

# MODERN SLAVERY STATEMENT 2018

## Structure, business and supply chain

Volvo Truck Corporation is a Gothenburg, Sweden, based company which manufactures, markets, imports and sells trucks, and provides aftermarket products and services. Volvo Truck Corporation has 8 wholly owned production facilities and sells its products to more than 140 markets.

Volvo Truck Corporation is a member of the Volvo Group. The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment and marine and industrial engines and further provides complete solutions for financing. In 2018 the Volvo Group's sales amounted to about SEK 390.8 billion (EUR 38.1 billion). The Volvo Group brands include Volvo Trucks, Volvo Construction Equipment, Volvo Buses, Volvo Penta, Renault Trucks, Mack Trucks, UD Trucks, Terex Trucks, Prevost, Novabus and Arquus. The Volvo Group also have joint ventures and strategic partnerships, including Dong Feng, Eicher and SDLG.

The Volvo Group employs 105,000 people worldwide, has production facilities in 18 countries and sell its products in more than 190 markets. The production facilities are located in Australia, China, Belgium, Brazil, France, Germany, India, Japan, Mexico, Poland, Russia, South Africa, Sweden, Thailand, the United Kingdom and the United States.

The Volvo Group has around 51,000 Tier 1 suppliers, of which 6,000 supply automotive product components. In 2018, the Volvo Group made purchases of goods and services totalling SEK 270.3 billion (EUR 26.3 billion). 62

% of the Tier 1 suppliers are located in Europe, 26 % in North America, 4 % in South America and 7 % in Asia-Pacific. The supply chain is complex and there are often several tiers of suppliers between the manufacturing entities and the supplier of raw material.

## Policies including statements relating to modern slavery

Volvo Group products are built by people, used by people, and serve people with goods and services. That is why respect for human rights is fundamental to the Volvo Group. People are at the core of what we do and managing human capital responsibly, including respecting human rights and preventing modern slavery and human trafficking, are key to the long-term business success of Volvo Group.

### *Volvo Group Code of Conduct*

Volvo Group has been a signatory to the United Nations Global Compact since 2001. During 2017 we updated our Code of Conduct and clarified our position for zero tolerance of all kinds of modern slavery. To support our employees in managing related risks, we added a list of concrete examples of what to look out for. Zero tolerance to forced labour and child labour has been part of our Code of Conduct since 2003. Forced labour, including debt bondage, human trafficking and other forms of modern slavery, is not accepted in any of the Volvo Group's businesses.

The Code of Conduct is publicly available on [www.volvogroup.com](http://www.volvogroup.com). The Code of Conduct is complemented by various other policies that describe in more detail how we address and deliver the Code of Conduct's minimum standards. Compliance with the Code of Conduct is monitored through our internal

# MODERN SLAVERY STATEMENT 2018

Human Rights reviews (see below) and we also have a whistle-blower process which is publicly available on our web site where deviations of our Code of Conduct can be reported. No issues relating to modern slavery were reported through our whistle-blower process during 2018.

## *Supplier Code of Conduct*

Since 1996, our Sustainable Purchasing Program has consistently increased supplier requirements on environmental issues, business ethics and human rights including modern slavery. During 2018 we drafted and prepared for the implementation of a new Supplier Code of Conduct which was launched in early 2019. The updated Supplier Code of Conduct includes clarified requirements and aspirations relating to modern slavery and is an integrated part of our standard supplier contracts. The Supplier Code of Conduct sets out that the Volvo Group has zero tolerance for all forms of modern slavery in its supply chain, including but not limited to forced, bonded or compulsory labor and human trafficking and that suppliers and their recruitment agencies may not engage in or tolerate restrictions of movement, excessive 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. Suppliers are required by the Supplier Code of Conduct to ensure that their sub-suppliers make corresponding commitments. The Volvo Group Supplier Code of Conduct is publicly available at [Volvogroup.com](http://Volvogroup.com). Compliance with the requirements of the Supplier Code of Conduct is assessed and monitored via supplier self-assessments and social audits (see below).

## **Risk assessment, due diligence and effectiveness**

Modern slavery may materialize not only in our own organization and operations, but also through our business relationships and in our value chain. Modern slavery and trafficking related risks are covered by the human rights reviews of our own operations, which we are gradually performing, and social audits of suppliers and we prioritize the countries and segments where we have assessed that we have the highest risks for human rights violations.

## *Human rights reviews*

We are gradually undertaking human right reviews across our operations, adopting a risk based approach in the prioritisation of our internal reviews.

During 2018, we performed a human rights review of our own operations in South Africa, and initiated a human rights review in Mexico which is expected to be completed in 2019. No issues relating to modern slavery have been identified in connection with these reviews.

## *Supply chain approach*

Our Sustainable Purchasing Program includes supplier self-assessments against the requirements of our Supplier Code of Conduct and social audits of selected suppliers in high risk countries and segments. Social audits of suppliers are generally aligned with the internal human rights review of our own operations and during such audits we perform on-site audits at selected suppliers' facilities in order to assess, among other aspects, labour rights, working conditions, health and safety, including specific modern slavery related risks.

# MODERN SLAVERY STATEMENT 2018

In 2018 we initiated the work to implement social audits as selection criteria for high risk countries during our sourcing phases, which will continue to be rolled out during 2019.

In 2018, we performed social audits of selected suppliers in China, India and South Africa. Adverse findings from these audits typically related to poor emergency preparedness, working hours and insufficient rest times. We also performed an onsite review of our service providers working at certain of our premises in Malaysia, where we identified a need for improvement actions in relation to some of our onsite service providers' employment of foreign migrant workers. Corrective action plans have been agreed with the relevant suppliers and will be monitored.

During 2018, the Volvo Group has further taken the initiative to implement a Conflict Minerals program which focuses on tin, tungsten, tantalum, gold and cobalt. This will be an important initiative to tackle human rights related risks at the bottom of our supply chain.

## Training and capacity building

During 2018 the Volvo Group made several training initiatives, both for employees and suppliers. By the end of 2018, 92% of all white-collar employees had completed the Code of Conduct e-learning which is available in 13 languages. With regard to blue collar-employees, managers are required to lead mandatory Code of Conduct training sessions.

During 2018, the Volvo Group launched an e-learning training for all Volvo Group staff working with suppliers, outlining the concept of sustainable purchasing. Further, to increase internal skills, a number of our employees

working within Volvo Group Purchasing and corporate functions have completed the Human Rights audit certification training SA8000, performed by the organization, Social Accountability International.

Through our membership in DRIVE Sustainability (see below) selected suppliers in China, Thailand, Spain and Hungary have been trained on human rights, environmental performance and business ethics.

## Other initiatives

During 2018, the Volvo Group continued as a Lead Partner in DRIVE Sustainability. DRIVE Sustainability is a global network with the mission to drive supply chain sustainability in the automotive supply chains. We believe that a shared approach in our industry is a good way to drive sustainability issues and secure more sustainable supply chains.

In 2018, Volvo Group became a member of the Responsible Minerals Initiative (RMI) with the aim to obtain improved supply chain transparency for selected minerals and perform due diligence.

Volvo has continued its support of the organization Truckers against Trafficking.

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This statement applies for the period January 1, 2018 to December 31, 2018. The statement is made in accordance with Section 54 of the Modern Slavery Act 2015 and has been approved by the Board of Volvo Truck Corporation.

Signed June 2019



Roger Alm  
Director