

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 Group Canada Inc. / Groupe Volvo Canada inc. ("VGCI") under Canada's *Fighting Against Force Labour and Child Labour in Supply Chains Act* (the "Act"). The report covers the activities of VGCI's seven operating divisions in Canada.

II. VGCI Structure, Activities and Supply Chains

a. Corporate Information

Legal name of reporting entity: Volvo Group Canada Inc / Groupe Volvo Canada inc. (herein referred to as 'VGCI')

Financial reporting year: January 1st to December 31st

Report version: Original

Corporation Number: 1362481-1

Business number: 824507750RC0002

Entity category: VGCI is a Canadian corporation that does business and has assets in Canada. VGCI 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. VGCI employs more than 250 employees for at least one of its last two financial years.

Sectors or industries: Manufacturing

Headquarters: Montreal, Quebec, Canada

Entity structure: VGCI is a corporation incorporated under the Canada Business Corporations Act. It is wholly owned by Volvo Business Services International 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

VGCI operates through seven (7) divisions in Canada, which are:

- Prevest
- Volvo Trucks Canada
- Mack Trucks Canada
- Mack Defense Canada
- Arrow Truck Sales
- TransWestern Truck Centres
- Volvo Penta Canada

The above divisions are not separate legal entities from VGCI but each operates a different segment of VGCI's business. However, note that the Mack Defense Canada division does not have any reporting obligation under the Act since it does not carry business operations in Canada. Therefore, the latter is not included in this report.

i. Prevost

Prevost, founded in 1924 and based in Sainte-Claire, Quebec, is the leading North American manufacturer of premium passenger coaches and conversion coaches for high-end motorhomes and specialty conversions. Prevost has one manufacturing plant which is based in Sainte-Claire. Prevost sells its product in Canada and in the United States. Prevost also operates thirteen services centers in the United States and in Canada.

Prevost is part of Volvo Bus Corporation (Sweden). Volvo Bus Corporation is not the legally recognized parent of Prevost. Whilst Volvo Bus Corporation is not the legally recognized parent of Prevost, it acts for all purposes as Prevost's parent for financial, reporting and other purposes. Volvo Bus Corporation became one of Prevost's shareholders in 1995. Since 2004, the Volvo Group became the sole owner of Prevost.

Prevost manufactures motorcoaches from its only plant, based in Sainte-Claire, Quebec. Prevost sells its products in Canada and in the United States. Its suppliers are mostly based in North America to meet the United States Mexico Canada Agreement rule of origin requirements.

Proprietary powertrain components for Prevost are manufactured at the Volvo Powertrain plant in Hagerstown, MD.

ii. Volvo Trucks Canada

Volvo Trucks Canada distribute in Canada Class 8 trucks that are manufactured in the United States. All Volvo brand trucks sold in North America are manufactured at the Volvo Trucks assembly plant in Dublin, VA, USA.

Volvo Trucks Canada is based in Mississauga, Ontario, Canada.

Volvo Trucks Canada's supply chain involves a global network of suppliers providing vehicle components and related services both within and outside of North America.

iii. Mack Trucks Canada

Mack Trucks Canada distribute in Canada Class 6, 7 and 8 trucks. The history of Mack Trucks goes back over one hundred years. Mack brand Class 8 trucks are manufactured at Mack Trucks' assembly plant in Macungie, PA, USA. Mack brand medium duty trucks (Class 6 and 7) are manufactured at Mack Trucks' assembly plant in Salem, VA, USA.

Mack Trucks Canada is based in Mississauga, Ontario, Canada.

Mack Trucks Canada's supply chain involves a global network of suppliers providing vehicle components and related services both within and outside of North America.

iv. Arrow Truck Sales

Arrow Truck Sales Canada buys, trades and sells used semi-trucks.

Arrow Truck Sales Canada is based in Mississauga, Ontario, Canada.

Arrow Truck Sales Canada's supply chain is essentially the market of used trucks in Canada, along with a small number of used trucks imported from the United States, and a supply base of support services that are largely but not entirely local or regional in nature.

v. TransWestern Truck Centres

Transwestern Truck Centres is a Mack heavy truck dealership. Its main location is located in Calgary, Alberta, with a second location (a parts and service dealer) in Lethbridge, Alberta.

Transwestern Truck Centres supply chain involves new Mack-branded trucks manufactured at Mack Trucks' assembly plant in Macungie, PA, USA and Mack-branded medium duty trucks manufactured at Mack Trucks' assembly plant in Salem, VA, USA. Transwestern Truck Centres also offers pre-owned commercial truck inventory sourced from the surrounding used truck market, service parts sourced from a global network of suppliers providing vehicle components and related services both within and outside of North America, and related support services sourced from a supply base that is largely but not entirely local or regional in nature.

vi. Volvo Penta Canada

Volvo Penta Canada's ("VPC") activities in Canada involve the sales, support, and warranty of marine gasoline and diesel engines and industrial diesel engines. VPC has six employees in Canada utilizing limited office space from our affiliate. All service and warranty work in Canada is provided by independent authorized VPC dealers. All gas and diesel engines, parts, and tooling are produced outside of Canada by VPC affiliates and imported by VPC.

III. Volvo Group and VGCI Commitment to Human Rights

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

The Volvo Group and VGCI 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 VGCI 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, VGCI 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 VGCI), 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 VGCI), 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 bandage, 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 VGCI.

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 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 is further stated 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 bandage, 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 in order 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:

VGCI 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, VGCI 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 2023 Annual Report available on line 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 VGCI specifically, acknowledge that there may be risks of forced or child labour in our supply chains. Specifically, and as detailed 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 VGCI to identify such risks and to implement the above policies:

Mapping of activities:

VGCI has completed the mapping of all its manufacturing activities.

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

Supplier Self-Assessments:

VGCI utilizes a standardized questionnaire focused on sustainability in the automotive 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 VGCI supplier policies, procedures and practices and to compare them with VGCI'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 VGCI and the Volvo Group 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.

As all but one of VGCI's first tier suppliers are situated in Canada, the United States and Europe, VGCI's ongoing internal reviews and risk assessments have yet to detect or identify adverse findings relating to modern slavery. VGCI's above verifications have intensified in 2024. Should an above risk be detected, VGCI 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:

VGCI 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 VGCI. 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 VGCI intranet, and in the Volvo Group Annual and Sustainability Report. Neither VGCI 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 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.

As explained in the [Volvo Group 2023 Annual Report](#) (see page 189), Sustainability assessments focus primarily on tier one supply partners and are conducted through supply partners' self-assessments as well as targeted in-depth on-site audits. We prioritize audits based on sustainability risks by country, commodities, processes, or work areas. The risk assessment is based on external tools, bringing a comprehensive view of risks related to human and labor rights, environmental and business ethics across the globe. As a complement, risks can be flagged during any type of supplier audit, training, or visit as well as via Volvo Group's grievance mechanism.

d. Training and capacity building:

VGCI 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 VGCI 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 VGCI employees must reiterate their commitment to this Code of Conduct at the end of each annual training.

e. Remediation Measures

VGCI 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, VGCI is committed to implementing appropriate remediation measures and related loss-mitigation measures.

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 VGCI 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:	Jérôme Cantin
Title:	VP Legal and Corporate Secretary
Date:	May 15th, 2024
<i>I have the authority to bind Volvo Group Canada Inc.</i>	