



Scania Supplier Code of Conduct

Conducting a responsible business is a key priority for Scania. Sustainability is firmly rooted in our core values and our way of working with continuous improvement. We strive to ensure that our business is sustainable in all aspects and that we comply with the highest social, ethical and environmental standards at every stage. The Scania Supplier Code of Conduct outlines the minimum requirements that apply for all business relationships between Scania and its suppliers. All sections with the wording *shall* state requirements while those using the wording *should* state recommendations.

The requirements of the Scania Supplier Code of Conduct are based on the principles of the United Nations Global Compact, relevant conventions of the International Labour Organisation, Volkswagen Group requirements regarding sustainability in the relationships with business partners, and internal standards and values. If the local laws and/or any applicable collective bargaining agreement(s) are stricter in relation to Scania's suppliers and/or sub-contractors than the Scania Supplier Code of Conduct, such laws or collective bargaining agreement(s) are applicable. In all cases where local law is less strict than the Scania Supplier Code of Conduct, the requirements described in this document shall be adhered to.

Scania Supplier Code of Conduct applies to all suppliers and sub-contractors of goods and services. Such suppliers and sub-contractors shall ensure that the requirements in the Scania Supplier Code of Conduct is implemented in relation to all of their respective employees, including permanent, temporary, agency workers and any other individuals directly or indirectly performing work for the relevant suppliers and/or sub-contractors. Scania may at any time demand supplier self-assessments and reserves the right to perform audits at any time to monitor the supplier's compliance with the Scania Supplier Code of Conduct. In these situations, Scania expects suppliers to cooperate and transparently display requested documents and other information.

Scania considers compliance with the requirements set out in this document to be essential to its contractual relationships. Scania reserves the right to terminate the relevant contract for cause with immediate effect if the supplier does not comply with these requirements. The ultimate decision lies with Scania as to whether it is willing to forgo such measures and instead to take alternative action if the supplier is able to prove to Scania's satisfaction that it has implemented immediate countermeasures to prevent comparable violations occurring in future.



Labour and Human Rights

Scania fundamentally affirms that all people should be treated with respect and dignity. Employers have a great impact on their employees wellbeing and therefore owe major obligation towards them. Scania and its suppliers are responsible for unfailingly following the highest human rights standards wherever they operate.

Discrimination

Employees shall be selected, employed and supported on the basis of their qualifications and capabilities. Suppliers shall not practice any form of discrimination based on gender, age, religion or other belief, caste, social background, disability, ethnic, national or territorial origin, nationality, union membership or membership in any other legitimated organisation, political affiliation or opinion, sexual orientation, gender identity or expression, family responsibility, marital status, disease, pregnancy, or other conditions that could give rise to discrimination.

Harassment

Suppliers shall commit to a workplace free of harassment and shall foster a social environment with respect for the individual. Suppliers shall ensure that employees are not subject to any physical or psychological inhumane treatment, corporal punishments, threats or false promises.

Forced or compulsory labour

Suppliers shall ensure that they do not engage in any form of forced, bonded, compulsory, trafficked, modern slavery or non-voluntary labour. Suppliers are expected to work proactively against forced labour and act with special carefulness when recruiting migrant workers, both directly and indirectly.

Employees shall never be required to pay the supplier or agent any fees or cost for uniforms, personal protective equipment or other expenses needed to obtain and retain employment. If cases of such fees or expenses are found, they must be repaid immediately.

Suppliers shall at no time withhold employees original identification or travel documents.

Suppliers shall provide all employees with a written contract in a language understood by them. The content should also be explained verbally in clear and understandable terms. The contract shall clearly state the voluntary nature of employment and procedures of leaving the job. Suppliers shall only employ workers who are legally allowed to work in the receiving country.

Child labour

Child labour is not accepted. The supplier shall not directly or indirectly employ children below the minimum age of 15, unless the exceptions recognised by the ILO 138 Minimum Age Convention (article 6, 7) apply.

Suppliers should have a child labour policy and remediation plan for child labour. If a child is found performing work in Scania's supply chain, the responsibility to identify measures to ensure the protection of the affected child is shared between Scania and the suppliers involved. It is of the highest importance to always protect these children from being forced into more harmful work such as prostitution or drug trafficking.

Young workers

Suppliers shall ensure that legally young workers under 18 years of age do not work overtime or at night and are protected against conditions of work which are harmful for their health, safety, morals or development.



Wages and benefits

Suppliers shall pay wages and benefits minimum applicable legal governmental or industrial standard wages, or wages agreed under a collective bargaining agreement, whichever are the highest. Wages and benefits shall be paid on time, regularly and in a transparent way.

The level of the wages shall reflect the level of skills and qualifications and shall refer to regular working time. Overtime shall be compensated with a premium overtime rate.

Suppliers shall not withhold payments, apply penalties or make any deductions from wages, unless prescribed by law or fixed by collective agreement.

Working hours

Suppliers shall ensure that a regular working week for workers does not exceed 48 hours, in accordance with ILO 1 Hours of Work Convention. During shorter periods of emergency situations, voluntary overtime is permitted but shall be restricted to a maximum of 12 hours per week and employee. Suppliers shall give employees the right to regular workday breaks, paid annual leave and the right to at least one day off every seven days, unless exceptions defined by collective agreements. For the avoidance of doubt, if local laws and/or any applicable collective bargaining agreement(s) are more beneficial to the employees than the above, such laws or collective bargaining agreement(s) shall be applied, as stated above.

Freedom of association and collective bargaining

Suppliers shall respect the basic right of employees to freely, voluntarily and without interference establish and join, or not join, unions and employee representation of their own choice and to bargain collectively.

Health and Safety

Scania believes that a healthy and safe workplace environment is crucial for employees wellbeing. Scania also believes that taking good care of employees contributes to a sustainable organisation and will improve quality, productivity and profitability. Employees shall always have the right to refuse and report unsafe situations without any reprisals.

Health and safety hazard prevention

Suppliers shall ensure that there is a process in place to identify, evaluate and prioritise elimination of health and safety hazard risks. Suppliers shall provide an appropriate workplace environment with safe facilities that are adapted to the purpose of the work performed.

Suppliers shall ensure that employees have appropriate personal protective equipment, machine and safety equipment as well as instructions on proper use. These instructions shall be communicated to, and understood by, concerned employees.

Emergency preparedness

Suppliers shall identify the risks of accidents in order to mitigate, limit and/or prevent the damage. Emergency plans shall be developed and implemented for each situation. All employees shall have knowledge about risks in their own operations and how to act in different types of crisis situations that may occur.

Suppliers shall have fully operational firefighting equipment, fire exits, first aid material, emergency plans, alarm procedures and signs easily accessible in sufficient number throughout the facility.

Suppliers shall make sure that there are always employees trained in first aid, fire safety and crisis support present at the workplace and clearly visualised. Response to various kinds of crises situations shall be trained regularly.



Accidents and near accidents

Suppliers shall have systems to report, investigate and take action with regard to all accidents, near-accidents and unsafe situations. Managers and employees shall have knowledge about accidents and near-accidents, understand the importance of preventive work and corrective actions and practice it in their daily work.

Facilities

Suppliers shall provide clean and safe facilities, including dining areas, food storage, locker rooms and resting areas. Employees shall always have access to potable clean water and toilets.

Workplace ergonomics

Supplier shall identify load ergonomic risks and evaluate employee exposure. Load ergonomic includes conditions that can affect muscles and joints in the human body such as working position, repetitive movements, physical load and lifting positions. Concerned employees should be involved when designing or redesigning workplaces.

Health and safety committee

Suppliers shall have a functional cooperation between employees and managers to continuously improve health and safety in the workplace. Suppliers should have health and safety committees with employee representation to manage health and safety issues, even when not required by law.

Environment

All people and especially businesses have a responsibility to protect our planet for future generations. Scania and its suppliers should at all time endeavour to improve the environmental performance of its products and services as well as reducing natural resource usage. Suppliers are required to have thorough knowledge about their own environmental challenges and should always strive to choose alternatives with less environmental impact.

Resource efficiency

Suppliers shall control and implement actions taken to reduce the use of energy, water, raw materials and packaging materials. The energy used in the Supplier's facilities should originate from fossil free energy sources.

Emissions and waste handling

Suppliers shall control and implement actions taken to reduce emissions to air. Suppliers shall implement systematic waste handling management for wastewater, hazardous and non-hazardous waste. Oils, chemicals, batteries and other hazardous waste shall be kept separated from other waste and handled to avoid leakage into air, water or soil. Waste should be sorted to be re-used or recycled. Landfill deposits should always be avoided.

Chemicals

Suppliers shall have implemented methods, procedures and equipment to introduce, handle, label and store chemicals in a safe way to minimise negative impact on people and the environment. Suppliers shall work actively to limit and restrict their number of chemical products and select chemicals with lowest possible health and environmental risk. Suppliers shall always perform risk assessments and take action to minimise any negative impact on people and the environment before introducing new chemicals. Employees working with risk chemicals shall always have updated and accessible instructions and special training regarding risk handling and emergency preparedness.



Supplier shall always provide Safety Data Sheets for all chemical products used in, or in connection with, any article when there is a risk that Scania staff can be exposed to those chemical products.

Suppliers shall always comply with Scania's standards STD4158 (Chemical substances which must not be used – Scania black list), STD4159 (Chemical substances with limited use – Scania grey list) and STD4400 (Prohibited and restricted substances in Scania's products).

Reporting of part material composition

Scania uses the automotive industries International Material Data System (IMDS) and requires suppliers to report material data sheets into this system. More information regarding how to report and what needs to be reported can be found in the Scania standard STD4352 (Reporting of substances and material composition of product-related parts to IMDS).

Ethics

Scania is committed to conducting business ethically and in accordance with the law and requires the same of its suppliers. Relationships between Scania and its suppliers shall be trustworthy and transparent.

Personal information

Scania requires its suppliers to protect the personal data of employees, former employees, customers, suppliers and other persons concerned. Suppliers shall only collect, process, use and store personal data where there is the consent of the person concerned, a contractual agreement or some other legal basis.

Bribery and corruption

Scania supports national and international efforts to protect competition from the distorting effects of corruption, and rejects all corrupt practices and forms of behaviour which could damage the company. Scania expects its suppliers to reject and prevent all forms of corruption, including but not limited to what are known as facilitation payments, i.e. payments to speed up the performance of routine tasks by officials.

Suppliers must ensure that their employees, subcontractors and other representatives do not grant, offer or accept bribes, facilitation payments, inadmissible donations or other inadmissible payments or undue benefits to or from customers, officials or other business partners.

Competition and antitrust

Scania requires its Suppliers to comply with valid and applicable competition and antitrust laws. In particular, suppliers will not conclude anti-competitive agreements with competitors, suppliers, customers or other third parties and will not abuse a dominant market position.

Conflict of interest

Personal interests or relationships shall not influence Suppliers in decision making, only objective and fact-based criteria are valid.

Gifts, hospitality and invitations

Scania suppliers shall not offer Scania employees or any other business partners any inappropriate benefits either directly or indirectly in the form of gifts, hospitality, or invitations to unduly influence them. Neither do they ask for, nor accept such benefits.

Money laundering

Scania Suppliers shall only conduct business relationships with business partners of whose integrity they are convinced. They shall ensure that the applicable legal money laundering and terrorism financing provisions are not breached.



Responsible sourcing of minerals

The trade of minerals in some parts of the world, funds the most deadly conflicts and worst forms of human rights violations. Suppliers shall exercise due diligence consistent with the relevant parts of the OECD Due Diligence Guidance or equivalent processes along their mineral supply chains. This includes the implementation of policies and measures in order to identify risks and take appropriate action to ensure that the minerals used do not directly or indirectly through the extraction, transport, trade, handling or export of those minerals finance or benefit armed conflicts.

Information regarding smelters or refiners for minerals used by suppliers or subcontractors must be disclosed to Scania upon request.

Management

A considerate, structured, knowledgeable and engaged management which provides the organisation with effective management systems is the base of sustainable business. The values of this Code of Conduct shall be integrated in the daily business. Management shall identify, assess, communicate and train the organisation in legal and other requirements to ensure compliance.

Company statement

All suppliers shall develop a company statement, such as a Code of Conduct, with a commitment to the highest social, ethical and environmental standards. This company statement should be clearly displayed in languages locally understood by the employees in all company facilities.

Responsibility

Suppliers should have a sustainability representative, or similar, reporting to top management. The representative should develop and implement sustainability targets and actions within the company and ensure compliance with the Scania Supplier Code of Conduct.

Trainings

Suppliers shall develop, implement and uphold an training plan for employees. The training should be tailored to each individual, ensuring that each employee is equipped with the proper skills and knowledge related to their working tasks. The company's statement and policies shall be clearly communicated in detail to their employees.

Supplier management

Suppliers are responsible for ensuring compliance with the Scania Supplier Code of Conduct in its supply chain. Suppliers shall conduct audits of their supply chain when requested by Scania. Any non-compliance identified in the supplier's supply chain should be assessed and remedied within a reasonable time frame and without any additional cost to Scania.