

Modern Slavery Report – 2023

Epiroc Canada Inc.



This Modern Slavery Report (the "**Report**") addresses the period from January 1, 2022, to December 31, 2023 and has been prepared in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada)* (the "**Act**"). This Report is made on behalf of Epiroc Canada Inc. ("**Epiroc**") (collectively "**Epiroc**" "**we**" "**us**" or "**our**"). A French version of this Report may be requested from Epiroc by emailing jason.lewis@epiroc.com.

1. Introduction

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. Epiroc is a leading productivity partner for the mining, infrastructure and natural resources industries. With cutting-edge technology, Epiroc develops and produces innovative drill rigs, rock excavation and construction equipment, and provides world-class service and consumables. As a leader in our industry, Epiroc recognizes the important role that we have in ensuring that our operations and products, and the supply chains that support these, adhere to the highest ethical standards, including the prevention and identification of forced labour and child labour in our supply chain. This Report sets out the steps we have taken during Fiscal 2023 to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere by Epiroc or of goods imported into Canada by Epiroc.

2. Our Business

Epiroc is a corporation established under the Canada Business Corporations Act and has approximately 750 employees across Canada. Epiroc's parent Epiroc AB, doing business as Epiroc Rock Drills AB is headquartered in Nacka, Sweden.

Our core business involves the sales, supply, service and remanufacturing of mining equipment, drills tools and attachments across Canada. Our equipment is mainly used when customers need to break, excavate and work with hard materials, such as rock and concrete. We provide a wide range of battery-electric equipment and electrification solutions, as well as hardware and software for automation and digitalization. Additionally, equipment requires spare parts, maintenance and consumables to achieve optimal performance. Epiroc offers a wide range of aftermarket solutions, including new circular services, such as productivity-enhancing technology-agnostic digital solutions, mid-life upgrades, diesel-to-battery conversions and remanufacturing of components. The type of service our customers want varies. Our service offering is therefore tailor made, ranging from supplying spare parts to having service technicians on site 24/7, performing all maintenance for the customer.

In total, we procure goods and services from approximately 375 suppliers and contractors who are located in Canada as well from foreign countries such as Sweden, Germany, the United States and China. The suppliers we engage include businesses that relate to the provision of:

- Professional services;

- IT Services;
- Fleet management (including purchase and maintenance);
- Facility management;
- Skilled trades;
- Maintenance, repair and operations (MRO);
- Machine parts and components;
- Freight; and
- Raw materials.

Further information about our business can be found in our parent company's annual report located here: [Epiroc's Annual and Sustainability Report 2023 \(epirocgroup.com\)](https://www.epirocgroup.com/content/dam/epiroc/corporate/documents/investors/annual-report/new-2024/Epiroc%20Annual%20and%20Sustainability%20Report%202023.pdf)¹.

3. Our Policies

Through our organizational and governance policies Epiroc communicates our values and expectations, setting a high bar for ourselves, our suppliers, and our selling partners, and make our expectation that no forced labour or child labour is used anywhere in the production of our goods. We are committed to consistently evolving and improving our approach. We do not tolerate child, forced or bonded labour in any of our operations or by suppliers working for us. We make every effort, including through carrying our due diligence and audits to monitor the performance of our suppliers, to prevent our activities having a negative impact on human rights. Our relevant policies are discussed in further detail below:

a) Policies

i. Code of Conduct

We are committed to conducting our business in a lawful and ethical manner. Our Code of Conduct (the "**Code**") is the foundation of our company policies, sets out guiding principles on professional conduct and establishes that in performing their job duties, Epiroc employees should always act lawfully, ethically and in the best interests of Epiroc. A copy of Epiroc's Code can be found here: [Code of Conduct | Epiroc](https://www.epirocgroup.com/en/sustainability/code-of-conduct)².

As part of the Code, we specify that Epiroc strives to be a good and reliable corporate citizen, observing the spirit as well as the letter of the laws of the countries in which we operate. We support all internationally recognized human rights and respect those rights in conducting our operations throughout the world. We are committed to implementing the UN Guiding Principles on Business and Human Rights throughout our business operations. We strive to avoid infringing on the human rights of others and address adverse human rights impacts with which we are involved. We shall, in all contexts, seek ways to honor the principles of internationally recognized human rights, even when faced with conflicting

¹ <https://www.epirocgroup.com/content/dam/epiroc/corporate/documents/investors/annual-report/new-2024/Epiroc%20Annual%20and%20Sustainability%20Report%202023.pdf>

² <https://www.epirocgroup.com/en/sustainability/code-of-conduct>

requirements. Responsible sourcing of minerals is important for us. Due diligence shall be exercised following the OECD due diligence guidelines, which means that all minerals and metals from conflict-affected and high-risk areas are covered by this requirement.

ii. Business Partner Code of Conduct

Epiroc's Business Partner Code of Conduct (the "**Business Partner Code**") details the requirements and expectations we have of our business partners, their supply chains, and those with whom they engage. For Epiroc, suppliers, distributors, intermediaries, and customers are considered "Business Partners" under the Business Partner Code.

Epiroc is a signatory to the United Nations Global Compact and our Business Partner Code of Conduct, is based on the following internationally recognized standards:

- UN Global Compact Ten Principles
- UN Convention against Corruption
- UN International Bill of Human Rights
- The International Labor Organization Declaration on Fundamental Principles and Rights at Work and subsequent core conventions
- UN Guiding Principles on Business and Human Rights
- OECD's Guidelines for Multinational Enterprises
- The Rio Declaration on Environment and Development

Our Business Partner Code contains provisions regarding Anti-corruption, Anti-money laundering, Gift and hospitality, Trade compliance, Fair dealings and Fair competition. It obliges all Business Partners, in all their activities, to follow the national laws and regulations applicable to their operations in the countries in which they operate. Should the Business Partner consider any requirement in the Business Partner Code to be in conflict with the national laws or regulations in a country or territory they operate, the Business Partner must, before signing the document, notify Epiroc to discuss how Epiroc's requirements can be accommodated without conflicting with such laws or regulations. Epiroc's requirements may go beyond the requirements set out in national law, in which case the Business Partner must comply with the stricter Epiroc requirements.

The Business Partner Code contains a specific prohibition against modern slavery³:

"Under no circumstances will modern day slavery, such as forced, bonded or compulsory labor or human trafficking be employed or used in operations".

We expect our suppliers to comply with all applicable legal requirements in the jurisdictions in which they operate and expect that suppliers consistently implement and enforce Epiroc's Business Partner Code of Conduct in their own

³ Epiroc Business Partner Code of Conduct, Page 7.

operations and supply chain. Our Business Partner Code also sets forth our principles of inclusivity and accountability. We engage with suppliers that are committed to these same principles and our suppliers commit to these standards as a condition of doing business with us. We review our Business Partner Code regularly with a view to aligning the Business Partner Code with current best practices.

Finally, each Business Partner is required to sign the Business Partner Code, indicating that they and their organization carefully read and understood this Code of Conduct and commits to fully comply with the requirements set out in therein.

iii. Whistleblower Policy

Having an ethical corporate culture is important to Epiroc and our policies support a culture where issues and concerns are surfaced, accountability promoted, and trust is built. Epiroc invites external partners to report concerns related to breaches of the Business Partner Code or the Code via Epiroc Speak Up system⁴ which is a third-party phone and web-based reporting tool.

The Speak Up System is managed through Epiroc's Group Compliance Department. Reports to the Speak Up System are handled confidentially (and at times, anonymously). Of note, Epiroc has zero tolerance towards any efforts to hinder reporting and/or retaliatory measures.

Epiroc expects all third parties with which we work to adhere to business principles and values like our own and to comply with all applicable laws and regulations.

Our Purchasing Department has resources dedicated to examining and investigating potential and current Business Partners. Before making any commitments towards third parties, Epiroc takes steps to appropriately evaluate our relationships and to also mitigate any associated risks by carrying out risk-based due diligence and similar verification processes. We also audit our suppliers on an annual basis. Lastly, as a general rule, Epiroc will only purchase from major/international sellers who have their own Codes of Conduct which are similar to ours.

4. Due Diligence & Assessing Risk

Epiroc acknowledges that employees working in our facilities and our supply chain are at potential risk of forced labour or child labour. In order to mitigate this risk, we follow a due diligence approach that includes periodic supplier visits, audit rights in agreements with suppliers and obligatory adherence to the Business Partner Code.

Epiroc engages in various activities to identify, assess, and manage supplier risk. In assessing the risk of forced and child labour in our business and supply chains, we perform the following:

a) Develop and Enforce Policies

⁴ <https://epiroc.speakup.report/en-GB/epiroc/home>

The Code clearly and unequivocally prohibits any involvement with forced and child labour and any other form of modern slavery. Additionally, Epiroc ensures that all suppliers and partners are aware of and agree to the Code's requirements.

Epiroc also ensures that our supplier agreements contain provisions which oblige all contracting parties to comply with all applicable labour laws and standards.

b) Conduct Risk Assessments

Epiroc is committed to identifying and mapping out our supply chain, beginning with tier 1 and continuing down the chain as available time and resources permit, to understand where risks of forced and child labour may be highest. Our exposure to the risk of forced labour and/or child labour increases when we engage with third parties, particularly in categories such as: catering, cleaning, transportation, protective equipment and clothing, warehousing, construction, manufacturing, packaging and promotional goods suppliers.

Epiroc also regularly assesses and analyzes risks in different regions and sectors of the supply chain. To identify the business activities with the greatest exposure to these risks, we consider the following factors:

- Reliance on low skilled workforce;
- Dangerous or undesirable work;
- Presence of migrant workers;
- Presence of labour intermediaries;
- Offshore production;
- Long, complex, or non-transparent supply chains;
- Presence of child labour; and
- Jurisdictional risks including poverty, conflict, and enforcement of international human rights standards.

c) Additional Steps to Prevent and Reduce Risks of Forced Labour

Epiroc is committed to implementing processes that are aimed at mitigating and minimizing risks of forced and child labour, among other potential harms to people and the environment. We are committed to mitigating and addressing any such issues in collaboration with our stakeholders and suppliers and – where necessary – taking corrective actions to ensure a positive and lasting solutions.

Epiroc is a company that values relationships. We choose to be as close to our suppliers as possible and try to limit the number of suppliers so that we can have better oversight over our supply chain.

Epiroc believes that a good way to combat modern slavery and similar practices is to collaborate with other organizations in order to share information and increase our learning. To this end, Epiroc partners and works with NGOs, industry groups, and other stakeholders to share best practices and resources.

(a) Remediation Measures:

The Code and our Speak Up System encourage all employees and contract workers of Epiroc to report actual or possible misconduct. We also undertake diligence efforts (as further described in this Report) to mitigate the risk of forced labour and child labour in our business and supply chains. In the event that Epiroc discovers any forced labour or child labour in our business and supply chains, we may take some or all of the following measures to remediate such forced labour or child labour:

- Suspensions of a supplier, sub-supplier or contractor;
- Enhanced supervision and/or monitoring of supplier, sub-supplier or contractor;
- Terminations and/or permanent disassociation with a supplier, sub-supplier or contractor.

(b) Training

Every year, Epiroc personnel at all levels are required to complete a mandatory training to ensure that our Code of Conduct is understood and properly applied to our daily activities. Every new employee of Epiroc must complete mandatory online training on our values and policies, including our Code of Conduct, and is informed of how to report wrongdoing via Epiroc's Global Speak Up-Line. We provide employees with ongoing and periodic training opportunities to ensure that all employees have current and up-to-date knowledge.

5. Tracking Our Progress and Effectiveness

As part of our governance processes, we monitor compliance with our policies on an ongoing basis. We also review any concerns raised through our Speak Up Policy and other informal mechanisms of employee feedback. To date no significant concerns or complaints have been identified in relation to forced and/or child labour.

We have selected certain key performance indicators (KPIs) with respect to human rights, including forced labour and child labour, and such KPIs are reviewed by Epiroc's senior leadership team on an annual basis. Any non-conformances identified are dealt with by the appropriate teams. Support is provided to suppliers where necessary to resolve any issues raised.

We also assess the effectiveness of our policies by:

- Setting up a regular review or audit of the organization's policies and procedures related to forced labour and child labour;
- Tracking relevant performance indicators, such as levels of employee awareness, numbers of cases reported and solved through grievance mechanisms and numbers of contracts with anti-forced labour and child labour clauses;
- Partnering with external organization to conduct an independent review or audit of the organization's actions; and

- Working with suppliers to measure the effectiveness of their actions to address forced labour and child labour, including by tracking relevant performance indicators.

In Fiscal 2023 no instances of forced or child labour were brought to our attention and therefore no remediation measures were taken.

6. Epiroc's Commitments

As noted above, the Code and Business Partner Code clearly prohibit any employment of forced and/or child labour: Adherence to the Code is mandatory, and no exceptions are made.

Confirmed compliance with our Code of Conduct for managers as well as employees is followed up annually and reported in our Annual and Sustainability Report together with confirmed compliance for significant suppliers.⁵

Our risk assessments and due diligence efforts create a proactive environment where we can keep abreast of market and labour trends, allowing us to adjust our practices and policies as needed.

7. Approval & Signature

This Report was approved by Epiroc Canada Inc.'s Board of Directors on December 20, 2024 pursuant to section 11(4)(a) of the Act and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our company website at www.epiroc.com.

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



[SIGNATURE]

Jose Manuel Sanchez Blanes

President – December 20, 2024.

I have the authority to bind Epiroc Canada Inc.

⁵ <https://www.epirocgroup.com/content/dam/epiroc/corporate/documents/investors/annual-report/new-2024/Epiroc%20Annual%20and%20Sustainability%20Report%202023.pdf> page 59