



# Slavery and Human Trafficking Statement – Scania Group (Fiscal year 2020)

This statement is made in accordance with Section 54 of the United Kingdom’s Modern Slavery Act of 2015.

## 1. Organisation

Scania is a world-leading provider of transport solutions, including trucks and buses for heavy transport applications combined with product-related service offerings. Scania is also a leading provider of industrial and marine engines.

With around 50,000 employees in about 100 countries, our sales and service network is strategically placed where our customers need us, no matter where they operate. Research and development activities are mainly concentrated in Sweden. Production takes place in Europe and Latin America with facilities for global interchange of both components and complete vehicles. In addition, we have regional product centres in Africa, Asia and Eurasia.

Scania is part of TRATON GROUP. Under this umbrella the brands Scania, MAN and Volkswagen Caminhões e Ônibus work closely together with the aim to turn TRATON GROUP and its brands into a Global Champion.

## 2. Internal measures

### Code of Conduct and Human Rights Policy

At Scania, the first priority is to ensure that we are in compliance with all applicable laws and regulations wherever we do business. As a member of the UN Global Compact (UNGC), Scania adheres to its ten principles in the areas of human rights, labour, the environment and anti-corruption. As a UNGC signatory, Scania commits, from the highest level of the company, to implement, disclose and promote these principles throughout the organisation. Scania is also guided by the Organisation for Economic



Cooperation and Development (OECD) guidelines for multinational enterprises — a set of recommendations for responsible business conduct.

Scania's Code of Conduct describes how Scania conducts business in an ethical and responsible manner. With main principles and practical examples, the Code of Conduct guides through statutory provisions and internal rules: in the workplace, as a business partner and as a member of society. The Code of Conduct is binding for all employees and is closely connected to Scania's Core Values.

Human Rights is addressed in its own chapter in the Code of Conduct and further addressed in Scania's Human Rights Group Policy. As a corporate principle, Scania respects human rights and recognises the responsibility to remediate if caused or contributed to violations of human rights. The aim is to manage the human rights impact every step of the way, in line with the established frameworks for Business and Human Rights. Scania rejects all use of child labour and forced, bonded or compulsory labour as well as any forms of modern slavery and human trafficking. This applies not only to cooperation within Scania but also to the conduct of, and toward, business partners.

### **Whistleblower system**

Everyone inside and outside of Scania has access to established channels for reporting suspicions of compliance infringements, including suspicions of human rights violations. Scania's whistleblower system is committed to protect the whistleblower and all individuals affected. Scania does not tolerate retaliation or pressure on whistleblowers.

In cases where Scania identifies or is made aware of human rights violations in connection to our operations, we address them appropriately. Scania recognises our responsibility to provide access to remedy in cases where we have caused or contributed to human rights violations. This means that Scania assumes responsibility to remediate the wrongdoing. This responsibility is shared with states and other involved actors depending on the situation. Scania recognises the importance of listening to the voice of the affected rightsholders in the process of remedy.

### **Qualification of employees**

Communication and employee training plays a key role in compliance and sustainability work across all hierarchy levels.

Employees have access to various training forms for topics addressed in the Code of Conduct. The Code of Conduct e-learning is mandatory for all employees at Scania. The Dilemma Game (classroom training) was developed to facilitate discussions on ethical dilemmas and promotes Scania's open speak-up culture.

Scania also has a global e-learning covering the wide area of sustainability. It is mandatory for all managerial positions at Scania globally. All employees globally are encouraged to take the course. During 2020, Scania also started to create an e-learning on Business and Human Rights. The e-learning will be made available to all employees during 2021.

Scania complements this by a full day course specifically targeting buyers and supplier quality analysts. The purpose of this course is to provide all purchasing employees with the knowledge to undertake an initial screening of a potential or existing supplier and react on potential deviations from Scania's sustainability requirements.



In addition, employees are able to access other online and print communication offerings to obtain further information about the Code of Conduct and the sustainability processes within purchasing.

### 3. Measures in the supply chain

#### Scania's supply chain standard

Scania is a global company with suppliers located worldwide. These suppliers must meet the same standards we demand from ourselves. Without exception, all suppliers must accept to comply with the UN Global Compacts' ten principles and commit to meet Scania's sustainability requirements (Scania Supplier Code of Conduct). Scania and its suppliers have the responsibility to respect human rights, in line with the established frameworks for Business and Human Rights. It is the responsibility of the supplier to ensure that relevant rights are identified and prioritised. Scania requires all its suppliers not to tolerate any form of modern slavery, human trafficking, child, forced, bonded or compulsory labour by or in relation to the supplier's employees or the supplier's suppliers. As part of the tendering and supplier approval process, suppliers confirm that they will comply with the terms of the Scania Supplier Code of Conduct. A key element is that the suppliers are expected to communicate Scania's standards to their own suppliers and subcontractors, which is followed up via a self-assessment questionnaire. Scania's requirements are the same no matter where Scania or the supplier operates, though there is a need to handle different risk profiles depending on country, industry or general knowledge about the supplier.

#### Risk management

In order to assess and minimise the risks in the supply chain, Scania uses a combination of tools, including:

- Country risk monitoring, which is performed using the external platform Maplecroft that addresses social, environmental and ethical parameters. These include, among others, modern slavery, migrant workers, child labour, forced labour and environmental regulations. The parameters are combined to get a country risk score.
- The Self-Assessment Questionnaire (SAQ), which is a web-based documentation assessment tool. Suppliers are requested to answer to, and upload evidence (documents, certificates) on whether they have policies, management systems and training in place addressing the environment, human rights and working conditions, health and safety, ethics and compliance. The uploaded documents are validated by 3rd party NQC, and result in a score between 0 – 100%. The SAQ has been developed by Drive Sustainability, a partnership of 10+ OEMs in the automotive industry including Scania.
- Sustainability audits, an in-depth assessment tool Scania uses to get further understanding of the supplier's sustainability performance. The audits, performed by Scania own personnel or through a third party service provider, are mainly used for two purposes, i.e., to act on deviations and to develop suppliers.

A sustainability rating (S-Rating) is given to the supplier based upon the scores from the aforementioned assessment tools. In our main purchasing systems, suppliers cannot be nominated if they have a negative (S-Rating) or if the rating is missing.

Beyond that, a Group wide Human Rights Due diligence Management System approach was developed in 2019 to effectively manage human rights in our supply chain, with implementation ongoing. This includes both human rights connected to raw material specific supply chains and non-raw material specific supply chains: While the former addresses n-tier risks at the level of mines and smelters/refineries connected to 16 high risk raw materials, the latter focuses on human rights risks related to tier 1 suppliers and beyond in our supply chain. The goal with these dual management systems is to constantly know about the risks



in our supply chains, be able to prioritise our most salient issues, systematically deliver targeted measures towards our most salient human rights risks in a transparently manner, and measure the impact of our interventions.

### Supplier audits and trainings

Scania may at any time review and/or request supplier self-assessments and/or perform on-site audits at the supplier's locations, usually pre-announced.

Scania's quality checks and supplier assessments have been including a sustainability element for a long time. Since 2015, Scania has been developing this further by conducting third-party sustainability audits. Scania also has the capability to conduct sustainability audits by own personnel who are certified in SA8000. Given the inevitable impact of the Corona pandemic (COVID-19) on businesses in 2020, audit activities got affected: 35 audits were performed on Scania suppliers in Asia, Europe and South America; however focus was put more in remote assessments of suppliers sustainability performance, resulting in 989 suppliers assessed between 2020 and April 2021.

Trainings are an important part of supplier development for Scania. Due to the aforementioned reasons, training plans were revised but nevertheless, 74 suppliers received training on sustainability-related issues.

## 4. Way forward

Scania continuously monitors and improves its company-wide approach to human rights impact and human right due diligence.

Scania is working to reduce sustainability and compliance risks by providing knowledge in terms of policies, guidelines, trainings and advice and by setting up respective structures and processes.

In addition, Scania aims for continuous improvement of sustainability activities both internally and throughout the supply chain. The Scania Supplier Code of Conduct is an important document conducting responsibility throughout our supply chain. Scania believes it is of great importance to have clear and measurable requirements, allowing our suppliers to work in a proactive way. The Supplier Code of Conduct helps Scania work closely together with its suppliers to ensure improvement of their sustainability performance. Furthermore, Scania will continue the supplier trainings conducted together with Drive Sustainability as well as conducting own supplier trainings with the purpose of taking sustainability performance within Scania's supply chain to a higher level.

Because Scania regards human rights violations as a dynamic risk, Scania will align its monitoring procedures with ongoing developments and continue to raise awareness of all forms of modern slavery and human trafficking both inside and outside the company.

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