



# Slavery and Human Trafficking Statement – Scania Group (Fiscal year 2019)

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

## Organisation

Scania is a world-leading provider of transport solutions, including trucks and buses for heavy transport applications combined with an extensive product-related service offering. Scania offers vehicle financing, insurance and rental services to enable our customers to focus on their core business. Scania is also a leading provider of industrial and marine engines.

With around 51,000 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, with branches in Brazil and India. Production takes place in Europe, Latin America and Asia with facilities for global interchange of both components and complete vehicles. In addition, there are regional production 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.

## 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 respect human rights and recognise 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 as a matter of course 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 the individual affected. Scania does not tolerate retaliation of or pressure on whistleblowers. The individuals affected are presumed innocent until proven otherwise.

## 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 "Doing things right" 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.

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.

## 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 Scania's sustainability requirements (Scania Supplier Code of Conduct). Scania and its suppliers have the responsibility to respect and support human rights wherever they operate, in particular these regulations must be considered alongside local law. 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 analysis

In order to assess and minimise the risks in the supply chain, Scania has chosen two parameters:

1. the influence of the country's sustainability risk on a supplier and
2. the supplier's sustainability performance measured through a self-assessment questionnaire.

Firstly, a country wide risk data is taken from Maplecroft which 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.

Secondly, within the automotive partnership "DRIVE Sustainability", Scania and the other members have together developed a shared approach to supplier self-assessments, which Scania has been using since 2014. The tool is used to monitor the suppliers' sustainability performance. The suppliers are required to show evidence of their company's policies and certificates to ensure compliance with sustainability based on international standards.

To ensure sustainability in the supply chain, Scania has a system of rating its suppliers by combining the two parameters of risk analysis. Suppliers with a rating lower than the defined threshold are not considered for nomination. Suppliers that are important for Scania's business are actively supported to help increase their sustainability performance.

## 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 by SA8000. In 2019 Scania completed sustainability audits in Asia, Europe and South America.

Trainings are an important part of supplier development for Scania. In 2019 Scania completed trainings for suppliers in Asia, Europe, South America and Africa. The participants were encouraged to share their challenges and cooperate with both Scania and other participants on possible solutions.

## 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 will help Scania to work closely together with



its suppliers to ensure the 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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