

## Report regarding the Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff

### Identifying information and structure

Legal name of reporting entity: Nova Bus Inc. (herein referred to as 'Nova Bus')

Financial reporting year: January 1st to December 31st, 2023

Report version: Original

Business number: 798226106RC0001

Subject to reporting requirements under supply chain legislation in another jurisdiction: California Transparency in Supply Chain Act.

Entity category: Nova Bus Inc. is a Canadian corporation that does business and has assets in Canada. Nova Bus Inc. has at least \$20 million in assets for at least one of its last two fiscal years, generated at least \$40 million in revenue for at least one of its last two fiscal years. Nova Bus Inc. employs more than 250 employees for at least one of its last two financial years.

Sectors or industries: Manufacturing

Headquarters: Saint-Eustache, Quebec, Canada

Entity structure: Nova Bus Inc. is a corporation incorporated under the Canada Business Corporations Act. Its sole subsidiary, wholly owned by it is Nova Bus (U.S.) Inc. Nova Bus Inc. in turn is wholly owned by the Volvo Group and by virtue of this, is a member of the Volvo Group. The Volvo Group is a publicly held company headquartered in Gothenburg, Sweden. The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment and marine and industrial engines and also provides complete financing solutions.

Entity activities: Nova Bus manufactures and sells transit buses in Canada and the United States. In particular, it manufactures its transit buses in Saint-François-du-Lac, Quebec, Canada, Saint-Eustache, Quebec, Canada and Plattsburgh, NY, United States. Nova Bus's subcontractors are also located in Canada and the United States.

Nova Bus has two (2) supply chains for its factories' production. One (1) for its Saint-Eustache and Saint-François-du-Lac plants (Canadian market) and one (1) for its Plattsburgh (U.S. market). Nova Bus also has a supply chain for aftermarket parts. Lastly, Nova Bus makes use of a specific supply chain for everything that is non-production. The majority of Nova Bus suppliers are in Canada and United States.

## Human Rights Governance

Respect for human rights is fundamental for Nova Bus as an individual entity and in its capacity as a member of the Volvo Group and as such, is committed to respecting internationally recognized human rights.

Nova Bus continues to strengthen and align its human rights work within the context of international frameworks such as the UN International Bill of Human Rights, ILO's fundamental conventions, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, and Children's Rights and Business Principles.. Nova Bus further recognizes that a core tenet of many of these frameworks is tracking and monitoring performance to drive continuous improvement and using experiences as a source of continuous learning.

## Policies and measures taken to combat forced labour and child labour in supply chains

The steps taken by Nova Bus prior to and during the previous financial year to reduce the risk that forced labour or child labour are used at any step of the production of goods by it in Canada or elsewhere, or importation of goods into Canada are described hereinbelow:

*Implementation of action plan for addressing forced labour and/or child labour:*

As stated above, Nova Bus is a member of the Volvo Group and as such, benefits from and adheres to all policies and programs developed by the Volvo Group regarding human rights. The following policies and programs address modern slavery and child labour:

### The Volvo Group Human Rights Policy

In 2021, the Volvo Group launched a standalone [Human Rights Policy](#). The policy sets the common threshold for the Volvo Group's commitment to respect human rights and applies to all Volvo Group entities (including Nova Bus), employees and others working at its sites. The Human Rights Policy describes the Volvo Group's salient human rights risks across the areas of sustainability ambitions. Modern slavery and children's rights are included in the Volvo Group's list of salient human rights risks. The policy states that the Volvo Group do not tolerate any forms of modern slavery and child labor in our own operations and our supply chain. The Volvo Group Human Rights Policy is publicly available on [Volvogroup.com](#).

### The Volvo Group Code of Conduct and other policies:

Non-tolerance of forced labour and child labour has been part of the [Volvo Group Code of Conduct](#) since 2003. The Code of Conduct applies to everyone who works on Volvo Group's behalf (which includes Nova Bus), including full- and part-time employees, consultants, temporary staff, and senior management. The current version of the Volvo Group Code of Conduct states that it does not tolerate any forms of modern slavery. Practices that constitute forced labour,

including debt bandage, human trafficking, and other forms of modern slavery, are not accepted in any part of the Volvo Group. The Code of Conduct includes examples of modern slavery related practices such as confiscation of identity papers or passports, withholding of wages, not conferring an official employment status, subjecting someone to physical and sexual violence, debt bandage, imposing excessive recruitment fees, and restricting people's freedom of movement. The Volvo Group Code of Conduct is publicly available on [Volvogroup.com](http://Volvogroup.com) and is a yearly mandatory training for all employees and management of Nova Bus.

## The Volvo Group Supply Partner Code of Conduct:

Since 1996, the Volvo Group Responsible Purchasing Program has consistently increased supplier requirements on human rights. Since 2019, the [Supply Partner Code of Conduct](#) relates to all Supply Partners that deliver goods and/or services to any entity of the Volvo Group, including their parent, subsidiary, or affiliate entities as well as their respective employees and agents. In 2021, it was updated and strengthened with firmer requirements and targets including more due diligence requirements on direct suppliers to cover further tiers in the supply chain. The Supply Partner Code of Conduct states that the Volvo Group does not tolerate any forms of modern slavery or forced labour in its supply chain, including but not limited to forced, bonded or compulsory labour and human trafficking. It is further stated that suppliers and their recruitment agencies shall not engage in or tolerate, restrictions of movement, unethical recruitment fees confiscation of identity documents and/or passports, withholding of wages, abusive working conditions, debt bandage, violence or any other kind of exploitation or abuse. Suppliers are also encouraged to have adequate policies, risk awareness, risk assessment and due-diligence processes in place to prevent modern slavery and forced labour throughout their supply chain. Suppliers are further encouraged to engage constructively with relevant stakeholders such as recruitment agencies, non-governmental organizations and industry associations in order to build awareness and proactively work towards preventing modern slavery and forced labour. Suppliers are required by the Supply Partner Code of Conduct to ensure that their own organization and its direct suppliers comply with the Supply Partner Code of Conduct's minimum requirements. It is further stated that suppliers are expected to perform human rights due diligence of their supply chains, and suppliers are encouraged to work proactively in their supply chains beyond direct suppliers to implement standards that correspond to the standards of the Supply Partner Code of Conduct. The Supply Partner Code of Conduct is implemented through self-assessments and supplier audits as part of our Responsible Purchasing Program (see below). The Supply Partner Code of Conduct is publicly available at [Volvogroup.com](http://Volvogroup.com).

## Sustainable Minerals Program:

The Volvo Group does not directly source conflict minerals or other minerals of concern such as tin, tantalum, tungsten, gold and cobalt, however these minerals are part of its global supply chain and are used in a variety of materials and components. The Volvo Group supports suppliers with a view to secure sustainable supply chains of these minerals through our [Sustainable Minerals Program](#). The Volvo Group is a member of the Responsible Mining Initiative (RMI) and with the support of the tools provided by RMI it performs supply chain mapping and due diligence of its supply chain for conflict minerals. This is an important initiative with the aim of mitigating human rights related risks at the bottom of its supply chain, including but not limited to, modern slavery related risks. All invited suppliers will be assessed on the parameters of (a) the strength of their

Human Rights Due Diligence program and (b) their association to smelters or refiners of concern in their supply chain. The long-term ambition of the Sustainable Minerals Program is to drive full transparency by 2025 with all in-scope supply chain partners complying with Volvo Group Responsible Purchasing Standards and Requirements.

Uyghur Forced Labor Prevention Act (ULFPA) prohibited entity list:

Nova Bus will not contract with any entity identified by the above Act in order to respect its obligations emanating from the various Volvo Group Policies pertaining to human rights.

## **Implementation of due diligence processes in relation to forced labour and/or child labour:**

The following procedures have been carried out by Nova Bus in order to implement the above policies and measures:

Mapping of activities:

Nova Bus has completed the mapping of all its manufacturing activities. As previously identified, the manufacturing of its transit buses take place in Saint-François-du-Lac, Quebec, Canada, Saint-Eustache, Quebec, Canada and Plattsburgh, NY, United States.

Mapping of supply chains: Nova Bus has completed the mapping of suppliers included in its supply chain using the procedures described hereinbelow:

Supplier Self-Assessments:

Nova Bus utilizes a standardized questionnaire focused on sustainability in the automotive industry supply network. The self-assessment questionnaire (SAQ), considers sustainability performance within human rights, working conditions, as well as environmental and responsible supply chain management. Potential supply partners are invited to conduct the SAQ and the result is used, together with other risk parameters, in the supply partner selection process. For a selected partner, the self-assessment result will result in a corrective action plan if it falls below a 60% risk threshold. In order to drive continuous improvement, the rating is valid for three years and thereafter a new assessment shall be required.

Sustainability Audits:

As part of the supplier selection process, new suppliers above a certain spend in high-risk countries and segments are assessed through sustainability audits, namely the Corporate Social Responsibility (CSR) audit process. The CSR audit is a tool that is used to make an on-site inventory of Nova Bus supplier policies, procedures and practices and to compare them with Nova Bus's overall sustainability requirements and expectations. It is both a gap analysis as well as maturity analysis of supplier's practices. The result helps the individual supply partner to initiate and implement dedicated, specific actions to remediate breaches of Human Rights Governance.

CSR audits are also used by Nova Bus and the Volvo Group to complete thorough risk assessments of their supply chains. For supply partners in extreme and high-risk countries as defined by the Volvo country risk atlas, an on-site CSR audit shall be completed prior to rendering a supply partner decision in the Sourcing Board or Sourcing Committee.

As all but one of Nova Bus's first tier suppliers are situated in Canada, the United States and Europe, Nova Bus's ongoing internal reviews and risk assessments have yet to detect or identify adverse findings relating to modern slavery. Nova Bus's above verifications have intensified in 2024. Should an above risk be detected, Nova Bus will use its own commercial influence as well as that of the Volvo Group's to impose its policies to combat forced/child labour or if same proves impossible, will resiliate the contractual link with the offending supplier.

#### Contractual mechanisms:

Nova Bus regularly makes use of the Volvo Group's General Purchasing Conditions (GPCs) which provide a direct contractual link between third party suppliers to the aforementioned Supply Partner Code of Conduct. As previously stated, the said Code of Conduct prohibits any form of modern slavery. The GPCs are included in our suppliers' contracts and within each suppliers' purchase order.

#### Training and capacity building:

Nova Bus regularly performs certain training initiatives, both for employees and suppliers. All employees with access to computers are required to complete a yearly Volvo Group Code of Conduct e-learning. For employees in the production environment or without access to computers, managers are required to lead mandatory Volvo Group Code of Conduct training sessions. In 2022, the Volvo Group Code of Conduct e-learning included a focused module on Modern Slavery for all employees. In addition, the said training contains an e-learning program for all Volvo Group and Nova Bus staff working with suppliers, outlining the concept of responsible purchasing. Further, during 2022, the Volvo Group conducted various internal trainings on more detailed sustainability topics connected to specific purchase segments, sales and connected risks.

It is of note that all Nova Bus employees must reiterate their commitment to this Code of Conduct at the end of each annual training.

#### Grievance mechanisms:


The Volvo Group offers various channels to internal and external stakeholders to report on potential ethical concerns or violations of the Volvo Group policies, including our whistleblower process, the "Volvo Whistle", which is publicly available on [Volvogroup.com](http://Volvogroup.com). The 'Volvo Whistle' is available to all employees, consultants, managers and staff of Nova Bus. Internal and external stakeholders are also made aware of the "Volvo Whistle" through the Volvo Group Code of Conduct, included as part of compliance and human rights trainings, articles on the Volvo Group and Nova Bus intranet, and in the Volvo Group Annual and Sustainability Report. Neither Nova Bus nor the Volvo Group tolerate any retaliation against whistleblowers raising concerns in good

faith. In 2021, an updated Whistleblowing and Investigations Policy was published to emphasize Volvo Group's commitment of non-retaliation and whistleblower protection, including confidentiality, right to anonymity, and other key aspects of proper handling of the reported concerns. No issues relating to modern slavery were reported through the Volvo Whistle since it was launched in 2017.


## Attestation:

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.”

Krzysztof Trembecki  
Acting president, Vice-president and Chief financial officer  
May 23<sup>rd</sup> 2024

I have the authority to bind Nova Bus Inc.  \_\_\_\_\_

Robert Letourneau  
Vice-President General Manager Product Development and Operations  
May 23<sup>rd</sup> 2024

I have the authority to bind Nova Bus Inc.  \_\_\_\_\_