial influence as well as that of the Volvo Group's to impose its policies to combat forced/child labour or if same proves impossible, will terminate its contract with the offending supplier.

Contractual mechanisms:

VCE Canada 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](https://www.volvogroup.com). 'Volvo Whistle' is available to all employees, consultants, managers and staff of VCE Canada. 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 VCE Canada intranet, and in the Volvo Group Annual and Sustainability Report. Neither VCE Canada 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 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 Volvo Whistle since it was launched in 2017.

c. Measuring the Effectiveness of our Actions

As explained in the [Volvo Group Annual Report 2024](#) (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:

VCE Canada regularly trains both its employees and suppliers. 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 and VCE Canada staff working with suppliers, explaining the concept of responsible purchasing. Further, during 2022, the Volvo Group conducted various internal trainings on more detailed sustainability topics connected to specific purchase segments, sales and associated risks.


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

e. Remediation Measures

VCE Canada has not identified any incidents of forced or child labour in the supply chains of any of its operating divisions. 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, VCE Canada 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 or entities listed above. I attest that the report has been approved by the board of directors of VCE Canada 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:	Sherry Lowe Johnson
Title:	VP General Counsel and Corporate Secretary
Date:	May 29, 2025
<i>I have the authority to bind Volvo Construction Equipment Canada, Inc.</i>	