

V O L V O

# Our Modern Slavery Statement 2020





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# Omtanke

As a human-centric car company, we are a brand for people who care about other people and the world in which we live.

This is at the core of our business and our approach to sustainability.

Our commitment is about re-thinking sustainability, and goes beyond our operations and our cars, and into society. It makes us think again every time we take decisions that affect the world and the lives of people.

There is a Swedish word that means “caring” and “consideration”, but also importantly “to think again”. This word is “omtanke” and summarises our way of protecting what’s important to you. Omtanke is the name of our programme of sustainability commitments.

As part of this Omtanke programme any form of modern slavery, forced work through mental or physical threat, child labour or human trafficking is not acceptable to Volvo Car AB or its subsidiaries (Volvo Car Group or Volvo Cars).



# Our operations are truly global

Volvo Cars is a truly global organisation. While our roots are decidedly Scandinavian, we have manufacturing, research and design operations in Europe, Asia and the Americas and a wide range of suppliers located throughout the world. We design, develop, manufacture and sell a range of premium cars and services, including sedans, wagons and SUVs. Recognised for our design, safety and technological innovations, our cars are designed and developed by award-winning teams at design centres in Sweden, China and the US.

We have a global presence, with sales in over 100 countries, including Australia.



## Our organisational structure

This statement is for Volvo Car Australia Pty Ltd, a company incorporated in Australia. Volvo Car Australia is a subsidiary of the Volvo Car Group, with its headquarters in Gothenburg, Sweden.

## Our operations in Australia

Volvo Car Australia Pty Ltd (ACN 004 830 611) (**Volvo Car Australia**) markets and distributes Volvo Car products in Australia. We operate the Volvo Car brand through a dealer network. We sell, repair and maintain Volvo Cars' products through approved third-party partners including dealers, mechanics and engineers, financial partners and insurance companies.

We import Volvo Car products into Australia from our parent company, Volvo Cars. No Volvo Car products are manufactured in Australia.

Volvo Car Group manages the procurement of products and services from third parties connected to the manufacturing and distribution of Volvo Car products, which end up for sale to consumers in Australia. Volvo Car Australia relies on Volvo Car Group to ensure that third party suppliers meet the Volvo Car Group's high ethical standards and undertakes assessments to ensure business partners are compliant. Volvo Car Australia has implemented local processes requiring local business partners to comply with the law and meet Volvo Car's standards of ethical business conduct.

Details on the steps that Volvo Car Group takes to address modern slavery in its supply chain are set out below in the section Shaping Sustainable Supply Chains.



## We care about people

The Volvo brand has been carefully built for over 90 years and is closely associated with a focus on people, sustainability and safety. We take pride in our role within society and we are committed to respecting and promoting human rights, including children's rights.

In 2000, Volvo Cars became a founding member of the United Nations Global Compact (**Global Compact**).

As a company, we are particularly committed to the ten principles articulated in the Global Compact including fighting against modern slavery and forced labour, as well as protecting children's rights.

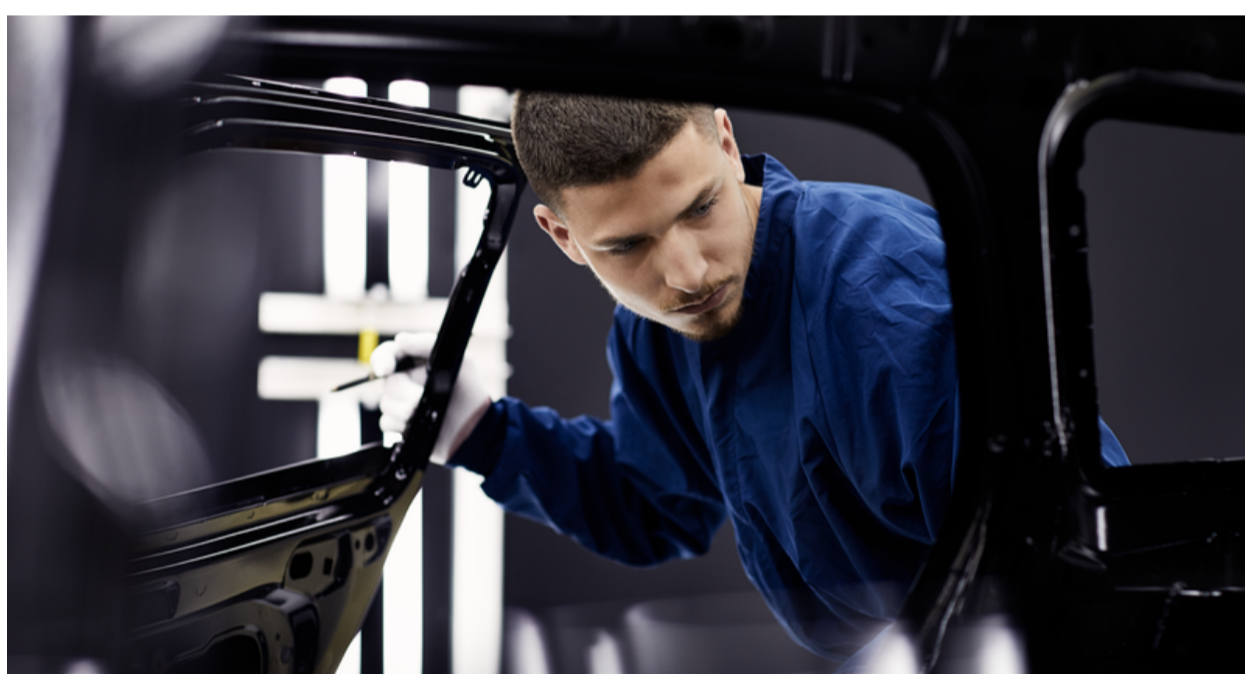
In 2019, for the third consecutive year, Volvo Cars was recognised as one of the World's Most Ethical Companies by the Ethisphere Institute, highlighting our commitment to ethical and responsible business.



## Our code - How we act

Our Code of Conduct – How We Act (Code) describes the commitments and principles that apply to all legal entities in the Volvo Car Group. Everyone working for these entities has the responsibility to follow these commitments and principles. Our non-consolidated strategic affiliates such as Polestar, Zenuity and Lynk & Co have their own codes of conduct, based on principles like those in our Code.

All employees and companies within the Volvo Car Group are expected to read and understand the Code, act with integrity and in line with the principles in the Code, as well as other corporate policies and directives. Volvo Car Australia is committed to ensuring that, as part of Volvo Car Group, it also complies with the Code.



Volvo Cars has implemented 12 corporate policies, which reflect our strong commitment to responsible business. These policies contain the minimum requirements that apply to all Volvo Car employees in their daily work. For the purposes of this Statement, the Code includes our People Policy outlining Volvo Car Group's position on human rights, including:

- Non-discrimination and equal opportunities
- No modern slavery
- No child labour
- No forced labour
- Freedom of association and collective bargaining
- Ensuring the health and safety of employees

Our Code, together with our People Policy, articulate our general endorsement of the following human rights frameworks and charters:

- The eight core conventions of the UN agency, ILO (International Labour Org):
  - Child Labour (138 and 182),
  - Forced Labour and Compulsory Labour (29 and 105),
  - Equal Remuneration and Discrimination (100 and 111),
  - Freedom of Association and Collective Bargaining (87 and 98)
  - The Universal Declaration of Human Rights
  - UN Convention on the Rights of the Child
  - UNGP on Business and Human Rights
  - OECD Guidelines for Multinational Companies.

In line with our commitment to respect and promote human rights, our Code states that:

- Employees have the right to form and join unions (or other associations) of their own choice and negotiate labour agreements collectively, as well as the right to not do so.
- We do not engage in child labour or forced labour and we do not knowingly engage with anyone involved in child labour, forced labour or other unfair and illegal practices.





## We assess the impact of our manufacturing sites

In 2017 we introduced the People Policy Assessment. This project follows the UN Guiding Principles on Business and Human Rights, with the purpose of assessing human rights impacts of our global manufacturing sites. The assessment focuses on the impact on people working at Volvo Cars' manufacturing sites (including onsite contractors and service providers) and living in nearby communities.

We review and prioritise actual and potential impact of our operations, including proposals for mitigating or remediating areas of significant impact. As of February 2020, the assessment has been completed for all our manufacturing sites globally.

All assessments identified improvement opportunities and proposed actions to be implemented to further strengthen the Volvo Car Group. The actions are closely monitored and followed up by departments within the Volvo Car Group.

More details on our "People Policy Assessment" are available in the Volvo Cars Group Annual Report.





## Our business partners must also care about people

We are committed to responsible business, wherever we operate, and we rely on that same level of commitment from our business partners. Sustainability requirements are an integrated part of our agreements with our business partners. When we talk about business partners, we mean any person or entity (including its directors, officers and employees) that Volvo Cars does business with, such as

- Organisations that supply goods or services to Volvo Cars
- Dealers that sell Volvo Cars products and services to customers
- Representatives who conduct business on Volvo Cars' behalf

Volvo Cars developed the Volvo Cars Code of Conduct for Business Partners (**Code for Business Partners**) which follows our Code and sets out our expectations and principles for third parties working with us, including covering:

- Protecting working conditions and human rights
- Caring for the environment
- Doing business with integrity (including a zero-tolerance policy for bribery and corruption).

Further details of those principles are set out below.





The Code for Business Partners includes requirements based on internationally recognized principles, supported by Volvo Cars, such as:

- Internationally proclaimed human rights conventions such as the International Bill of Human Rights, the eight core conventions of the International Labour Organization and Article 32 of the United Nations Convention on the Rights of the Child, as well as the United Nations Guiding Principles on Business and Human Rights;
- The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the OECD Guidelines for Multinational Enterprises.

When it comes to people, as our business partners directly or indirectly represent the Volvo brand, we expect them to:

- Provide their employees with working conditions that are in line with international labour standards, such as the eight core conventions of the International Labour Organisation
- Respect and promote internationally proclaimed principles for human rights, including children's rights
- Adhere to and respect the International Labour Organization standards.

By introducing these requirements to our business partners, we seek to ensure that everyone associated with Volvo Cars demonstrates integrity, responsibility and trust, and that the people who make our products and components, sell our vehicles or provide services, are treated with dignity and respect.

There may be instances when the principles set forth in our Code for Business Partners differ from local law or customs in a country. If that is the case, and local law or customs impose higher standards than those set out in our Code for Business Partners, local law and customs should always apply. On the other hand, if our Code for Business Partners provides for a higher standard then it should prevail, unless this results in illegal activity.

### **Consequences of violation**

We should not work with business partners that do not respect our Code for Business Partners.

Business partners understand that a breach of the Code for Business Partners can have serious consequences, including Volvo Cars electing to terminate its relationship with that supplier.



# Principles in the code for business partners



## Preventing child labour

Business partners must work to prevent all forms of child labour. Under no circumstances should employment be offered to a person younger than 15 years of age (or 14 where the national law so allows) or younger than the countries legal minimum age, if higher than 15.

## No forced labour

There can be no forced labour of any kind relating to Volvo Cars' business, products and services. Therefore, business partners must not use forced labour, regardless of its form. This prohibition includes debt bondage, trafficking and other forms of modern slavery.

## Terms of employment

Business partners must guarantee that the working conditions for their employees comply with all applicable legal requirements. In addition, each employee should have the right to receive written information, in a language that they can easily understand, specifying their terms of employment.

## Wages and benefits

Business partners shall pay employees wages and benefits that meet or exceed the legal minimum standards, collective bargaining agreements or appropriate prevailing industry standards, whichever is higher.

Deductions are accepted only in accordance with applicable law, regulations and collective bargaining agreements. Deductions from wages as a disciplinary measure should not be used.

Information about wages and benefits must be available to all employees, in a language that they can understand, in a timely manner and in accordance with applicable laws.

Volvo Cars recommends business partners provide their employees with total compensation that is adequate to cover basic needs and enable a decent standard of living. Business partners are also recommended to systematically strive to ensure fair wages.



## **Working hours**

Business partners must comply with applicable legislation regarding working hours (including but not limited to overtime and overtime compensation) and rest rules.

## **Freedom of association and collective bargaining**

Business partners shall respect the rights of their employees to lawfully form, join or exclude themselves from employer-employee relationship-related associations and to bargain collectively, where permissible by local laws. Business partners must also ensure that employees are given the opportunity to discuss their working conditions with management without fear of retaliation.

## **Health and safety**

Safety should always be one of the most important factors in any decision. Business partners must always provide and maintain a safe and healthy working environment that meets, and preferably exceeds, applicable standards and legal requirements.

## **Non-discrimination and equal opportunities**

Business partners must not engage in any form of discrimination based on gender, ethnicity, religion, age, disability, sexual orientation, nationality, political opinion, union affiliation, social background or other characteristics protected by applicable law.

All employees must be treated with respect, dignity and common courtesy.

We encourage our business partners to ask questions regarding the Code for Business Partners and are required to promptly raise concerns in cases of suspected non-compliance with applicable criminal laws and regulations, or with the requirements under the Code for Business Partners.



# Shaping sustainable supply chains

## Our global supply chain

We work with a broad range of suppliers from across the globe. Sustainability requirements are an integrated part of our contractual agreements with all suppliers.

This section sets out the ways Volvo Car Group assesses and manages identified people risks in its global supply chain.

### We conduct due diligence

All suppliers are screened in a Compliance Due Diligence prior to entering into a contractual arrangement and, again, on a continuous basis. This is to identify and mitigate legal risks in the fields of Corruption and Trade Sanctions, Money Laundering and Violations of Human Rights. Suppliers must meet the requirements and implement systematic management of all areas, including ensuring that employees and sub-suppliers respect the principles.

### We require suppliers to agree to contractual obligations

Our contractual agreements with suppliers also include numerous sustainability requirements, such as a requirement to comply with our Code for Business Partners.

### We conduct a supplier sustainability risk assessment

To ensure awareness of potential risks and prioritise suppliers based on sustainability assessments, Volvo Cars analyse them according to the Risk Assessment Tool developed by the Responsible Business Alliance (**RBA**) – an industry coalition dedicated to corporate social responsibility in global supply chains.

As a member of the RBA, Volvo Cars implemented the RBA Risk Assessment Platform as a part of the risk assessment process for its global suppliers. Using globally acknowledged indices, input from real audit data, together with information and experience from running operations, the system provides a sustainability risk profile of both suppliers and individual countries the Platform provides a risk profile, helping Volvo Cars to decide potential risks, mitigation and follow-up actions when working with potential and current suppliers.

During 2019 Volvo Cars also implemented an automatic compliance due diligence screening of global suppliers through the Dow Jones Risk & Compliance Portal.



## Suppliers participate in assessment programmes

At Volvo Cars, we are committed to collaborating with our partners to ensure full traceability of our supply chain. Through Volvo Cars' supplier onboarding and management process, all suppliers are made aware of:

- The Code for Business Partners
- Relevant legal documents
- Requirements as a part of our sourcing process

To manage compliance with these requirements and to identify areas for improvement, Volvo Cars applies evaluation methods including self-assessment and onsite assessment. Our supplier sustainability evaluation is part of the sourcing process and on-going supplier performance monitoring.

The Self-Assessment Questionnaire (**SAQ**) on CSR/sustainability has been developed in conjunction with the automotive industry as part of a collaborative initiative called Drive Sustainability. The questionnaire covers sustainability areas such as business ethics, human rights, environmental management and responsible sourcing. All answers are validated by an external assessor and, based on the SAQ evaluation, the supplier can receive recommendations on how to improve. We require suppliers to complete the SAQ upon request, and since 2019, the SAQ has been a mandatory element in the sourcing process of all suppliers providing production material.

If through our monitoring activities - deviations or areas for improvement are identified, suppliers are required to take appropriate corrective action to address and prevent similar occurrences in the future.

## Risks in our supply chains

As a subsidiary of a global company with complex supply chains, Volvo Car Australia acknowledges that sustainability challenges connected to our operations exist. Modern slavery is one of the most severe risks.

On a global scale we see risks related to:

- The supply of batteries needed to power our electric vehicles, more specifically to the sourcing of metal and minerals used in batteries
- Use of migrant workers, both domestic and international, as a part of industry resourcing practices
- Small-scale service providers to our suppliers e.g. cleaning, rubbish removal and construction services
- Complicated sub-contracting chains

There is also the risk that modern slavery can occur more locally, closer to home. Volvo Car Australia is aware and remains vigilant about the increased risk connected to other vulnerable groups such as base-skilled workers engaged across the Volvo Car Australia dealer network.



## Our approach towards metal and mineral sourcing

We recognize that the extraction, handling, processing, transportation and trade of metals and minerals has the potential to contribute to or result in adverse social and environmental impacts. We are committed to the responsible sourcing of metals and minerals used in the operation of our business and the manufacture of our products. This includes those “conflict minerals” such as tin, tungsten, tantalum and gold and cobalt. It is the Volvo Cars ambition to be conflict free in 2020 and to comply with the OECD’s Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas. This expectation extends to our business partners and supplier including that they only use minerals and metals the extraction, processing, trade and transportation of which has not directly or indirectly resulted in human rights abuses, severe environmental harm or provided funding to conflicts.

For more details see the Volvo Car Group Procurement Position on Metal and Mineral Sourcing at <https://group.volvocars.com/suppliers>.

## How we work with suppliers to mitigate risks of modern slavery

1. Volvo Car Group communicates with suppliers/subcontractors on what is regarded as forced labour, and Volvo Car’s zero tolerance regarding any type of forced labour or debt bondage.
2. We review suppliers’ practices and encourage them to review the practice of subcontractors/suppliers and expect them to follow and use our 4-step guideline.
3. We require our suppliers/subcontractors have a reporting channel available for their employees and that the Volvo Cars Tell Us reporting line also is known.
4. We require our suppliers/subcontractors make continuous communication and improvement of the work condition to provide workers with an environment where they feel safe and respected, and willing to work with.

### Summary of our 4 step guidelines

1. Workers shall never be coerced to work through violence or intimidation
2. Workers shall always keep their own personal documents
3. There shall be no debt or deposit from workers associated with the employment
4. There shall be no trafficking and other forms of modern slavery



## Blockchain traceability of cobalt used in batteries



We recognise that there can be significant adverse social and environmental impacts associated with the production of our lithium-ion batteries, including the use of cobalt, copper, lithium and mica. We work proactively with our suppliers to provide confidence to our consumers that Volvo Cars sources responsibly with transparency and respect for people and the planet.

We are proud that Volvo Cars will become the first carmaker to implement blockchain technology to allow global traceability of the cobalt used in its batteries. Volvo Cars has now reached an agreement with its global battery suppliers, and leading global blockchain technology firms to implement traceability of cobalt starting this year.

The implementation of blockchain technology will establish that each participant in the chain is compliant with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

## Collaborating with the industry

Where possible, we seek to actively work with industry peers and organisations to achieve a more sustainable supply chain for the industry as a whole. Volvo Cars Group is a member of Drive Sustainability. Through this, we work with other automotive manufacturers to enhance sustainability in our supply chains. The working group believes in the benefits of a common approach and common messaging for suppliers in the area of sustainability. We participate and invite our suppliers to sustainability events and trainings organised by this group.

Volvo Cars has LEAD Global Compact status and is an active participant in UN Global Compact Decent Work in Global Supply Chains Action Platform (**Action Platform**). The Action Platform aims to build an alliance of companies committed to action on:

- Advancing decent work in supply chain
- Facilitating learning and knowledge sharing
- Mobilising collective action
- Creating a business-led advocacy effort

As part of the commitment to the Action Platform, Volvo Cars has created an engagement forum to increase dialogue and share learnings among seven of our key direct material suppliers. Forced labour and modern slavery have been discussed in these forums.



## Training programs

Volvo Car Group has developed, and continues to develop, training programs that touch on modern slavery risks.

Volvo Car Group regularly conducts internal training on our Code, including face to face and web-based training. We have implemented the following specialised programs in the Procurement Department:

- Newly hired employees receive Procurement Introduction training, including social and environmental responsibility information.
- For Procurement employees who perform Supplier Evaluations, they will receive Specific Supplier Evaluation training including training on the risks for Modern slavery and Human trafficking.
- Ongoing social responsibility training.

Volvo Car Group has robust recruitment practices, and all new leaders in the Volvo Car Group receive training on our People Policy, which includes a section on modern slavery.

These training programs and policies are reviewed on a regular basis to ensure they continue to remain appropriate to the risks of modern slavery.

## Our speak up culture

Everyone working at, or with, Volvo Cars should be comfortable raising questions or concerns about ethical issues, cases of non-compliance and modern slavery concerns. We support a culture of openness, integrity and accountability. Volvo Cars offers the possibility to report serious violations of our Code by submitting a report via our publicly available Tell Us reporting line. Reports can be made confidentially and anonymously.





# Our actions in Australia

## Policies

As a company within the Volvo Car Group, Volvo Car Australia has adopted the Code and respects and works in line with these principles, together with Australian laws, to minimise the risk of modern slavery in its business operations and supply chain.

As with the Volvo Car Group, Volvo Car Australia is opposed to all forms of modern slavery, child labour, and human trafficking (including servitude, forced labour and deceptive recruiting for labour or services). Volvo Car Australia commits to acting with integrity and transparency and our Modern Slavery Statement reflects this commitment.

Volvo Car Australia also agrees to and is bound by Volvo Cars' Slavery and Human Trafficking Statement.

## Actions taken at a local level

Volvo Car Australia is committed to ensuring that appropriate action is taken to address risks of modern slavery practices in its operations and supply chain.

Within Volvo Car Australia's supply chain, we have outlined how Volvo Car Group has taken action to assess and address risks in the global supply chain for Volvo Cars' products and services. Volvo Car Australia, as the local subsidiary of Volvo Car Group, relies on certain functions within the group to identify and manage the risks in the manufacturing and distribution supply chain.

This is due to the organisational structure of the Volvo Car Group, as the Volvo Car Group remains responsible for the manufacture of Volvo Car products and the supply chain responsibilities, while Volvo Car Australia is responsible for marketing and distributing Volvo Car products to dealer and customers in Australia.

However, given there are risks for Volvo Car Australia locally that are different from those for the global organisation, Volvo Car Australia also takes steps at a local level to assess and address these risks:

1. Communicating the Code for Business Partners to the dealer and repairer network and other business partners
2. Auditing the dealer network's knowledge and awareness of the Code for Business Partners, as part of the Volvo Car Retail Standards
3. Training Volvo Car Australia staff on the Code
4. Requiring all new third parties that Volvo Car Australia does business with to agree to the Code for Business Partners or ensure they have equivalent policies in place

We insist that our business partners not only comply with those principles, but communicate them to their employees, suppliers and subcontractors.



## Areas for improvement in 2021

At a local level we propose to further enhance our anti-slavery program by taking the following steps:

1. Provide training to Volvo Car Australia employees on the Modern Slavery Act and Volvo Car Australia's Modern Slavery Statement
2. Ensuring suppliers agree to the Code for Business Partners
3. Review processes for procuring local suppliers

This statement has been adopted and approved by Volvo Car Australia Pty Ltd Board of Directors on 14 December 2020 for the period 1 July 2020 to 30 June 2021 and in accordance with the Modern Slavery Act 2018 (Cth).







*Nick Connor*

**Nick Connor**

Managing Director

Volvo Car Australia Pty Ltd

**More details:**

If you would like to understand more about Volvo Cars' Omtanke programme and its commitment to addressing modern slavery, please refer to:

- Volvo Cars' Slavery and Human Trafficking Statement, available at <https://group.volvocars.com/suppliers>.
- How we act – Our Code of Conduct
- Volvo Cars Code of Conduct for Business Partners
- Volvo Cars Annual Report 2019