

## **Volvo Car Canada – Fighting against Forced Labour and Child Labour statement**

This statement is issued under the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Bill S-211) to outline the measures taken by Volvo Car Canada (hereafter referred to as Volvo Car Canada) to prevent and reduce the risks of forced labour and child labour in its operations and supply chains. Together with Volvo Cars human rights statement 2023 (Appendix I), this statement aims to fulfil the reporting obligations under Bill S-211 for the fiscal year ending on December 31, 2023.

### **Volvo Car Canada's structure and operations**

Volvo Car Canada is registered in Canada and a reporting entity under the Fighting Against Forced Labour and Child Labour in Supply Chains Act. It operates as a subsidiary of the Volvo Car Group (hereafter referred to as Volvo Cars), headquartered in Gothenburg, Sweden, and listed on the Nasdaq Stockholm Stock Exchange. Volvo Car Canada's operations include the importation, distribution, and marketing of Volvo-branded vehicles, parts, and services in Canada.

### **Supply Chain**

Volvo Car Canada primarily sources products from Volvo Cars, encompassing Volvo-branded vehicles, parts, and accessories. These products are distributed to third-party retailers and eventually reach end consumers in Canada. Operational services, such as IT, connectivity, marketing, tax, legal, finance, technical support, and logistics, are also procured from Volvo Cars. Notably, Volvo Car Canada has no active entities that it owns or controls.

Volvo Cars is responsible for the design, development and manufacturing of vehicles, including sourcing parts and components, and verifying compliance with responsible business requirements of the business partners in its supply chain. See Appendix I for information about how Volvo Cars prevents and addresses risks of forced labour and child labour.

### **Policies in relation to forced labour and child labour**

Volvo Cars' Board of Directors has adopted a [Code of Conduct](#) (the Code) and 12 corporate policies, reflecting our strong commitment to responsible business. The Code and corporate policies contain the minimum requirements that apply to all legal entities controlled by, or being part of, the Volvo Car Group, including Volvo Car Canada.

The Code articulates Volvo Cars' commitment to respect and promote human rights, to protect children's rights and to combat modern slavery and forced labour. The Code further includes the People Policy which defines the principles and expectations of Volvo Car Employees related to human rights, including the prohibition of any, direct or indirect, engagement in child labour or forced labour.

Business partners, suppliers and subcontractors are obliged to meet the requirements defined in [Volvo Cars Code of Conduct for Business Partners](#), including taking steps to prevent all forms of child labour and the prohibition of using forced labour, trafficking or other forms of modern slavery.

### **Due diligence and steps taken to reduce the risk of Child Labour and Forced Labour:**

Volvo Car Canada does not manufacture products in Canada. The responsibility for procuring parts and components from suppliers lies with the Volvo Car Group, making Volvo Cars the primary tier one supplier for Volvo Car Canada. Volvo Cars conducts risk-based due diligence to assess and address modern slavery and child labour risks in its supply chain, including on direct as well as indirect suppliers located in countries assessed to render a higher risk of human rights violations. Read more in [Volvo Cars' Annual and Sustainability Report 2023](#) (p. 166-171) and in Volvo Cars human rights statement 2023 (Appendix I).

### **Steps taken by Volvo Car Canada:**

1. **Communication and Audit:** Volvo Car Canada continuously communicates the Code of Conduct for Business Partners to its dealer and repairer network and other business partners.
2. **Identifying risk scope:** A scoping exercise was performed during 2023 to identify which existing suppliers of Volvo Car Canada pose a higher potential risk of forced labour and child labour. Read more below.
3. **Local Procurement:** All Volvo Car Canada suppliers must adhere to Volvo Cars contractual requirements including the Code of Conduct for Business Partners.

### **Identifying risk scope**

The risks of forced labour and child labour are not exclusively limited to specific regions but exist across borders. Although the risk is lower, it is important to remember that these violations can occur even in developed nations like Canada. Therefore, Volvo Car Canada has undertaken a proactive review of our supplier network to identify our risk scope. All suppliers have further been sent commitment letters outlining the Code of Conduct for Business Partners and Volvo Car's minimum expectations.

The scoping exercise was based on sector characteristics and spend to identify supplier categories posing a higher modern slavery risk. Special attention has been placed on segments deemed high-risk, including labor intensive sectors such as office cleaning, catering, car wash services, and logistics. This focus aims to ensure that suppliers operating in these domains are examined with increased diligence. Suppliers in the higher risk categories were asked to complete a detailed questionnaire to enable a deeper risk analysis.

By proactively assessing and addressing potential vulnerabilities, we affirm our commitment to ethical sourcing practices and the elimination of forced labour and child labour practices from our supply chain.

### **Measures taken to remediate any forced labour or child labour;**

Volvo Car Canada has to date no identified instances of any forced or child labour.

### **Training provided to employees on forced labour and child labour**

Volvo Car Canada provides mandatory training on the Code of Conduct during onboarding of new employees as well as to all Employees on an annual basis. In 2023, training was further provided to relevant internal stakeholders on the procurement process and the significance of suppliers agreeing to Volvo Cars Code of Conduct for Business Partners.

## Tracking effectiveness of due diligence

We provide employees and other parties involved with Volvo Cars, or Volvo Car Canada, a dedicated central reporting channel (or so called “whistleblowing channel”) for reporting any conduct that is believed, in good faith, to be an actual or potential violation of laws or our Code of Conduct, our corporate policies or directives. That channel is the Tell Us reporting line and can be accessed via [volvocars.com \(Tell Us - Reporting Line | Volvo Cars\)](https://volvocars.com/Tell-Us-Reporting-Line-Volvo-Cars).

Read more about Volvo Cars’ commitment to responsible business in Volvo Cars Annual and Sustainability Report 2023 (p. 161-174) and Volvo Cars human rights statement 2023 (Appendix I).

## Areas for Improvement in 2024:

Volvo Car Canada aims to further enhance its modern slavery prevention program by:

- **Global HRDD Program:** Collaborating with Volvo Cars to implement a global Human Rights Due Diligence (HRDD) program.
- **Stakeholder Awareness:** Improving stakeholder and employee awareness of global and local modern slavery risks through training.
- **Retailer Network Training:** Providing training and communication to the Volvo Car retailer network on Canada’s Modern Slavery Act and Volvo Car Canada’s Modern Slavery Statement.
- **Procurement Process Review:** Assessing the overall procurement process followed by Volvo Car Canada to identify areas for improvement.
- **Analysis of completed supplier questionnaire:** A detailed review of the supplier questionnaires will be conducted. Any gaps to compliance will be discussed with the suppliers to agree upon corrective action plans.

## Conclusion

Volvo Car Canada is committed to evolving and enhancing its efforts and measures aimed at combating modern slavery within both its operations and supply chains. This commitment aligns seamlessly with the Volvo Car Group’s overarching commitment to ethical business conduct.

Continuous improvement remains a focal point in Volvo Car Canada's endeavors to address and mitigate modern slavery risks. By continually refining our strategies and practices, we reinforce our commitment to uphold human rights and help ensure that our business activities remain free from any form of forced labour or child labour.



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