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Volvo Cars human rights statement 2023

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About this statement

This statement provides an overview of Volvo Car Group’s (Volvo Cars) commitment to safeguard human rights and effective human rights due diligence throughout Volvo Cars’ value chain. It also describes the processes, risks identified, and actions taken during the reporting period from 1 January 2023 to 31 December 2023 (except where otherwise stated).

The current version was approved by Volvo Cars’ Corporate Committee on 20 May 2024. We aim to review and update this statement annually.

Our commitment to safeguard human rights

At Volvo Cars, we are committed to adhering to internationally recognised human rights standards and guidelines¹. Our commitment to safeguard and promote human rights is endorsed by Volvo Cars' Board of Directors, articulated in this statement and in:

- [Our Code of Conduct](#) including the **People Policy** that defines our principles and expectations of Volvo Car employees² concerning human rights, non-discrimination, equal opportunities, child labour, forced labour, freedom of association, collective bargaining, health, safety, remuneration and working hours.
- [Volvo Cars Code of Conduct for Business Partners](#) that states our requirements for business partners, suppliers, and subcontractors. It covers legal compliance, human rights, working conditions, environmental care, and business integrity. All our business partners are obliged to comply with the Code of Conduct for Business Partners and to ensure that their employees and subcontractors are made aware of and comply with its principles.
- [Volvo Cars Sustainability Strategy](#), where “Safeguarding human rights” is one of the focus areas in the Responsible Business pillar with the aim to ensure responsible business conduct throughout the value chain.

Our operations and value chain are global

Volvo Cars designs, develops, manufactures, and sells a range of premium cars and services. While our headquarters are in Sweden, we have manufacturing, research, and design operations in Europe, Asia, and the Americas. In our own operations, we employ approximately 43,000 people, distributed across more than 60 different locations. Our total value chain is present in more than 100 countries and includes more than 11,000 directly contracted suppliers (of these, about 900 are directly contracted suppliers of parts and components) and more than 2,500 retail partner sites.



Human rights risks in our value chain

Our global footprint and the diversity of our activities mean that we need to consider a wide range of human rights risks and apply a risk-based approach to our due diligence processes. Volvo Cars has performed a saliency assessment according to international guidelines to define our most salient human rights risks. The scope of the saliency assessment included actual and potential adverse human rights impacts that Volvo Cars may cause or contribute to through our own activities, or which may be directly linked to our operations, products, or services by our business relationships.

Volvo Cars identified Salient Human Rights Risks

- **Impacts on the right to a clean, healthy, and sustainable environment.** As a mobility provider, we recognise the environmental challenges linked to our business. At Volvo Cars we strive to ensure that all people have the right to a clean, healthy, and sustainable environment, which is crucial for a wide range of other human rights.
- **Impacts on the right to health and safety.** Safety is part of our heritage and the backbone of our company. As a human centric company, health and safety is and must be the highest priority in all our operations, products, and value chain.
- **Modern slavery, including forced labour.** We do not tolerate any form of forced labour relating to Volvo Cars' business, products, and services, including debt bondage, trafficking, or any other forms of modern slavery.
- **Child labour.** We do not tolerate any form of child labour in our own operations or value chain. Children have the right to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with their education or development.
- **Threats or occurrence of abuse or violence.** Volvo Cars has zero tolerance for threats, abuse, and violence. All employees of Volvo Cars, workers in the value chain, communities and other stakeholder shall be treated with respect and dignity.

There are several other potential human rights risks in Volvo Cars' value chain, including but not limited to, adverse impacts on decent working conditions, non-discrimination, privacy, and the rights of indigenous and vulnerable people. Our commitment to safeguard human rights and our due diligence activities include the full range of potential human rights risks, and we continuously monitor and follow up on any indication of human rights violations.

¹ The International Bill of Human Rights; The International Labour Organization's Declaration of Fundamental Principles and Rights at Work; The Ten Principles of the United Nations Global Compact; The Convention on the Rights of the Child; The United Nations Guiding Principles on Business and Human Rights; The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct; The OECD Due Diligence Guidance for Responsible Business Conduct; The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

² For the purposes of this statement, the notion of Volvo Car employees includes (1) all Volvo Cars employees, (2) consultants and agency personnel who work at Volvo Cars premises or under the direction of Volvo Cars, and (3) the members of the Volvo Car Group Board of Directors.

Our approach to human rights due diligence

We apply a risk-based approach to our human rights' due diligence. We prioritise our most salient risks, seek collaborative approaches through industry and multi-stakeholder initiatives and work with continuous improvement of due diligence tools and processes.

The Due Diligence wheel [figure 1] illustrates our approach to human rights due diligence.

1. Responsible business conduct is embedded in our Code of Conduct, corporate policies, Code of Conduct for Business Partners, partner and supplier agreements, and management systems. Rightsholder (and other stakeholder) engagement is a vital part of our due diligence to identify, understand and mitigate risks as well as to determine appropriate corrective and remedial actions and to track the effectiveness of these actions.
2. We identify and assess actual and potential adverse impacts that we may cause, contribute to or which are directly linked to our operations, products, or services by our business relationships.
3. We take action to cease, prevent, and mitigate potential and actual impacts and provide access to remediation for affected rightsholders when appropriate. We actively strive to drive positive change in our industry and contribute to a sustainable society through cross-sector initiatives, public advocacy³, collaborations, and investments.
4. We set targets and track our effectiveness by continuously monitoring and evaluating our due diligence processes and outcomes.
5. We communicate how potential and actual human rights risks and impacts are addressed, e.g., in our Annual & Sustainability Report, on volvocars.com, and in this statement.

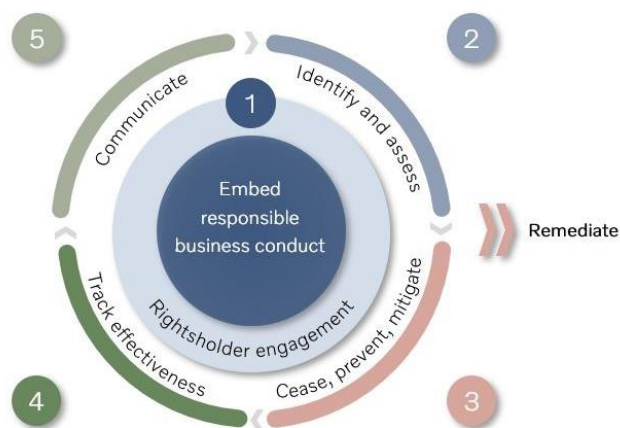


Figure 1 – Volvo Cars' Due Diligence wheel

Our identified key rightsholder groups include the four social topics of ESR⁴: (1) own workforce, (2) workers in the value chain, (3) affected communities and (4) consumers and end users. Based on the nature and context of risks, we aim to interact directly with rightsholders and/or with relevant proxies⁵ and expert stakeholders. Within these groups, we aim to identify rightsholders at heightened risk of adverse human rights impacts due to e.g., marginalisation (such as indigenous people), discrimination, under-representation or in need of particular protection (such as children) and to ensure the perspectives of vulnerable groups are adequately considered and their rights protected.

The following sections present an overview of the key due diligence activities in the different parts of our value chain.

Own operations human rights due diligence

Volvo Cars uses People Policy Assessments for our own operations. This human rights impact assessment includes onsite interviews with potentially affected rightsholders, with the purpose of assessing potential adverse human rights impacts, focusing on impact at our manufacturing and office sites (including onsite contractors and service providers) and nearby communities globally. The assessments identify improvement opportunities and proposed actions to be implemented to manage the risk of adverse human rights impacts. The methodology, experiences and learnings from the People Policy Assessment also guide our way of working in relation to strategic projects such as when selecting and establishing new own operations sites.

In addition to the People Policy Assessments, we conduct a yearly follow up for all our own operations sites, covering the areas of our People Policy and human rights. The results are used as input for continuous improvement of our human rights due diligence work. If deficiencies are identified, adjustments to the internal processes are made with guidance from Labour Affairs.

Supply chain human rights due diligence

Through Volvo Cars' sourcing and supplier management processes, suppliers are made aware of the Code of Conduct for Business Partners, relevant legal documents, and requirements as a part of our sourcing process. Suppliers are obligated to meet the requirements and implement systematic management of all areas, including to help ensure that employees and sub-suppliers adhere to the same requirements.

Basic due diligence

Suppliers' conformance with the Code of Conduct for Business Partners and performance against a wider set of our environmental, social and governance (ESG) requirements are evaluated via different assessments (see examples below).

³ See also Volvo Cars position on public policy influence and advocacy.

⁴ European Sustainability Reporting Standards under the Corporate Sustainability Reporting Directive (CSRD)

⁵ Individuals or groups who are recognised as legitimate representatives of affected rightsholders.



- **The Sustainability Assessment Questionnaire (SAQ)**
We have a mandatory SAQ in our sourcing process. It covers ESG areas such as business ethics, human rights, environmental management, and responsible sourcing and was developed in a collaborative initiative by the automotive industry – “Drive Sustainability”. All SAQ answers are validated by an external assessor and the suppliers are provided with recommendations on how to improve. Existing suppliers need to complete a SAQ every second year.
- **Anti-Corruption and Trade Sanctions screening**
Suppliers are screened in an anti-corruption and trade sanctions process. This is done prior to sourcing and during ongoing business to identify and mitigate legal risks in the fields of corruption and trade sanctions. The process also provides information and insights on other areas, including violations of human rights and modern slavery risks.
- **Risk screening based on country data**
We use the [Risk Assessment Platform](#) provided by the Responsible Business Alliance (RBA) to help us rate supplier risk level based on geographical location, our expenditure and the products they supply. This assessment is carried out annually and guides us in determining which suppliers will be subject to enhanced due diligence (as outlined below).

Enhanced due diligence

Suppliers that have been identified as a high-risk supplier based on: (1) identification in our value chain human rights risk assessment; (2) provision of components containing Raw Materials of Concern; (3) being flagged by RBA's risk screening tools; or (4) other inputs, for example from our grievance channels, media or non-governmental organisations (NGOs), are subject to enhanced due diligence.

Raw Materials of Concern

We have defined 20 minerals, metals, and bio-based materials associated with high ESG risks as Raw Materials of Concern (RMoC)⁶. We continuously strive to increase transparency in these supply chains, enhance traceability and mitigate ESG risks in order to facilitate responsible sourcing and continuous improvements, in line with industry norms, good practice frameworks and regulatory requirements. This is why we have implemented blockchain on raw materials used in our electric vehicle batteries. Blockchain technology enables the tracing of raw materials from the mine to the car and thus the identification of the actors in our supply chain tier by tier. Materials covered are cobalt, lithium, nickel, and graphite (used for battery manufacturing) and mica (for insulation sheets).

Furthermore, our ambition is to only source components containing tantalum, tin, tungsten, and gold (commonly referred to as conflict minerals) from supply chains where all smelters and refiners have completed third party assurance against a relevant due diligence standard. Every year we request suppliers of such components to declare their due diligence measures and disclose the smelters used in their supply chain by using the [Conflict Minerals Reporting Template \(CMRT\)](#) supplied by the [Responsible Minerals Initiative \(RMI\)](#). By tracing the minerals in our supply chain and buying components containing material from smelters validated to be conformant with the Responsible Minerals Assurance Process (RMAP) we are working to secure responsible sourcing in line with global standards. This accumulated information creates the foundation of our due diligence process for conflict minerals where we identify potential discrepancies and follow up with suppliers on risk mitigation action plans to address adverse impacts.

Supplier sustainability audits

We run two different sustainability audit programs for identified high risk suppliers – (1) for existing directly contracted suppliers which have received a high-risk score in our risk assessments, as well as new directly contracted suppliers located in high-risk countries and (2) for suppliers in our battery supply chain. In addition, ad-hoc audits can be conducted based on identified risks e.g., through information received from internal or external stakeholders. If needed, audits can be conducted without prior notification. We regularly track the effectiveness of our audit programmes and collaborate with our external audit providers to ensure continuous improvement and efficiency of our assessments.

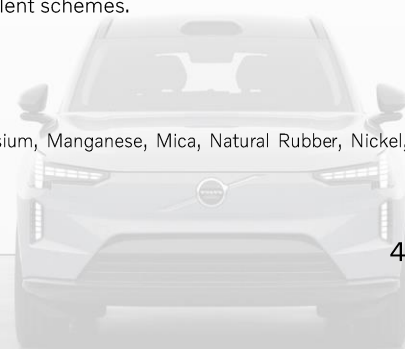
1. Audits on directly contracted suppliers

We make comprehensive on-site audits of suppliers' sustainability performance by utilising the Validated Assessment Program (VAP) from RBA, which covers areas such as labour rights (including freely chosen employment), environment, business ethics, management systems and health and safety. The audits are conducted by an accredited third-party auditor.

2. Audits on suppliers in our battery supply chain

The audit program covering the battery supply chain aims at ensuring that the suppliers in our cobalt, lithium, nickel, graphite and mica supply chains are conformant with relevant standards and frameworks. The purpose is to help further ensure continuous improvement of ESG performance across our battery supply chain by monitoring the implementation of corrective action plans. The audits are conducted by an external party against criteria based on the [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#) or, for mines, the [IRMA Standard for Responsible Mining Critical Requirements](#) or equivalent schemes.

⁶ Aluminum/Bauxite, Cobalt, Copper, Gold, Graphite (natural), Lead, Leather, Lithium, Magnesium, Manganese, Mica, Natural Rubber, Nickel, Phosphorous, Rare-Earth Elements, Steel/Iron, Tantalum, Tin, Tungsten, Wool



Audit findings

Audit findings are summarised in a report, including identified non-conformities and a list of agreed corrective actions for the supplier to take (with due dates). We monitor the corrective action plan implementation progress to ensure that the needed measures are taken.

Collaborating with the industry

Where possible, Volvo Cars works with industry peers and organisations to achieve a more responsible supply chain for the entire industry. Volvo Cars is a member of the [Responsible Business Alliance](#) (RBA), the world's largest industry coalition dedicated to corporate social responsibility in global supply chains with the purpose to drive change, exchange best practices and to get access to tools used in our supply chain due diligence efforts. We are also an active member of [Better Mining](#), [the Responsible Mica Initiative](#) and [Drive Sustainability](#). Through Drive Sustainability, we work with other automotive manufacturers to enhance responsible sourcing in our supply chains. You can also read more about [Volvo Cars Position on Responsible Sourcing](#).

Retail operations human rights due diligence

Retail partners are required to comply with the Code of Conduct for Business Partners and the Volvo Cars Retailer Standards.

Basic due diligence

Compliance with the Code of Conduct for Business Partners and the Retailer Standards is audited and assessed on an annual basis. If deficiencies are found, they are documented and reported in a central management system, and a corrective action plan is created and executed. After 90 days, the retailer is then audited again to ensure compliance. This process is managed by the National Sales Companies (NSC) and the Importer Hub, who also handle further escalation or action when necessary.

Retail partners are screened against adverse media, including violations of human rights and modern slavery risks, on a continuous basis. Red flags are manually reviewed by Compliance & Ethics (C&E) Office with respective NSC or Importer Hub, who will take prompt adequate actions based on the agreed measures.

Enhanced due diligence

Potential new retailers in high-risk countries are required to pass through an enhanced assessment before being accepted and onboarded as a Volvo Car retailer. Health and safety aspects are covered in our Retailer standards and are audited on site.

Governance

To verify and monitor the processes relating to human rights and provide guidance to the business, Volvo Cars has established a Human Rights Compliance program within the Compliance & Ethics Office responsible for the human rights compliance framework. The responsibility for the implementation of effective human rights due diligence and compliance with applicable laws, internal policies and international guidance lies with the respective business functions of Volvo Cars. The Board of Directors is responsible for the organisation of Volvo Cars and the management of its business worldwide. The Audit Committee has been assigned by the Board of Directors to oversee risks and compliance with external and internal regulations

Training programs

Volvo Cars has developed, and continues to develop, training that include human rights and prevention and mitigation management of human rights risks. As an example, we have mandatory training on our Code of Conduct annually and at onboarding of new employees, including face-to-face and web-based training. We further offer training via RBA and Drive Sustainability to our suppliers and employees to raise awareness of ESG issues in our supply chain and promote responsible sourcing.

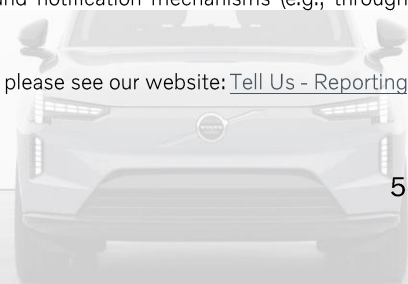
Complaints mechanisms

We encourage our employees, business partners and other stakeholders to raise questions and seek advice about suspected violations of our Code of Conduct, including incidents or situations that could lead to potential and actual adverse human rights impacts.

Our main grievance channel is the Volvo Cars Tell Us reporting line. This channel can be used by employees, consultants as well as external stakeholders, including rightsholders or organisations representing rightsholders (such as credible proxies and human rights NGOs) to report potential human rights violations.

All reports made via the Tell Us reporting line are received by the Compliance & Ethics Office and handled confidentially, according to our compliance investigation procedure and relevant regulatory requirements. Volvo Cars does not accept any form of retaliation against individuals who report concerns in good faith. Reports can be made anonymously either via phone or a secure website. The system is available 24 hours per day and 365 days a year. There are multiple language options available to submit reports, generally enabling reports to be made in native language. The responses will be in the same language. We are continuously investigating potential future participation in collaborative complaints procedures and notification mechanisms (e.g., through industry associations, multi-stakeholder initiatives, or global framework agreements).

For further information about our Speak Up Culture and the Tell Us reporting line, please see our website: [Tell Us - Reporting Line | Volvo Cars](#).



Key actions taken in 2023

During 2023, several actions were taken to improve the performance of Volvo Cars' human rights due diligence efforts in our value chain. These included:

- Volvo Cars' first complete global value chain Risk Assessment of Human Rights (read more below)
- Continued process improvements such as establishment of new organisation and governance for human rights; external verification of our Saliency Assessment and its methodology; development of a stakeholder engagement methodology together with external expert on business and human rights and gap analysis of due diligence processes and tools covering human rights for Retail Operations.
- Conducted several awareness sessions with management teams on human rights
- Conducted 68 audits of directly contracted suppliers and 20 audits in our battery supply chain. The audits were performed in nine countries (Australia, Brazil, China, DRC, Germany, Malaysia, Mexico, South Korea, and Vietnam).
- Prepared for the implementation of our updated management system for Volvo Cars Raw Materials of Concern
- Expanded the use of blockchain traceability for battery raw materials to include graphite
- Continued expansion of the battery supply chain audit program
- Launched a training program for suppliers in the battery supply chain aiming at increasing the knowledge of relevant audit standards and what actions are needed to take to close the audit findings
- Joined the Responsible Mica Initiative, to address risks, including supply chain transparency and ethical mining practices
- Participated in the UN Global Compact Business and Human Rights Accelerator Program
- Dedicated human rights training for procurement professionals and other stakeholders related to our new production facility in Slovakia
- Review of our grievance channel against the UNGP criteria, with identified gaps in e.g., accessibility for vulnerable groups and communities potentially connected to our value chain.

Global Value Chain Risk Assessment of Human Rights

In 2023, we conducted a global value chain risk assessment based on our salient human rights risks, with the purpose to identify people at risk in our global value chain. Using relevant global risk indices, previous due diligence results and consultation with human rights experts and rightsholders, we identified high-risk countries and activities, and corresponding locations where people may be at higher risk. Based on the result, we developed a value chain due diligence plan for 2024.

The risk assessment resulted in the identification of 17 high-risk countries in which Volvo Cars has own operations or a known presence through its value chain. High-risk sites in these countries should be prioritised for enhanced due diligence. We aim to review, and if needed update, our salient human rights risks and the Global Value Chain Risk Assessment of Human Rights on an annual basis.

Examples of findings identified during supplier audits

In 2023, the most frequent non-conformities in RBA audits of our directly contracted suppliers concerned: excessive working hours, insufficient days off and a lack of effective policies and systems to determine and control working hours. We also found a few cases of young workers (16–18 years old) working overtime, workers having paid fees in the recruitment process (including health checks fees) to labour agents and limitations to workers' ability to voluntarily terminate their employment without wage deductions. We are monitoring the concerned suppliers to ensure that the agreed corrective measures are taken. The most common findings in audits of our battery supply chain⁷, were related to deficiencies in management systems for responsible sourcing. Other frequent findings related to risk assessments e.g., absence of procedures to evaluate supply chain risk data. Common findings from the audits conducted at mine sites⁸ against concerned missing policies (and lacking training according to policies) in the areas of child labour and forced labour. However, no evidence of actual cases of forced labour or child labour were identified at these audits. We are monitoring the concerned suppliers to ensure that the agreed corrective measures are taken within agreed timeframe. For further information about the results of our basic and enhanced due diligence activities please see the [Volvo Car Group Annual and Sustainability Report 2023](#) page 167-171.

Follow up of the report *Driving Force* released by Sheffield Hallam University

In response to the report *Driving Force*, published by Sheffield Hallam University in December 2022, conveying information about connections between the automotive industry and forced labour, we launched an internal investigation that confirmed we do not have directly contracted suppliers in the region subject of the report (which also is the case in December 2023). We have conducted screenings on this topic regularly since 2019. Furthermore, in 2023, we commissioned an external company to support us in our supply chain mapping efforts. The mapping is done through web scraping and applying artificial intelligence on publicly available information and proprietary data sources and algorithms, providing us with predictive risk insights and the latest on the global supply chain environment.

⁷ Audit criteria: OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

⁸ Audit criteria: IRMA Standard for Responsible Mining Critical Requirements

