SUPPLY PARTNER CODE OF CONDUCT

Issue 2 | 2022
Volvo Group Supply Partner Code of Conduct / Introduction

Introduction

The choices we make today define the world we live in tomorrow. Climate change, population growth and increasing urbanization are shifting the landscape and our expectations on transport and infrastructure. In all our actions, we need to protect the climate, the world’s resources, and people.

Volvo Group is fully committed to the Paris Agreement. We are aiming for a net zero greenhouse gas value chain by 2040 and have clearly defined science-based targets for 2030.

Volvo Group conducts business in a fair, ethical, and transparent way. We believe that the respect for human rights forms the basis of any successful business.

Our Supply Partners, as defined under “Scope”, play an integral role for us to succeed in our mission to drive prosperity through transport and infrastructure solutions.

We expect all our Supply Partners to integrate, share and promote the requirements and aspirations of the Volvo Group Supply Partner Code of Conduct to their full value chain.

1 https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement
Purpose

The purpose of the Volvo Group Supply Partner Code of Conduct (hereinafter referred to as the “Supply Partner Code of Conduct”) is to define minimum sustainability requirements and aspirations for all Volvo Group Supply Partners, in the areas of:

- People
- Resources
- Climate
- Business Ethics

The Supply Partner Code of Conduct is based on the Volvo Group Sustainability Ambitions\(^2\) including the Volvo Group Code of Conduct and our Group Policies\(^3\). It is also guided by the Automotive Industry Guiding Principles of Drive Sustainability\(^4\) as well as frameworks such as the UN Global Compact\(^5\), the OECD Guidelines for Multinational Enterprises\(^6\), the UN Guiding Principles of Business and Human Rights\(^7\), the UN International Bill of Human Rights\(^8\), the International Labour Organisation’s (ILO) eight Fundamental Conventions\(^9\) and the UN Children’s Rights and Business Principles\(^10\).

Scope

The Supply Partner Code of Conduct is an integral part of the agreement between our Supply Partner and the Volvo Group.

The term “Employee” used throughout this Supply Partner Code of Conduct covers everyone working for or on behalf of a Supply Partner, including but not limited to full and part-time employees, consultants, contractors, trainees, temporary workers, migrant workers, senior management and board of directors.

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 (hereinafter individually and collectively referred to as “Supplier”).

For each area of the Supply Partner Code of Conduct, the Volvo Group has defined two categories for our Suppliers’ sustainability performance and actions – Requirements and Aspirations:

- **REQUIREMENT** – a requirement refers to basic requirements which all Suppliers must comply with. A breach of a requirement is considered a breach of the Supplier agreement.

- **ASPIRATION** – an aspiration refers to Supplier’s activities where the Volvo Group encourages each Supplier to go beyond our basic requirements to further advance Supplier’s sustainable performance and impact in the areas covered by this Supply Partner Code of Conduct.

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\(^4\) [www.drivesustainability.org/the-guiding-principles/](http://www.drivesustainability.org/the-guiding-principles/)

\(^5\) [www.unglobalcompact.org/](http://www.unglobalcompact.org/)

\(^6\) [www.oecd.org/corporate/mne/](http://www.oecd.org/corporate/mne/)


\(^10\) [https://childrenandbusiness.org/](http://https://childrenandbusiness.org/)
Our General Requirements

- Supplier shall comply with all the Requirements of the Supply Partner Code of Conduct and make significant efforts to comply with the Aspirations.

- Supplier shall ensure that all Requirements of this Supply Partner Code of Conduct are cascaded to and complied with within its own operations and by its own direct suppliers. This shall be ensured through proper contractual wording or a fully implemented supplier code of conduct. We also encourage each Supplier to uphold the same standard regarding our Aspirations and to work proactively in their supply chain beyond their direct suppliers to implement similar standards as outlined in this Supply Partner Code of Conduct, both regarding Requirements and Aspirations.

- Supplier shall operate honestly and be transparent with facts and data in relation to both Requirements and Aspirations. The Volvo Group wants to maintain an open dialogue concerning achievements, trends and possibilities for improvements in the areas outlined by this Supply Partner Code of Conduct.

- Supplier shall have a senior executive in place who is responsible for compliance with the areas covered by this Supply Partner Code of Conduct.

- Supplier shall have a code of conduct in place clarifying the Supplier’s rules of behaviour and proper conduct for the Supplier’s Employees.

- Supplier shall be proactive in appropriately addressing any risk of violation of the Requirements, whether in their facilities or in their supply chains.

- Supplier shall implement and make available appropriate grievance channels and remediation mechanisms for all Employees and third parties in order for them to raise concerns or complaints, but also recommendations and improvement ideas concerning the Supplier’s operations without fear of retaliation.
Legal Compliance
Fundamental to all areas of the Supply Partner Code of Conduct and the baseline of all business with the Volvo Group, we require our Suppliers to be knowledgeable about and to comply with all applicable laws and regulations as well as the contractual terms and conditions agreed upon with the Volvo Group. All legally required permits, approvals, licenses, registrations, inspections and related reports shall be in place, up to date and available for inspection upon request.

In case local laws and regulations are less restrictive, the principles of this Supply Partner Code of Conduct shall apply. In case a requirement is covered by this Supply Partner Code of Conduct as well as by applicable laws and/or the agreement with the Volvo Group, the stricter regulation offering the greatest protection shall apply. In cases where there is a direct contradiction between mandatory local law and the principles contained in this Supply Partner Code of Conduct, the local law shall prevail, however the Suppliers shall strive to honor the intentions of the Supply Partner Code of Conduct.

Management System
Suppliers shall establish and maintain adequate management systems to oversee all elements of this Supply Partner Code of Conduct, in proportion to the size, complexity and risk environment of the Supplier’s business. It shall contain a policy commitment from the Supplier’s management, as well as providing for effective due-diligence and risk assessment, assigning responsibility to relevant personnel, and including monitoring and reporting mechanisms related to all areas of this Supply Partner Code of Conduct. Such management system shall be continuously reviewed, monitored and improved, preferably under 3rd party certification.

Due Diligence
Due diligence here refers to Supplier’s ongoing risk management process to identify, prevent, mitigate, and account for their risks and impacts on Climate, Resources, and People. The Volvo Group requires every Supplier to perform due diligence in the areas covered by this Supply Partner Code of Conduct. Supplier’s due diligence efforts shall be in accordance with international standards such as the OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights. Supplier shall include impacts of its own operations and its supply chain with a focus on where it has the highest risks of doing harm, and appropriate to company size and circumstances.

Continuous improvement
The Volvo Group believes in continuous improvement and recognises that implementing the standards of this Supply Partner Code of Conduct into the Supplier’s operations and supply chains is a dynamic rather than a static process. It is important to us that our Suppliers show dedication towards embedding not only the Requirements but also the Aspirations into their operations and across their supply chains and to seek continuous improvement over time in order to be able to show progress in all areas covered by this Supply Partner Code of Conduct.

Implementation
Sustainability performance, as outlined by this Supply Partner Code of Conduct, is a key indicator in the Volvo Group supplier qualification and assessment process, and accepting it is a prerequisite for doing business with us. Upon being onboarded as a Supplier to the Volvo Group and thereafter as required from Volvo Group from time to time, the Volvo Group verifies compliance with the Requirements and Aspirations of this Supply Partner Code of Conduct by means of a self-assessment questionnaire and reserves the right to conduct an on-site audit, either through employees of the Volvo Group or through an independent third party appointed by the Volvo Group.

Lack of cooperation, failure to address violations of the Requirements of this Supply Partner Code of Conduct and/or non-timely implementation of necessary corrective action plans may result in a reduction in business and, ultimately, an end to the business relationship with the Volvo Group.

Any questions regarding the interpretation of this Supply Partner Code of Conduct or the Volvo Group’s approach to sustainability in our supply chains in general can be raised to supplier.sustainability@volvo.com.

People

The Volvo Group products are built for people, by people and we believe that respect for human rights forms the basis of any successful business. Suppliers of the Volvo Group shall respect all internationally recognized human rights and treat all people with dignity. Supplier should especially be aware of and respect the rights of indigenous people, groups in vulnerable and marginalized situations (including but not limited to children, vulnerable women, persons with disabilities, migrants, minorities and refugees) and local communities in connection with the Supplier’s activities and operations.

Suppliers shall provide Employees with a safe and healthy working environment that minimizes the incidence of work-related injuries and enhances the quality of products and services, the consistency of production and worker retention and morale. This applies to Suppliers’ production facilities but also to any company-provided accommodation, including but not limited to dormitories or any type of transportation provided by a Supplier to its Employees.
Modern Slavery and Forced Labour

**REQUIREMENT:** The Volvo Group does not tolerate any forms of modern slavery or forced labour, including but not limited to forced, bonded or compulsory labour and human trafficking. Consequently, Supplier, including their recruitment agencies, shall not engage in or tolerate restrictions of movement, 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.

**ASPIRATION:** Supplier is encouraged to have adequate policies, risk awareness, risk assessment and due-diligence processes in place to prevent modern slavery and forced labour throughout its supply chain.

Supplier is 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.

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Children’s Rights

**REQUIREMENT:** The Volvo Group does not tolerate child labour and Supplier shall prevent all forms of child labour and respect children’s right to personal development and education. The minimum working age is the age of completion of compulsory school, but never less than 15 years. Young Employees between the ages of 15–18 years old shall not be exposed to work that is likely to harm their physical or mental health, safety or morals.

**ASPIRATION:** Supplier is encouraged to have adequate policies, risk awareness, risk assessment and due-diligence processes in place to prevent child labour throughout its supply chain. Such processes should also include children’s rights in general as outlined in the Convention on the Rights of the Child including remediation plans addressing situations when child labour is detected at Supplier or any of its subcontractors.

Supplier is further encouraged to engage constructively with relevant stakeholders such as children’s rights experts, non-governmental organizations and industry associations in order to build awareness and proactively work towards preventing child labour and respect children’s rights.

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Working Hours and Leave

**REQUIREMENT:** Supplier shall always respect and comply with applicable laws and collective bargaining agreements, if applicable, on working and resting hours, including overtime working hours, as well as annual, sick and parental leave and any other applicable leave regulations. All overtime work by Supplier’s Employees shall be on a voluntary basis.

**ASPIRATION:** Supplier is encouraged to maintain reasonable working hour schedules for its Employees in order to prevent quality and safety incidents and to minimize strains on Employees’ physical and mental health. Supplier is encouraged to comply with ILO standards on working hours and leave.

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Wages and Benefits

**REQUIREMENT:** Supplier shall always pay and provide its Employees’ wages and benefits that, as a minimum, comply with applicable laws and collective bargaining agreements. Supplier shall provide its Employees with information about their employment terms and conditions, including benefits, in a format and language they can easily understand, such as a written employment contract and a timely wage statement. Deduction from wages is permitted only if and to the extent prescribed by applicable law, regulations or collective bargaining agreements.

**ASPIRATION:** Supplier is encouraged to adopt a pay structure that adequately reflects Employee skills and experience as well as the living wage standard of the country, enabling each Employee to meet the basic needs of themselves and their dependents.

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Non-Discrimination and Fair Treatment

**REQUIREMENT:** Supplier shall treat everyone with dignity and respect and provide equal employment opportunities and conditions based on the individual’s ability to do the job, regardless of Employee or job applicant characteristics including but not limited to:

- gender, gender identity or expression
- age
- nationality, race, ethnicity, skin colour or cultural background
- religion or belief
- disability, genetics, or health information including pregnancy
- sexual orientation
- union affiliation

Supplier shall not tolerate humiliating or physical punishment or allow any Employee to be subject to verbal, psychological, physical or sexual harassment or abuse.

**ASPIRATION:** Supplier is encouraged to actively promote diversity and inclusion and provide equitable benefits and working conditions accommodating all categories of human diversity. Supplier is encouraged to engage constructively with relevant stakeholders such as non-governmental organisations and industry associations in order to build awareness and proactively work towards identifying root causes of discrimination if it is a widespread societal issue.

Freedom of Association and Collective Bargaining

**REQUIREMENT:** All Employees shall have the right to lawfully form, join or not join labour unions, bargain collectively, seek representation and join worker’s councils in accordance with local law and international conventions. Employees shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, intimidation or retaliation. Where local law sets restrictions on the right to freedom of association and collective bargaining, Supplier shall allow alternative forms of worker representation, association and bargaining.

**ASPIRATION:** Supplier is encouraged to engage in active social dialogue with its Employees on the basis of motivation, recognition and reward in order to stimulate workplace engagement. Supplier is encouraged to engage constructively with relevant stakeholders such as non-governmental organisations, industry associations and worker representatives for sustained relations between employers and workers within the industry sectors or areas of operation.
Health, Safety and Well-being

**REQUIREMENT:** Supplier shall ensure that its Employees’ potential exposure to safety hazards, such as machines, equipment or substances, or other chemical, biological or physical agents, are identified, assessed and controlled through proper design and/or preventative maintenance and safe work procedures. Hazardous substances in chemical products shall be handled, transported, stored, recycled and disposed of safely. Where hazards cannot be adequately controlled by these means, Employees shall be provided with appropriate personal protective equipment including access to first-aid supplies.

Safety information shall be made available to everyone in order to educate, train, and protect the Employees from safety hazards. A Supplier that has Employees performing work on Volvo Group premises shall make sure that Employees are informed about and comply with local Volvo Group health and safety routines and procedures.

Supplier shall have adequate emergency preparedness procedures in place in order to identify and assess potential emergency situations. Emergency plans, fire safety and response procedures shall be implemented, including Employee notification and evacuation procedures, Employee training and evacuation drills. Fire safety procedures shall, where available, be periodically reviewed and approved by local authorities.

Supplier shall identify, evaluate, control and reduce Employee exposure to ergonomic risks, including but not limited to prolonged standing, sitting, improper working and/or lifting positions, repetitive movements and physical load.

Employees shall have ready access to free and clean drinking water, hygienic toilet facilities, hygienic food preparation, storage and eating facilities, adequate ventilation, light and temperature levels, and acceptable levels of noise and dust pollution (as applicable). If accommodation is provided, Supplier must provide each Employee the right to their own bed with gender separation.

**ASPIRATION:** Supplier is encouraged to work pro-actively with a long-term health and safety strategy, which includes aspects on age, disability, gender and religion, both from a physical and mental health risk perspective. Supplier is encouraged to involve concerned Employees when designing or redesigning workplaces as well as to include workplace ergonomics in health and safety committees with Employee representation. Employees performing work on Volvo Group premises are encouraged to identify and report actual and potential unhealthy and unsafe working conditions and to bring them to Volvo Groups’ attention.

Supplier is furthermore encouraged to apply the standards as outlined by the Truck Transport Social Guidelines¹⁴, in particular to provide ready access for truck drivers delivering goods to and picking up goods at Supplier’s premises to free and clean drinking water, hygienic toilet and waiting facilities.

¹⁴ https://www.csreurope.org/responsible-trucking
Resources

The planet’s resources are not endless, and every business must rethink existing production and consumption patterns. Taking care of our planet’s resources means implementing a circular business economy and improving our environmental resources management and materials efficiency throughout the entire life cycle. The life cycle stages include acquisition of raw materials, design, production, transportation/delivery, use, end-of-life treatment and final disposal. It also means to sourcing materials responsibly without risk of contribution to adverse impacts such as human rights violations, conflict or climate change.

Suppliers of the Volvo Group shall conduct responsible supply chain management of any materials critical to the industries in which the Volvo Group operates, and in particular of those from conflict-affected and high-risk areas, but also for water management and substances of concern. Suppliers shall explore circular business models where we are designing out waste and pollution and keeping materials in use phase.
Responsible Sourcing of Minerals and Materials

**REQUIREMENT:** The Volvo Group requires all Suppliers to exercise adequate due diligence following the OECD Due Diligence Guidelines for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Volvo Group requires specific focus on the sourcing, extraction and handling of tantalum, tin, tungsten, gold, heretofore referred to as “Conflict Minerals,” as well as cobalt. Supplier shall upon request from the Volvo Group submit a valid CMRT (Conflict Mineral Reporting Template) and/or CRT (Cobalt Reporting Template) report.

Supplier shall have a policy and process in place to ensure that any of these minerals contained in the products manufactured by the Supplier do not directly or indirectly finance or benefit armed groups that are perpetrators of human rights abuses or in any other way directly or indirectly contribute to human rights violations. We require Supplier to ensure that all smelters and refiners in its Conflict Minerals and cobalt supply chain take part and actively engage in third party audit programs and to provide any information on such smelters and refiners upon request to the Volvo Group.

Supplier shall also perform adequate due diligence for other materials that are, from time to time, identified by the Volvo Group as being directly or indirectly contributing to violations of human rights and/or climate change, including to making a reliable determination of the origin and source of such materials.

Supplier shall not directly or indirectly procure minerals or materials that are mined from the deep seabed or are sourced without respecting indigenous people (including their right to prior and informed consent), including to financing any of the activities mentioned above directly or indirectly. Products made from or originating from endangered species shall not be supplied to the Volvo Group and Supplier may only use materials originating from species that are classified as “least concern (LC)” by the IUCN Red List.

**ASPIRATION:** Supplier is encouraged to take a holistic and circular approach for their raw material supply chain by looking for innovative solutions and circular flow of material throughout the design and manufacturing process. The Volvo Group welcomes initiatives and ideas enabling us and industry to evaluate any holistic sustainable impact improvements for our common products and services.

At all times, we encourage our Suppliers to adhere to the precautionary principle by, when suitable alternatives are available, substituting materials and methods posing potential environmental and health related risks.

The Volvo Group further encourages Supplier to consider biodiversity, including ecosystems and habitats, and to avoid harmful soil modifications within their material supply chain. The Volvo Group welcomes Supplier to constructively engage with relevant stakeholders such as subject matter experts and scientists as well as non-governmental organisations in order to understand and improve its impact on biodiversity, ecosystems and habitats both on land and deep sea.

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15 https://www.oecd.org/corporate/mne/mining.htm
17 https://www.pefc.org/
18 https://www.flegtlicence.org/forest-certification
19 https://www.iucnredlist.org/
Circular Economy and Waste Management

**REQUIREMENT:** In order to enable the transformation of our industry from a linear consumption towards a circular closed loop system, Supplier shall continuously demonstrate accountability and make efforts to optimize and explore circular business models for the products delivered to the Volvo Group, including its packaging, all in accordance with internationally recognized circular principles.

Supplier shall monitor, track and treat liquid and solid waste generated by its operations, industrial processes and sanitation facilities and foster opportunities for improvement and minimized waste.

Supplier shall monitor, track, design and optimize the composition of their packaging material which becomes waste at Volvo Group in line with Volvo Group packaging standards, e.g. utilizing non-complex materials and/or materials for which there are locally established recycling markets available.

**ASPIRATION:** In Supplier’s transformation journey towards circularity and efforts to continuously optimize their business, Supplier is encouraged to specifically emphasize pro-active design for circularity with focus on materials and minerals based on the circular R-framework. The R-framework defines levels of circular activities from Recover and Recycle over Remanufacture and Reuse towards Reduce and Refuse.

Volvo furthermore stimulates innovative circular business models where Supplier is extending and optimizing the product use phase and maximises the product reusability.

Supplier is encouraged to implement a waste management strategy that targets, in order of priority: (1) prevention, (2) reduction, (3) reuse, (4) recycling, (5) energy recovery, (6) incineration without energy recovery, and (7) landfill/disposal of waste in a safe and environmentally responsible manner.

**Substances of Concern**

**REQUIREMENT:** Supplier shall identify and declare potentially harmful substances as well as other critical materials in products delivered to the Volvo Group and upon request by the Volvo Group, work actively to eliminate and phase out any such identified substances of concern. Substances and critical materials included in products or services delivered to the Volvo Group must be in line with the lists and fulfill the requirements as stated in the Volvo Group standards 100-0002, 100-0003 and 100-0005 also known as the Volvo Black, Grey and Red lists, including any updates thereof.

In order to track and follow-up on substances of concern and critical materials, Material Data Sheet (MDS) registration is mandatory in due time for all parts and materials delivered to the Volvo Group, regardless of design date or application of the part or material and including spare parts and customer adaptation.

**ASPIRATION:** Supplier is encouraged to proactively work together with the Volvo Group in phasing out substances of concern wherever possible in order to reduce our dependency on these materials and enable a circular society.

**Water Management**

**REQUIREMENT:** Water is a scarce natural resource that is expected to be even more scarce in the future. Supplier shall therefore monitor, track and document its consumption of water in order to be able to identify aspects that Supplier can control and influence fostering opportunities for improvement and minimized consumption. Water shall be used and processed responsibly, being of most importance to Suppliers which are located in areas affected by water scarcity and/or Suppliers with high water consumption. Supplier shall furthermore treat and clean all wastewater from its operations to a minimum level in accordance with applicable local legal requirements.

**ASPIRATION:** Supplier is encouraged to implement a long-term water management strategy with clear targets on how to protect water as a resource, improve water use efficiency, reduce consumption and maintain good water quality through responsible treatment of wastewater discharges. Supplier is further encouraged to engage constructively with relevant stakeholders such as water management experts, non-governmental organisations in order to understand and improve its impact on safe and resilient water supplies, including interlinked impact on biodiversity and ecosystems.

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Greenhouse gas emissions and climate change are one of the biggest challenges of our time. The Volvo Group recognizes the importance of the transition to a low carbon economy and that a safe and clean environment is essential for the full enjoyment of life. To tackle these challenges, the Volvo Group expects its Suppliers to join our journey towards the goal of the UNFCCC Paris Agreement and to lead our industry in the transformation towards net-zero greenhouse gas emissions by 2040. Suppliers shall reduce their negative impacts by protecting the environment and minimizing their environmental footprint from their industrial activities including the supply chain. Suppliers are expected to handle environmental violations and complaints methodically and communicate them to affected Employees and to external stakeholders including the Volvo Group, if relevant.
Net Zero Supply Chain

**REQUIREMENT:** Supplier shall establish net zero greenhouse gas (GHG) emission operations and supply chains by 2040 at the latest. In order to reach this target, all Suppliers shall, as a minimum and first step, develop and implement interim targets and a plan to reduce the GHG emissions of their own operations and logistic system, scope 1 and 2, in accordance with the 1.5 degree scenario as presented by the UNFCC Paris Agreement. The plan shall be relevant for Suppliers’ core business and contribute to relevant industry initiatives. Supplier shall monitor, track and document the progress of such plan and upon request by the Volvo Group be open and transparent about its GHG emissions in accordance with above, including the results and progress of its emission reduction plan.

**ASPIRATION:** In Supplier’s efforts to establish net zero GHG emission supply chains by 2040, the Volvo Group encourages Supplier to set science-based targets for their entire supply chain and scope 1, 2 and 3 as defined by the Greenhouse Gas Protocol Corporate Standard. Suppliers are also encouraged to have these targets verified by the Science Based Targets Initiative. The mitigation hierarchy for Supplier’s net zero supply chain roadmap should preferably start with (1) elimination of GHG emissions through energy efficiency and introduction of new concepts and technologies as top priority, (2) replacing fossil GHG emission with biogenic GHG emission and (3) compensation or neutralisation activities as a last resort when all other options are exhausted.

The Volvo Group further encourages Supplier to take a holistic and circular approach to reduce climate impact by looking for innovative solutions and circular flow of material throughout the design and manufacturing process. The Volvo Group welcomes initiatives and ideas enabling us and our industry to evaluate any holistic climate impact improvements for our common products and services. Quality assured carbon footprint information about Suppliers’ products and supply chains, like Life Cycle Analysis (LCA) and Environmental Product Declarations (EPD) are important climate-related information welcomed by the Volvo Group.

Energy Consumption

**REQUIREMENT:** Energy consumption is a heavy contributor to climate change. In order to fulfil the challenges of a net zero GHG emissions supply chain, the Volvo Group requires all Suppliers to monitor and reduce their energy consumption and to advance the use of renewable and alternative energy sources for their operations and logistics system. Procurement or establishments of renewable energy sources under the responsibility of Supplier, for example windmills or solar panels, must at all times consider and respect the rights of local communities and indigenous people, including their right to prior and informed consent.

**ASPIRATION:** Parallel to Suppliers’ efforts to minimize their energy consumption, the Volvo Group encourages Supplier to choose the lowest carbon alternative for their electricity sources. For electricity, heating and cooling this means excluding fossil sources such as coal, natural gas or oil and switching to renewable sources either at site or through purchased certificates or similar. Supplier is encouraged to set clear science-based energy consumption reduction targets and to have these targets verified by the Science Based Targets Initiative.
Business Ethics

The Volvo Group requires its Suppliers to uphold the highest standards of integrity and always operate honestly and equitably throughout their operations and business relationships. The Volvo Group believes that earning business fairly and in compliance with applicable legal requirements is essential to build trust with customers and other business partners. We require our Suppliers to conduct their business in the same way, especially in the following areas.

**Business Integrity**

**REQUIREMENT:** Supplier shall at all times uphold the highest level of integrity in all business interactions and disclose details of its corporate structure when requested by the Volvo Group. Conflicts of Interest. Supplier shall do business in an open and transparent way avoiding conflicts of interest that could interfere with objective and professional decision making. For that purpose Supplier must disclose any situation where a Volvo Group employee or professional under contract with the Volvo Group may have a personal interest of any kind in the Supplier’s business or any kind of economic ties with the Supplier. Similarly, Supplier must report to the Volvo Group any ownership or financial interest held in the Supplier by a government official that is affiliated with a Volvo Group customer.

Anti-Corruption. Supplier shall not engage in, endorse nor tolerate, any form of bribery or corruption, directly or indirectly. Supplier shall not offer nor accept any form of improper benefit to or from a third party, private or public, with the purpose of obtaining or retaining business or any form of preferential treatment. Supplier shall also refrain from proposing to Volvo Group any form of improper benefit. Such benefits may comprise not only cash but also job opportunities, favours, travel, facilitation payments, promises to pay debts or unlawful gifts and entertainment.

Confidentiality and Intellectual Property Rights. Supplier shall respect Volvo Group confidential information and intellectual property rights by safeguarding against misuse, mishandling, counterfeit, theft, fraud or improper disclosure in accordance with applicable law and the Volvo Group contractual terms.

**ASPIRATION:** Supplier is encouraged to implement an information management strategy, including a policy which ensures proper levels and thresholds as well as records for proper business integrity. Moreover Supplier is encouraged to implement a whistle-blower process where its Employees and external third parties can anonymously raise any concerns of misconduct.

Supplier is encouraged to implement an effective anti-corruption compliance program, covering e.g. a risk-based process for conducting due-diligence prior to entering relationships with business partners in order to investigate and evaluate the integrity, quality, suitability and credibility of all potential business partners.
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Fair Competition

**REQUIREMENT:** Supplier shall respect and comply with all applicable fair trade, competition and anti-trust laws and regulations and shall not have any anti-competitive discussions or enter into any anti-competitive agreements, including illegal price-fixing, market sharing, customer allocation or other illegal restrictive practices, at any level of the production or distribution chain.

**ASPIRATION:** Supplier is encouraged to implement a corporate or group-wide compliance program on fair competition applicable to all of Supplier’s affiliate organisations.

Data Privacy

**REQUIREMENT:** Whenever a Supplier is entrusted with any personal data, Supplier shall safeguard it and take appropriate steps to protect it from misuse. All applicable data privacy laws as well as the contractual terms with the Volvo Group shall be observed and complied with when collecting, storing, using, processing or sharing personal data.

**ASPIRATION:** Supplier is encouraged to implement a risk evaluation process in order to identify threats to privacy, and to act upon any threats or risks identified.

Information Security

**REQUIREMENT:** Supplier shall safeguard Volvo Group information and take appropriate steps to protect its confidentiality, integrity, and availability. Supplier shall follow international best practices for cybersecurity, such as ISO/IEC 27000 or equivalent, including monitoring processes, to protect Volvo Group information from breaches, cyber-attacks, or cyber-incidents.

**ASPIRATION:** Supplier is encouraged to implement an information security management system and cybersecurity guidelines, which includes self-assessment and testing of resistance to internal and external threats; execution of training internally on cybersecurity; and a mitigation plan in case of cyber-attack or cyber-incident.

Supplier is further encouraged to demonstrate accreditation with a recognized information security certification, such as ISO/IEC 27001 or equivalent certification or report.