# DRIVING THE SHIFT

Annual and Sustainability Report 2022

SCANIA

# Scania’s purpose is to drive the shift towards a sustainable transport system, creating a world of mobility that is better for business, society and the environment. Throughout this report we demonstrate our opportunity and responsibility, to drive this transformation.

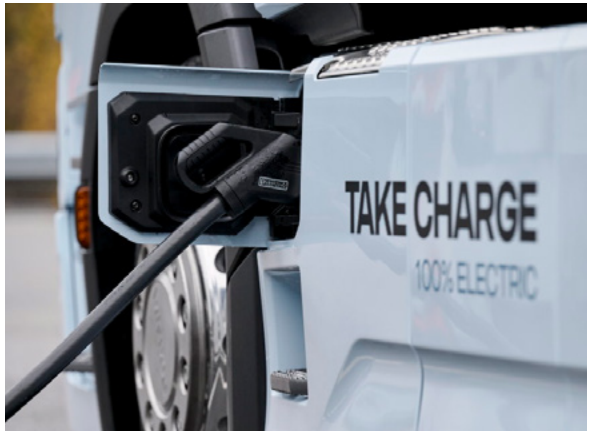
# CONTENTS



The Scania Group's formal financial reports encompass pages 55–142 and are audited by the company's auditors, Ernst & Young AB. The statutory sustainability report encompass pages 143–173. Guidance on the sustainability report can be found on page 160.









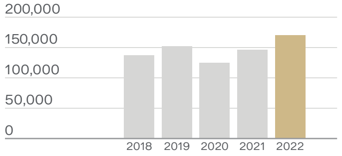

# 2022 IN NUMBERS

**The year has been characterised by a high degree of uncertainty due to the unstable macroeconomic and geopolitical situation. However, demand for Scania's products and services was strong and we effectively managed through 2022.**

## Net sales

# 170,004

SEK m.

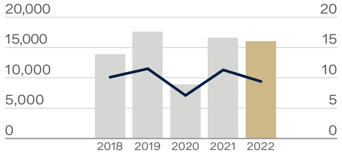



Net sales increased by 16 percent, impacted by increased vehicle revenue, a growing service business and increasing volumes in Power solutions. Net sales was positively impacted by price and product mix as well as market and currency effects.

## Adjusted operating income

# 15,971

Adjusted operating income SEK m. — Adjusted operating margin %

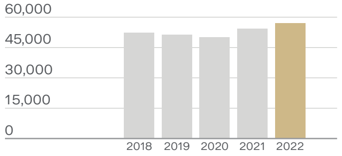



Decreased truck volume, higher raw material prices and production constraints had a negative impact, while currency effects and increased service, bus and engine volume impacted positively. Including items affecting comparability, operating income amounted to SEK 12,375 m.

## Employees

# 56,927

No.

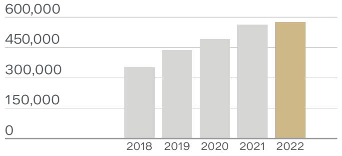



At the end of 2022 the number of employees had increased by nearly 3,000 people compared to 2021.

## Connected Scania products

# 575,509

Units (accumulated)

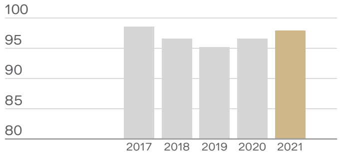



The lower pace of growth in 2022 compared to previous years, refers to the disconnection of vehicles in Russia.

## $CO_2$e reduction from product

# -2

%

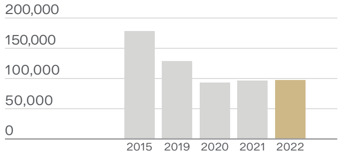



Scania aims to achieve a 20 percent reduction by 2025. Currently we are at 97.9 percent, a reduction of just above 2 percent since 2015. A changed sales mix resulted in a negative development of the KPI, with a slight increase year-on-year. Reporting of emissions lags one year, see page 145.

## $CO_2$e from operations

# 97,420

Tonne $CO_2$e

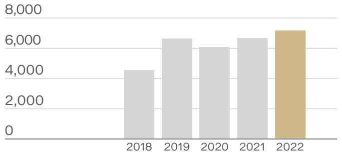



Emissions in 2022 increased slightly due to increased activities in operations. However, compared to 2015 emissions have reduced by 44 percent.

## Sales of alternative fuels and electrified vehicles

# 7,157

No. of vehicles

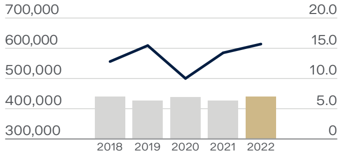



2022 saw increases in sales of BEV, HEV, PHEV and vehicles for other options than diesel. Share of sales of alternative fuels and electrified vehicles amounted to 8.3 percent. For definitions see page 146.

## Energy consumption

# 614,928

— Total MWh MWh/Vehicle




The increase in use of energy during 2022 compared to the previous year, was due to a temporary double-run of Scania's new and old foundries.

# 2022 IN OPERATIONS

Over the next four pages you can read about some of our top operational stories and significant events from 2022 →

# THE YEAR AT A GLANCE


## Regional haulage goes electric

Scania reached a milestone in our electrification journey with the launch of complete battery electric solutions for regional haulage. Based on our next-generation battery electric trucks (BEV), and with charging, maintenance and financing plans included, the solutions open the door to electrified heavy transport for many more customers.

## Climate window narrows

The UN's environment agency issued a stark warning about the pace of global climate action. Released in October ahead of COP27, the Emissions Gap Report said that international action is falling short of the Paris Agreement, and rapid transformation of societies is necessary to limit the worst impacts of the climate crisis.

Source: UN Environment Programme


## Scaling up sustainable transport with Girteka

Scania is helping to drive down the transport emissions of some of the world's biggest brands thanks to a new partnership with Girteka, one of Europe's largest asset-based transport companies. Through the partnership, Scania targets to deliver 600 battery electric vehicles to Girteka over the next four years. At the same time, the companies will work together on charging infrastructure and people sustainability, focusing on driver conditions and development.

# THE YEAR AT A GLANCE
Continued

## Fully autonomous vehicles with commercial goods on public roads

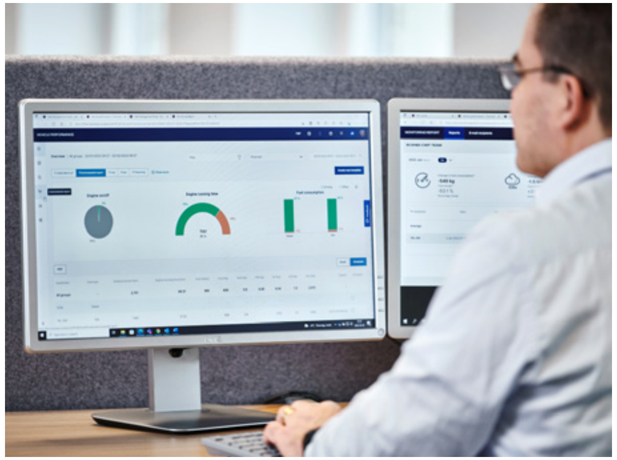
In what was a first for Europe, Scania and HAVI Supply Chain piloted the use of a fully autonomous vehicle to transport commercial goods in regular traffic conditions between logistics hubs. The pilot saw the autonomous truck drive between Södertälje and Jönköping in Sweden, a three-hour journey of around 300 km.


## Super start for new powertrain

Scania's new Super-based powertrain, with eight percent fuel savings, got off to a winning start in 2022. Just two months after the new engine's launch, a Super-powered Scania truck won Germany's renowned 1,000 Points comparative test. In addition, a Scania truck with a 13-litre Super-based powertrain scooped the Green Truck award 2022.


## War in Ukraine sends shockwaves

Russia's invasion of Ukraine sent shockwaves through the world's already turbulent economy, with knock-on impacts for the transport industry. The rising cost of raw materials led to higher prices for manufacturers and customers, and a lack of drivers contributed to instability in transport flows. Meanwhile, the energy crisis underlined the urgent need for secure and sustainable sources of energy.



## The way into digital Scania

My Scania and Scania Driver were launched during the IAA trade fair. My Scania is the personalised digital platform that provides access to all Scania services in one place, with current and future needs of our customers in focus. It is accompanied by the Scania Driver app, the digital working tool for all Scania drivers.

# THE YEAR AT A GLANCE
Continued


## Towards a carbon-free supply chain

In September, Scania announced far-reaching measures to decarbonise our supply chain by 2030. Targeting the carbon hotspots in our supply chain, we committed to sourcing 100 percent green batteries, steel, aluminium and cast iron in our European production.

## Biogas gets a boost

Responding to growing customer demand, Scania expanded its biogas offer in 2022. The new tank options and specifications offer a range of benefits for customers using Scania vehicles powered by biomethane (purified biogas), including the ability to travel longer distances between fuel-ups.


## Scania issues its second green bond

To support continued investments in electrification Scania successfully issued another green bond, this time totalling SEK 3 billion. The strong interest in the bond shows that the capital market actively supports Scania's purpose of driving the shift towards a sustainable transport system.

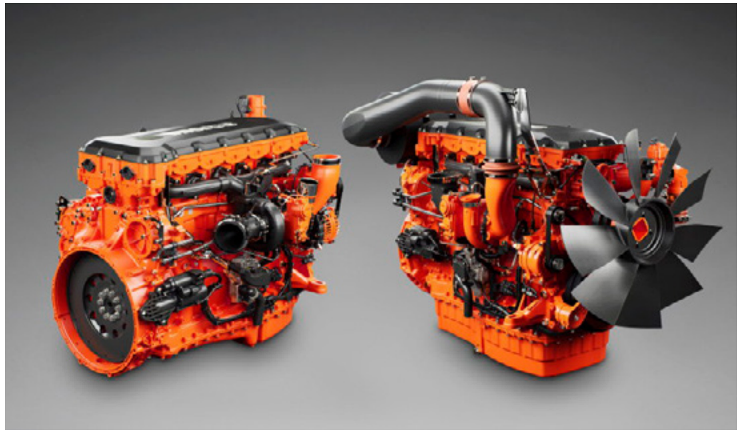
## Continued supply chain disruption

Although the semiconductor situation is improving, the industry continues to face supply disruption, leading to production delays. Scania has been working closely with customers to address the challenge and maintain delivery flows.

# THE YEAR AT A GLANCE
Continued


## Making electrified heavy transport a reality

We continued to work with customers on pilot schemes to develop electrified heavy transport. Examples include our partnership with food delivery company Dagab, which is using a 64-tonne truck powered by fossil-free electricity to transport chilled and frozen foods in the Gothenburg area, in Sweden.



## A platform for fuel efficiency

October saw the launch of Scania's new inline engine platform adapted for marine and industrial use. With a significantly increased lifespan and major carbon emission reductions, the platform sets a new standard for fuel efficiency in Power solutions.

## Breaking ground for a new production base in China

Scania broke ground for a new production base in Rugao, in China's Jiangsu Province. Expected to be up and running by 2025, the facility will produce vehicles for both the Chinese and other Asian markets, adding a third industrial hub to our global production system.

# CEO STATEMENT

# RISING TO THE CHALLENGE

**Christian Levin**
President and CEO,
Scania and TRATON GROUP

It is sometimes said that our character is revealed most clearly in how we handle adversity. If this is true for people, it is equally true for companies. If you want to understand the nature of Scania, looking at how we have responded to the challenges of the past 12 months would be a good place to start.

2022 was a tough year for Scania. Just as it looked as though the supply problems of the previous year were beginning to be resolved, a new wave of economic and political turmoil swept over Europe and the rest of the world, with Russia's invasion of Ukraine leading to an energy crisis and a spike in inflation and interest rates. As a result, our truck business was hit by a range of ongoing problems, from component shortages to a lack of drivers, causing disruption in our delivery flows to customers.

Dealing with these problems would be hard at the best of times. It is especially challenging during a period of major internal transformation. Changes for Scania during the year included the switchover to our new Super powertrain: one of the biggest industrial projects in Scania's history. The year also saw the ongoing changes to Scania's operating model as well as further integration with the TRATON GROUP.

At the same time, our industry is undergoing a seismic shift that is changing the very nature of our business. As technologies such as digitalisation and automation will transform the way we deliver transport services, we are preparing for the future by investing in new business models that lie beyond our core capabilities. All of this is happening at a time when we are driving the biggest shift in technology that our industry has ever experienced: the transition to electrification.

Throughout these difficult and disruptive times, Scania people responded in the way they always do; they rose to the challenge magnificently. Time and again, our people were there for our customers, working tirelessly to resolve flow problems, deliver vehicles and keep them on the road.

Here, I want to make a special mention of our colleagues in Ukraine. In the face of the most challenging conditions imaginable, their dedication to supporting customers and partners has been extraordinary. Following the invasion, the Scania team went above and beyond to keep operations running, including working in the basement below the Kyiv office as air defence sirens sounded and missiles hit the capital. Thanks to their efforts, Scania was able to keep trucks rolling in Ukraine, helping the country rebuild critical infrastructure and keeping supply lines to Europe open. Despite the war, we continued to invest in Ukraine and opened a new workshop in the Brovary region in 2022. Scania's actions were commended by the Ukrainian Foreign Minister, who urged other Swedish businesses to follow Scania's example and resume operations in the country as quickly as possible. This is a truly heroic achievement, and I believe it says much about the spirit of Scania: a company that never gives up on its customers, no matter the odds.

2022 also marked the end of our presence in Russia, following the country's invasion of Ukraine. We have now successfully divested our commercial business as well as our finance business in Russia, and our production site in St Petersburg is being liquidated. Ending our business in Russia after 29 successful and profitable years was a major decision, but Russia's actions have made it impossible to continue.

### A sustainability milestone

Amid the challenges, there were also reasons to be hopeful. Despite the economic shocks, demand for transport remained high, with a strong resurgence in demand for buses. The year also saw significant business highlights for Scania. Our service business grew by over 20 percent, with workshop hours, digital services and our spare parts business all growing strongly. Demand for our

# CEO STATEMENT
Continued

**"The launch of our new range of BEV trucks in June was a milestone in electrification."**

power solutions has doubled in less than five years, and continues to grow. Financial services continued to do an outstanding job in difficult circumstances. The roll-out of the Super powertrain continued, and although deliveries have been slower than planned, it has received exceptionally positive feedback from customers who have experienced it. Everyone at Scania should be proud of these achievements.

Several actions were implemented throughout the year to manage the supply chain disturbances. In the fourth quarter, a dedicated cross-functional working group was appointed with full focus on ensuring stable end-to-end flows and delivery capacity going forward. By the fourth quarter 2022 we had already begun to see positive progress as a result of the excellent work of the team, with deliveries to customers increasing.

Above all, we stayed focused on our overarching purpose: to drive the shift to a sustainable transport system.

The launch of our new range of battery electric vehicles (BEV) trucks in June was a milestone in electrification for Scania. This is our first line of BEV heavy vehicles designed for regional haulage, and the trucks have had a great reception from customers, with strong demand and pre-order numbers. The launch takes us closer to providing electric solutions for any heavy commercial vehicle application, from urban deliveries to forestry and mining. As well as safeguarding our future competitiveness, delivering on our electrification roadmap is key to reducing our carbon emissions in line with our science-based targets. We are still in the beginning of our electrification journey but started to see good momentum this year with orders of battery electric (BEV), plug-in-hybrid (PHEV) and hybrid (HEV) trucks and buses growing from low levels by almost 400 percent.

## Building resilience

The volatility we faced throughout the year underlines the need to build adaptability and resilience into our organisation. For that reason, perhaps the most important strategic decision we made this year were the changes we introduced to our strategic framework. The new framework ensures that all of us at Scania have a shared focus on executing our strategy and delivering on our purpose across our business. The framework also futureproofs our business by helping us work with the agility and pace that our unpredictable business environment demands.

To ensure we have an operating model that can support our strategy, Scania is undergoing an internal transformation, and we are now at a stage where we in practice start implementing the changes to make them "business as usual". Scania's transformation is also crucial to accelerate the ongoing strategic integration with the wider TRATON GROUP. In 2022, we made major progress within TRATON in creating a common industrial organisation that can draw from the global competence and the capacity from all four brands in the TRATON family. The integration is progressing well, and I am proud to see how well the brands are working together across all levels and functions. We at Scania have made a huge contribution to the process by sharing the things we do really well: our modular principles, our systematic way of working, our financial services and our ability to work across functions.

At a time of major transformation, when it feels as though everything is changing around us, it is important to remember that some things remain constant. The first of these is our purpose, and our new strategic framework is designed to make this more tangible for everyone here at Scania.

Another constant is The Scania Way. By acting consistently according to our values over many years, Scania has developed an enviable reputation and some of the strongest customer relationships in our industry. Standing firmly behind our values as we transform our business does not impede our progress, in fact it depends on it. Our new strategic framework reflects this, ensuring that The Scania Way continues to guide everything we do, now and in the future.

Part of being an adaptable, creative organisation is about being open to different perspectives – which is why Skill Capture (our approach to diversity and inclusion) is so important to our transformation. We want to be the benchmark for diversity and inclusion within our industry. Skill Capture is taking us in the right direction, ensuring that Scania continues to be a company where a diversity of voices and experiences are welcomed and valued.

## Living by our actions

When I look back at what Scania has achieved this year, I see a company that lives not just by its words but through its actions. The pilot partnerships we have engaged in throughout the year to develop our BEV trucks are a great example of this. Trialling new heavy electric vehicles with customers in demanding real-world environments, including the tough arctic climate of Northern Sweden, is not only key to Scania's product development process, it also shows the world that no application is too heavy for electrification.

Our outstanding progress in developing digital services for customers is another example of how Scania walks the talk. Game-changing, data-driven services recently launched by Scania include ProCare, our maintenance service that monitors the health of vehicles in real time and allows customers to plan proactively for repairs, thereby avoiding unnecessary downtime. The success of tools such as these shows that Scania is not just talking about exploring new business opportunities in the digital services space – we are making it happen, here and now.

We approach our own sustainability performance in a similar way, holding ourselves accountable for our progress through targets that are backed by science and evidence. We were the first in our industry to set science-based targets for reducing our carbon emissions and, in 2022, we took another major step towards decarbonising our business by becoming the first to set supply chain carbon reduction targets. The new targets cover materials identified as carbon hotspots in our production process: batteries, steel, aluminium and cast iron.

So, when leaving a challenging year behind us, and as we continue to transform our business to prepare for the next chapter in Scania's story, I want to thank everyone in the Scania family – including our customers, our partners, our investors and our people – for their resilience and support during this difficult year. By embracing change while drawing from the strengths we already have in our fantastic organisation, I know Scania will emerge stronger and in an even better position to deliver for our customers.

**Christian Levin**
President and CEO,
Scania and TRATON GROUP

In this section



# OUR BUSINESS

By providing premium transport solutions, Scania creates lasting value for our stakeholders throughout the lifecycle of our products.

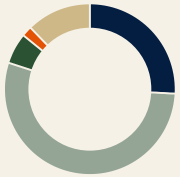
# ABOUT SCANIA

**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 power solutions for industrial and marine applications.**

## Trucks

Scania supports transport companies across the world by delivering heavy trucks for each customer's need. We offer tailor-made solutions for a range of different applications including long-distance, urban applications and construction.

### Deliveries

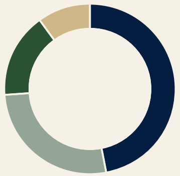


| | |
|---|---|
| America* | 26% |
| Europe | 54% |
| Africa and Oceania | 6% |
| Eurasia | 2% |
| Asia | 12% |

## Buses and coaches

Scania offers a complete range of city buses and coaches for public transport operators and coach companies. Our offer also includes tailored solutions to help solve today's urban mobility challenges.

### Deliveries

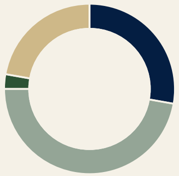


| | |
|---|---|
| America* | 47% |
| Europe | 27% |
| Africa and Oceania | 16% |
| Eurasia | 0% |
| Asia | 10% |

## Power solutions

Scania engines can be found at the heart of machines required to be in use 24 hours a day, including in wheel loaders, patrol boats and power gensets.

### Deliveries

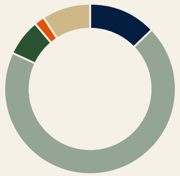


| | |
|---|---|
| America | 28% |
| Europe | 47% |
| Africa and Oceania | 3% |
| Eurasia | 0% |
| Asia | 22% |

## Services

Scania's extensive service offering includes workshop services, tailor-made maintenance with flexible and predictive plans, driver training and evaluation, and services for support and management of our customers' operations.

### Sales



| | |
|---|---|
| America* | 13% |
| Europe | 69% |
| Africa and Oceania | 7% |
| Eurasia | 2% |
| Asia | 9% |

## Financial services

Scania Financial services provides flexible financing and insurance solutions tailored to give our customers predictable costs and manageable risks over the entire life cycle of their vehicles.

### Products financed

| | |
|---|---|
| New trucks | 60% |
| New buses | 3% |
| Used vehicles | 17% |
| Other | 20% |

* Refers to Latin America

# ABOUT SCANIA
Continued

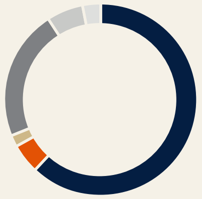
**With nearly 57,000 employees in more than 100 countries, Scania is a truly global player. Our sales and service network is strategically placed where our customers need us, no matter where they operate.**


- Regional product centres
- Production units
- Research and development
- Sales and services network: trucks, buses and coaches
- Sales and service network: power solutions

Our research and development activities are mainly concentrated to Södertälje, Sweden. Production takes place in Europe and Latin America, with facilities for global interchange of both components and complete vehicles. We have regional product centres in Africa and Asia. Scania has also begun the construction of a new production facility in China.

Scania is part of TRATON GROUP. Under this umbrella the brands Scania, MAN, Volkswagen Truck & Bus and Navistar work closely together to transform transportation.

## Global net sales



| | |
|---|---|
| Trucks | 62% |
| Buses and coaches | 5% |
| Power solutions | 2% |
| Service-related products | 22% |
| Used vehicles | 6% |
| Other | 3% |

# HOW SCANIA CREATES VALUE

**By providing premium transport solutions, Scania creates lasting value for our stakeholders throughout the life cycle of our products – from our customers to society as a whole.**

## OUR PURPOSE

Scania's purpose is to drive the shift towards a sustainable transport system, creating a world of mobility that is better for business, society and the environment. Delivering on our purpose is the main way we create value as a business.

## OUR BUSINESS MODEL

Our business model is the platform through which we create value.

| Customer | Scania |
|---|---|
| + Customer sales revenue | + Scania sales revenue |
| – Customer cost | – Scania cost |
| = Customer operating income | = Scania operating income |

### Increasing customer revenue

Scania's high-quality, optimised vehicles and services, supported by data gathered from connected vehicles, ensure maximum time in operation and thereby boost customer revenue. For customers' operations that are conditioned by $CO_2$ emission regulations or their own sustainability ambitions, Scania provides sustainable solutions to maximise their revenue generation.

### Reducing customer costs

Scania influences factors like fuel, repair and maintenance costs, the residual value of the vehicle and the cost and availability of financing.

## VALUE FOR OUR STAKEHOLDERS

Our stakeholders range from our customers and employees, to transport ecosystem partners such as infrastructure providers and transport users. We create value for each of our main stakeholder groups throughout the product life cycle.

### We create value for:

#### Our customers

Our solutions are optimised for customer needs and help them build profitable and sustainable business by improving their transport efficiency: for example, through maximising uptime, lowering emissions and reducing vehicle running costs.

#### Our employees

We reward our employees both through pay and compensation, and our purpose-driven work culture. We provide a safe, healthy and inclusive working environment, where difference is valued and everyone has an opportunity to thrive. By investing in training, we ensure our employees have the skills and knowledge to succeed, now and in the future.

#### Drivers

Our vehicles are designed to enhance the driver experience and provide drivers with a safe, efficient and comfortable working environment. We are active in cross-industry efforts to improve working conditions for drivers – for example, through our contribution to the Truck Transport Social Guidelines.

#### Suppliers

Our sourcing activities provide economic value and business opportunities for suppliers and their employees. By improving transparency and through due diligence processes, we work to mitigate the social and environmental impacts of our sourcing activities and improve conditions for workers within our supply chains.

#### Owners and lenders

As a company focused on sustainability, we deliver sustainable growth and long-term financial resilience for our owners and lenders. Scania has issued green bonds and has received the highest available rating on our framework.

#### Transport ecosystem

We work closely with partners across the transport ecosystem to scale up renewable fuel and electrification infrastructure. By doing so we help drive systemic change, build resilience and create long-term, sustainable value throughout the transport sector.

#### Society

Transport is vital for a healthy and functioning society. Our solutions can reduce the environmental impact of transport while increasing access to mobility, easing congestion and improving safety. By providing employment opportunities both within our own business and our supply and delivery flow chain, we support communities and contribute to economic growth.

# HOW SCANIA CREATES VALUE

Continued

## Our business model

Our business model puts the customer at the heart of everything we do. We focus on solving our customers' transport needs and design complete solutions around them to optimise our customers' efficiency, profitability and sustainability ambitions. Value for Scania is closely interlinked with value for our customers. Only by making our customers profitable can we ensure that our own business is profitable.

### A holistic view

Ensuring our customers' success begins with gaining a deep understanding of their businesses today and in the future. We work closely with our customers to develop a holistic view not only of their transport needs, but also the needs of their own customers. By combining this view with a detailed knowledge of transport flows across different industries, we tailor solutions specifically to our customers' needs.

### Tailored solutions

The transport solutions we provide are optimised for our customers' operations to increase their revenue and reduce their costs. We aim to eliminate waste and inefficiency throughout the entire transport flow, with highly customised solutions for sustainable transport. Along with vehicles, our solutions often include services like repair and maintenance, digital services, financial services and fuelling or charging infrastructure, depending on customer requirements and needs.

### Partnership approach

Creating value through tailored solutions requires a close partnership with our customers, built on trust and often based on long-term relationships. Alongside our customer relationships, we also build partnerships with other stakeholders across the ecosystem of transport and logistics to create the enabling conditions for a sustainable transport system.

## Our culture: The Scania Way

Our value creation is underpinned by our corporate culture, which we call The Scania Way. Deeply ingrained in our business, the Scania Way is based on our core values, leadership model and main principles that reflect our way of thinking and guide our day-to-day actions and decision-making. The Scania Way supports us in creating value for our stakeholders and ultimately, in our aim to be the leader in the shift towards a sustainable transport system.

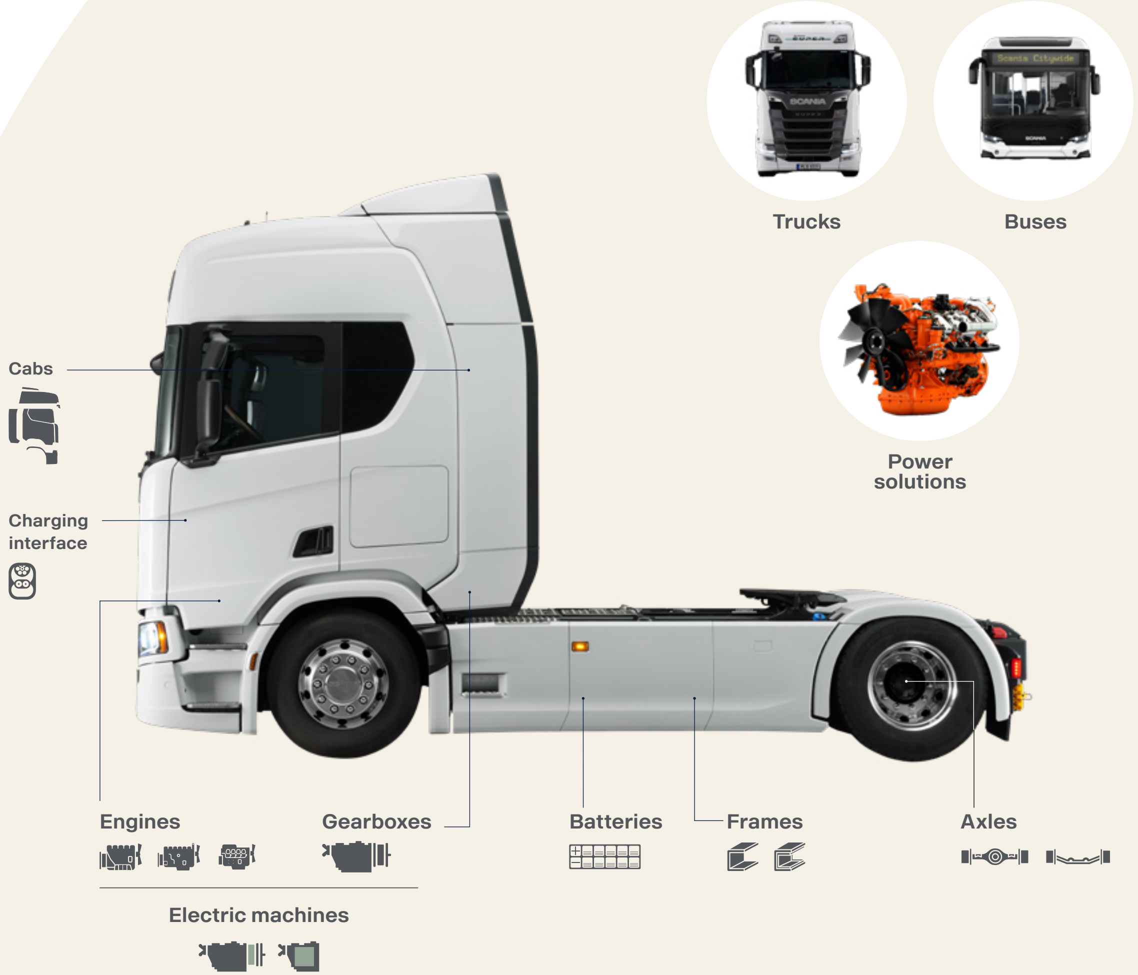
## Our key success factors

Over the years, Scania has developed certain unique business offerings and ways of working. These give us critical competitive advantages to deliver enhanced value for our customers.

### Our modular system

Our tailored approach to transport solutions is supported by our modular system. Our entire product portfolio is based on a modular design composed of a fixed number of standardised interfaces, allowing for components and parts to be interchanged. This allows us to optimise our solutions quickly and easily for specific customer needs, applications and markets: for example, by adjusting cargo capacity and engine outputs.

Modularisation creates a lean and flexible production system that allows us to introduce new technologies rapidly, bring them to market and scale them up quickly. For example our hybrid and battery electric trucks are built using the modular system, combining technology such as batteries with components that have been tried and tested throughout Scania's truck range. We also apply our modular appraoch to the design of services and software and not only to the hardware of our trucks, buses and engines.




→ Read more on our modular system

The Scania modular system is a global benchmark on standardised products both in and outside the automotive industry.

# HOW SCANIA CREATES VALUE
Continued

**Our service network**
Tailored services are integral to how Scania creates value. With dealers and workshops strategically located along transport routes and near logistics centres, our service network gives us direct contact with our customers and greater understanding of their market and business needs. By providing quick access to parts, repairs, driver training and tailor-made maintenance plans, our service network reinforces our vehicles' performance and customers' profitability.

**Connected vehicles**
Currently, around 66 percent of Scania's 10-year rolling fleet is connected. Data gathered in agreement with our customers and partners gives us detailed, real-time insight into vehicle performance, driver behaviour and our customers' transport flows. This allows us to develop highly customised sales tools and intelligent services that lower fuel consumption, maximise uptime and improve overall efficiency. Digital connectivity and data sharing are key enablers of sustainable transport. For example, live data enables us to measure the carbon impact of our customers vehicles while they are in use which is vital input for our climate targets. As well as helping our customers, and customers' customers, meet theirs.

**Digital services**
Data-driven, digital services are playing an increasingly critical role in supporting our customers' transport operations, and these services will become even more important as heavy transport becomes electrified. Through digital services a wealth of information is provided that customers can use to manage a fleet proactively – such as the optimum time and place to charge a vehicle or when to schedule a preventive replacement. Digital services is also a tool to improve sustainability performance in the transport system, for example by ensuring that components are replaced only when necessary.

Co-created with our customers and using data from our connected vehicles, Scania has developed a range of digital services to keep customers on the road and ahead of the competition. These include Scania ProCare, a maintenance service using real-time data to predict and prevent breakdowns before they happen. Through health monitoring, customer vehicles are under constant supervision, enabling us to take proactive measures to avoid unplanned stops and increase uptime.

Customers can access these services seamlessly and intuitively through My Scania – a digital platform bringing all our web services together in one place.


## Top Team: shining a spotlight on service technicians

Scania Top Team is a competitive training programme developed to continually enhance the skills, knowledge, professionalism and teamwork in Scania's workshops all over the world. Scania's service personnel develop their skills by combining training and teamwork, while at the same time providing a competition that will be an unforgettable and enriching experience for the participating teams.

The 2022/23 edition of Scania Top Team, with teams from 70 markets, reaching some 8,000 participants, has a special focus on sustainability. In addition to the competition, the participating teams will be able to raise their competence in different areas including decarbonisation of rolling fleet, energy efficiency and safety behaviour in the workshop. The results benefit Scania customers by providing even better services.

# HOW SCANIA CREATES VALUE
Continued

**We seek to create value at every stage of our product life cycle by minimising the negative impacts of our operations and products, and increasing the positive ones. This life cycle approach delivers value for each of our key stakeholder groups in different ways.**

### Research and development

Scania makes significant yearly R&D investments to make our transport solutions efficient and profitable for our customers, and sustainable for society as a whole.

### Sourcing

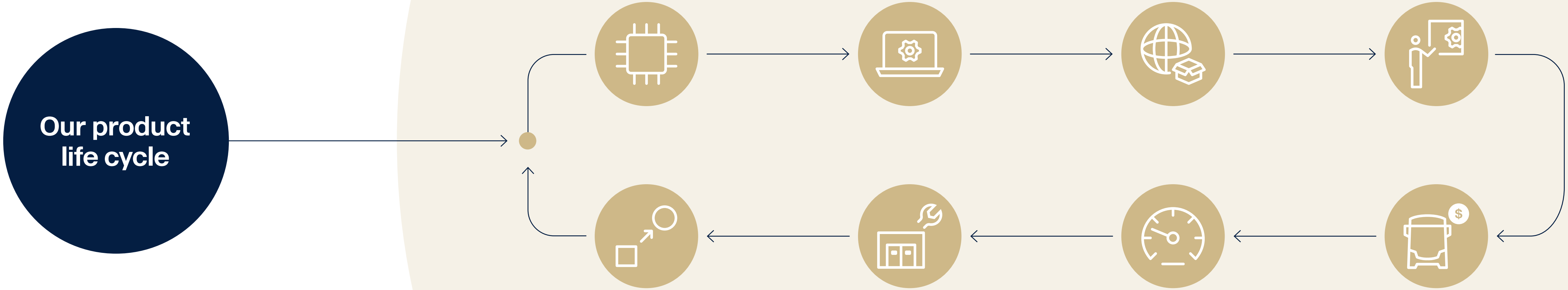
We are committed to increasing transparency and to work with our suppliers to improve sustainability performance including making sourcing more circular all along the value chain.

### Logistics

We continuously eliminate waste, improve energy efficiency and reduce emissions in our logistical flows, while promoting fair working conditions for drivers.

### Production

We are committed to reducing the carbon footprint of our production facilities, while ensuring that they are safe, healthy environments to work in.




### Sales

Our sales staff works with our customers to ensure that products are optimised for their specific transport assignment and to address their environmental impact.

### In use

Our transport solutions keep people and goods moving efficiently and reliably, supporting social and economic development.

### Services

Our services boost uptime and efficiency for our customers, while also reducing fuel consumption and emissions, improving safety and extending the service life of our products.

### End of life

We aim to promote a circular life cycle, where parts and materials from Scania products at the end of their life are reused or recycled.

# A SUSTAINABLE TRANSPORT SYSTEM

**Sustainable transport is about more than decarbonisation. It is about meeting the needs of people and society throughout the ecosystem of transport.**

The global trends our industry faces – and the various ways transport makes an impact on the world – are highly interconnected. A transport system that is truly sustainable must take this big picture into account, considering the needs of people, society and the environment in a holistic way.

An efficient transport system is one of the cornerstones of a healthy society. Efficient flow of goods and people supports social and economic development, playing a critical role in everything from food security to access to education and poverty reduction. In many ways therefore, transport is a force for good. At the same time, transport in its current form has significant negative impacts. Transport is a major contributor of $CO_2$ emissions, and is also responsible for air pollution, traffic congestion and road accidents. Also, the system is not inclusive – not everyone has access to efficient transport.

This needs to change. We need a sustainable transport system: one that retains the benefits of transport and makes it accessible to more people, while reducing the negative impacts or avoiding them altogether, in line with the UN's sustainable development goals. In short, a system that keeps goods and people moving efficiently, without jeopardising human health, safety, or the environment, and that is available to all.

When transforming the transport system, we need to be mindful that fixing problems in certain areas carries the risk of creating new problems elsewhere. As underlined by the UN's sustainability agenda, sustainability issues are dependent on each other.

For example, electrifying transport brings huge benefits in terms of $CO_2$ reductions, but also social and environmental challenges related to the mining and disposal of battery materials.

At Scania, we are convinced that the future of transport is decarbonised, clean and safe! As a company we have an opportunity – and a responsibility – to drive this transformation. To create a sustainable transport system – one that meets the complex, interrelated needs of people, society and the environment – we must keep this big picture in mind and work together as an industry, as well as in the entire ecosystem.

## A VISION FOR SUSTAINABLE TRANSPORT

As described by the UN's Environment Programme and the World Bank, there are several aspirations for sustainable transport. Each of these aspects are connected: for a transport solution to be sustainable, it must consider all of them. Some of them Scania is handling hands-on and others mainly through partnerships and dialogue.

**TRANSPORT SHOULD BE:**

### Inclusive

Transport should be accessible to all, including users for whom access to current transport systems may be restricted for any reason. Transport solutions should also be designed for equality of access when it comes to gender.

### Safe

Transport should be safe not only for drivers and transport users but also all other road users, including pedestrians, cyclists and other road vehicles. The concept of safety should extend beyond physical safety and if a transport solution is either unsafe for certain groups to use, or perceived to be so, it is not accessible to all.

### Healthy and clean

Transport solutions should be clean and minimise harm to health. Less polluting vehicles contribute to a cleaner environment, with less nitrogen oxide, sulphur oxide and soot particles, particularly in urban areas. Sustainable transport can also contribute to mental health by alleviating stress and other conditions associated with traffic noise, congestion and overcrowding.

### Decarbonised

For the transport system to be sustainable, it must be decarbonised. This involves breaking the system's dependency on fossil fuels by switching to other renewable energy sources. Decarbonising transport at the speed and scale required by the Paris Agreement demands rapid and widespread transport and energy infrastructure changes – a shift that calls for bold, coordinated action across the entire transport ecosystem.

### Efficient

Transport systems shall continuously evolve from a productivity perspective. End-to-end transport and logistic systems still contain different forms of waste. With engineering for better energy efficiency and providing real-time data, transport flows can be made more efficient. Routes can be planned and optimised better, load capacity utilisation can be increased and the product and service specification can still be perfected; ultimately, to consume a minimum of resources given the needed output in the shape of moving goods and people.


In this section



# OUR STRATEGY

Our world is changing – but our purpose remains constant. Our strategy is designed to ensure we continue to drive the shift in a time of radical transformation.

# THE FORCES SHAPING TRANSPORT

**Global forces are ushering in new risks and challenges for our industry – but also new possibilities.**

From global trends to emerging technologies, certain forces are re-shaping the transport industry and driving radical changes in Scania's operating environment. Scania's strategy has been developed in response to the risks and opportunities these key trends present to our business.

## Climate change

Earth is on the brink of passing climate 'tipping points' if global warming continues at its current rate. In 2022, the UN published reports warning that the window to avert irreversible and catastrophic climate change is closing rapidly. Global emissions must fall by about half by 2030 to meet the internationally agreed target of 1.5°C of heating, but emission levels are still rising. According to the International Energy Agency's (IEA) world energy report, $CO_2$ from fossil fuels could peak by 2025 as high energy prices push nations towards clean energy. However, it warned that this would not be enough to avoid severe climate impacts.

Urgent and collective action is needed. The UN argues that without adequate action from the global community to reduce emissions, the only way to limit the worst impacts of the climate crisis is the rapid transformation of societies.

**Key uncertainties**
What will be the impacts of climate change and biodiversity loss?

## Political and economic shifts

The political landscape has become increasingly polarised. Globalisation seems to be in retreat, with nationalist and populist forces stoking geopolitical tensions and creating a more regionalised, disconnected world. There is a risk that the fragmented political climate could hinder the world's ability to act collectively to address urgent global problems such as climate change.

Alongside this political volatility, there is also widespread economic volatility. The situation has been exacerbated by the war in Ukraine, which has contributed to rising energy and raw material costs. The resulting supply chain disruption is affecting many industries, including the transport industry.

**Key uncertainties**
How will the world govern and manage global resources?
How will the energy transition play out?

## Social shifts

Inequality in areas such as resource use, income, health, education and employment is widespread in society and on the rise. Climate change is likely to deepen the divide, bringing increased tension and risk of social unrest and conflict.

Shifting social patterns have also led to urban growth, putting a strain on infrastructure and bringing increased risks related to pollution, public health, road safety and inequality. Human rights abuse and corruption within global supply chains are other serious societal challenges, forming a significant threat to economic and social development, as well as to decarbonisation efforts.

Social attitudes towards business are also changing. Increasingly, companies are expected to take a stance on pressing issues and act accordingly.

**Key uncertainties**
Can we ensure a just and equitable transition to a sustainable future?

## Technology and business shifts

Technology is having a profound impact on society, and the transport industry. Innovations in electrification, automation and connectivity are making the shift to sustainable transport possible, opening the door to more efficient and safer forms of transport.

Innovation has also transformed the business landscape, with increasing digitalisation and the emergence of new technologies unleashing new business opportunities and competition. This has resulted in a business shift for companies operating within the transport sector, with companies finding new ways to create value based on providing solutions and services.

As digitalisation increases, there is uncertainty about its future direction. Technologies could adhere to global standards, or they could become open-source and decentralised.

**Key uncertainties**
How fast and international will technological innovation be?
How will resource scarcity affect technology and new business models?

# MODELLING THE FUTURE: THREE SCENARIOS FOR TRANSPORT

**In an uncertain and volatile world it is important to be prepared for what the future might hold.**

Based on the key forces impacting our business, Scania explores how the conditions for business and society at large might look in the future, using in-depth scenario work. The scenario work is continuously informing our strategy process and updates on the scenarios is done every year as part of the strategy process. The scenario work helps us understand if our current strategy is sufficiently aligned and robust for whatever future we may face. It brings up the hot topics that we need to understand, and what technologies, knowledge, abilities, products and solutions are needed to achieve future competitiveness. Depending on how current trends play out, we identified three plausible scenarios for 2040, each with different impacts on the transport ecosystem of the future. The scenarios take climate risk into account, and each is linked to a specific projected long-term global temperature rise. As we don't know what the future looks like and any of the three scenarios can become a reality, we need to be robust in all scenarios in order to continue being competitive in the transport sector.

→ Read more about our scenario planning work on page 56

Scenario

## Biosphere highway

**Global temperature increase: <2˚C**
A world where sustainability leaders set the global framework for a biosphere-focused-economy. Global governance and technocrats create a high common playing field where solutions compete to solve problems. Electric transport systems have shifted to sustainable global and regional flows.

Scenario

## Hyperlocal paths

**Global temperature increase: 2–2.75˚C**
A world of local re-use economies and virtual communities, that have marginalised governments. Technologies are open-source and small-scale, with decentral digital financing across geographies. Transition of transport system struggles; transport demand declines sharply.

Scenario

## Diverging roads

**Global temperature increase: >3˚C**
A polarised world where strong nations focused on power lead their blocs, with very different ways of prioritising and solving problems, and impose regional standards on smaller neighbours. Transport systems, fuels, standards and resources are regional and bloc specific.

# OUR STRATEGY

**Our strategy ensures we deliver on our purpose and create value for our stakeholders in a changing world.**

Scania's strategy is rooted in a clear understanding of the world we operate in, and how it might evolve in the future. It is informed by continuous dialogue with our stakeholders, risk assessments, scenario analysis, insights around our life cycle impacts, and scientific research.

The strategy was formulated for Scania to stay at the forefront of an ever-changing business landscape and support the transformation needed to win in uncertain times. Our strategic direction originates from the view of a future transport ecosystem that builds on electrified, autonomous and connected technologies, and new types of customers and business models, where transport and mobility will be increasingly demanded as a service.

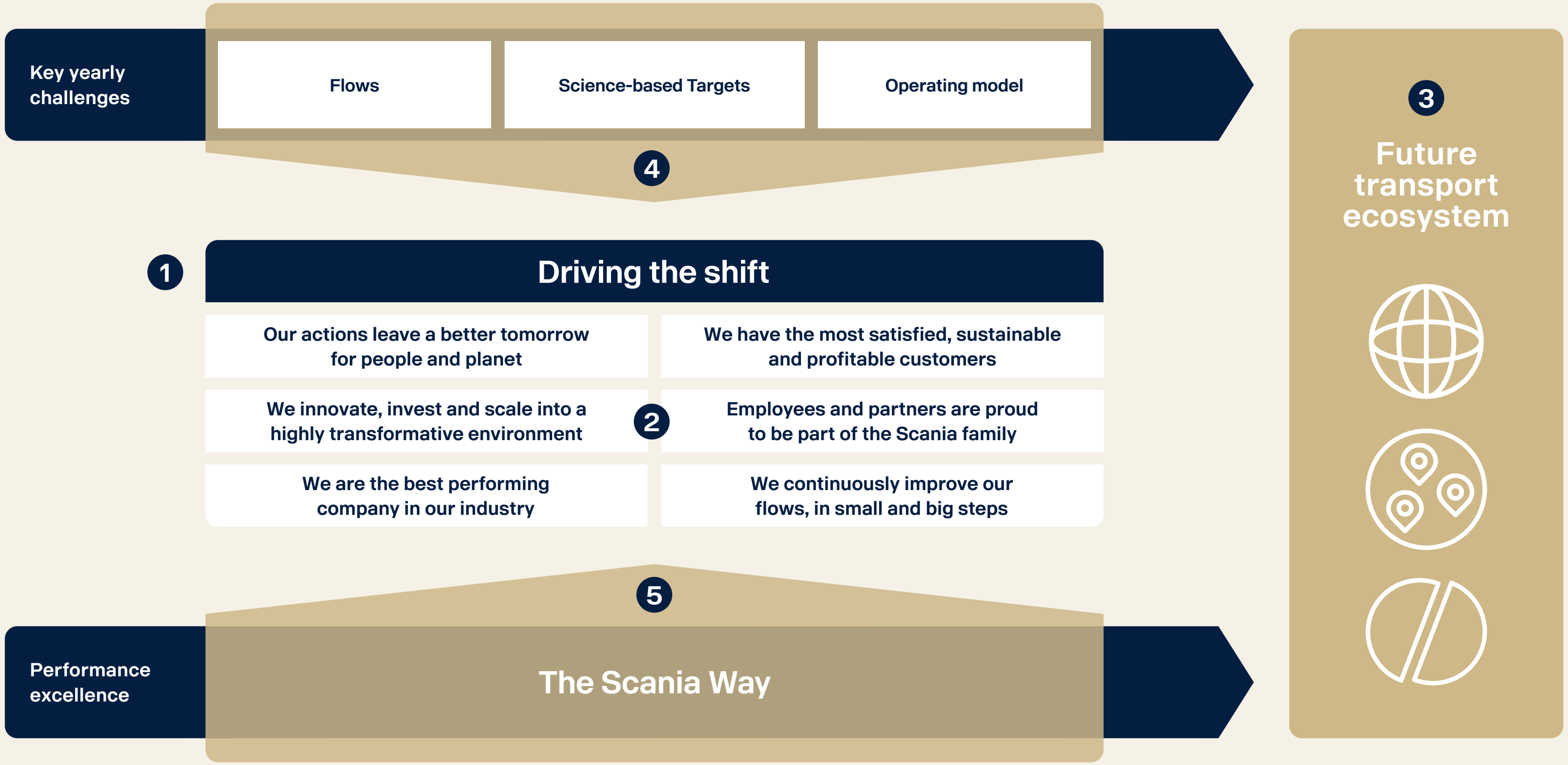
This strategic direction is expressed in our corporate objectives that allow us to connect our targets to our purpose, making the strategy tangible and actionable.

## An evolving strategy

While our strategic direction remains the same, we made some changes to our strategic framework in 2022 that will apply in full from 2023:

- Corporate objectives: we introduced corporate objectives, connected to our purpose, to ensure focus on execution across the business.
- Annual strategic process: to keep pace with the rapid changes in our ecosystem, our strategy will be challenged and updated on a yearly basis.
- Key yearly challenges: updated annually, these are the challenges we need to address to execute our strategy in the short term.

## Scania corporate strategy 2023+




1. Scania's purpose is to drive the shift towards a sustainable transport system, creating a world of mobility that is better for business, society and the environment.
2. We clarify our purpose through six corporate objectives, that allow us to connect our targets to our purpose.
3. Our view of what the transport ecosystem will look like in the future, in the different scenarios, affects the business decisions we make today.
4. The yearly challenges aim to understand how to solve short-term issues, and are prerequisites for us to reach our corporate objectives.
5. Performance excellence is when we deliver both here and now as well as going forward. The Scania Way is a key part in reaching that and is the foundation of our strategy.

# OUR CORPORATE OBJECTIVES

**Delivering sustainable transport depends on engagement across our business. We want everyone at all levels of our organisation to understand their role in driving the shift, and what they can do to help make it happen.**

To clarify our purpose and create a stronger connection between activities within our teams and our strategic direction, we have developed six corporate objectives. The corporate objectives are designed to make our purpose more actionable and concrete by expressing it as six aspirations.

Each corporate objective has its own key impact areas that sometimes are interconnected. These define the areas where our actions can make the biggest impact, based on what we know are the most important priorities for our stakeholders. The key impact areas can change over time as our circumstances evolve. Our ambition is to accurately track progress against all our objectives, identifying challenges and areas for improvement. We are currently developing key metrics for that purpose.

## Corporate objectives and key impact areas

| Corporate objective | Key impact areas |
|---|---|
| Our actions leave a better tomorrow for people and planet | Decarbonisation<br>Circular business<br>People sustainability |
| We have the most satisfied, sustainable and profitable customers | Sustainable market offer<br>Value added customer interaction<br>Holistic view on customer business |
| We innovate, invest and scale into a highly transformative environment | Innovate<br>Invest<br>Speed and scaling |
| We continuously improve our flows, in small and big steps | Scania leadership<br>Strategy deployment |
| We are the best performing company in our industry | Internal funding<br>Resilience<br>Attractiveness |
| Employees and partners are proud to be part of the Scania family | Engaged people<br>Enabling culture |

The corporate objectives are connected to Scania's purpose and were introduced to ensure focus on execution across the business. We will track progress against all our objectives, using key metrics.

# OUR OPERATING MODEL

**Our new business landscape calls for new ways of working. To support our strategy, we have developed an operating model to ensure we harness new opportunities and deliver for our customers.**

The disruptive technological advances transforming our sector are bringing with them new business possibilities, and new competition. Succeeding in this new business landscape requires us to be able to think and act like a start-up, working with agility and flexibility, and adapting quickly to change.

Our new operating model is designed to support this business transformation. Through the operating model, our business is better positioned to develop and scale new technologies rapidly, accelerate business innovation and remove complexity for our customers.

To support Scania's new operating model, we have also made changes to the way our organisation is structured and governed. We have moved to a value flow system of governance, with cross-functional teams with delegated mandate.

## Staying true to our values

As we transform and embrace new ways of working towards cross functional flows, explore new markets and develop new business models and solutions, The Scania Way continues to be the solid foundation we lean on. However, in order to fit future needs it must continuously be challenged and developed. For example, it may mean extending the interpretation of its principles. The Scania Way needs to be flexible, yet resilient to ensure we stay true our values.

→ Read more about our governance structure on page 42

> **Transformation doesn't mean reinvention. In a time of change, it's more important than ever that we hold on to the values that make us who we are."**
>
> Jeanna Tällberg, Scania Executive Vice President and Head of People & Culture

## FOUR CAPABILITIES

Our new operating model strengthens four crucial capabilities across our company.

### Speed and flexibility

Quickly deploy new solutions and strategies while being able to react to changes and adapt as we go.

### Develop and deliver solutions

Understand, develop and deliver solutions that fully support the customers' needs.

### Customer collaboration

Explore business opportunities and drive the shift in close interaction with customers.

### People engagement

Inspire, empower and unleash the will to drive the shift.

# OUR OPERATING MODEL

Continued

## TRATON GROUP: harnessing the power of the collaboration

Just as Scania is making changes to prepare for our future, so is our parent company. By evolving its operating model to promote closer integration between Scania and its sister brands, the TRATON GROUP is unlocking synergies and providing an investment muscle that will be crucial in accelerating the shift to sustainable transport going forward.

Our position as a part of the TRATON GROUP is an important pillar of our strategy. By working with our sister brands MAN, Volkswagen Truck & Bus and Navistar, we are able to draw on our collective strength, share insights and technology and make the kind of large-scale investments that we would be unable to make on our own.

These advantages will be strengthened even further, thanks to the ongoing operational changes at TRATON GROUP that will drive closer integration between all four brands. The changes will enable TRATON to benefit from scale, invest in necessary technology and infrastructure and work with the agility and pace that our new business landscape demands.

By creating a strong collaborative culture, TRATON will work as one group delivering more customer value through all its brands. The changes will result in lower costs per unit, increased efficiency and faster time to market for new products, systems and components across all brands.

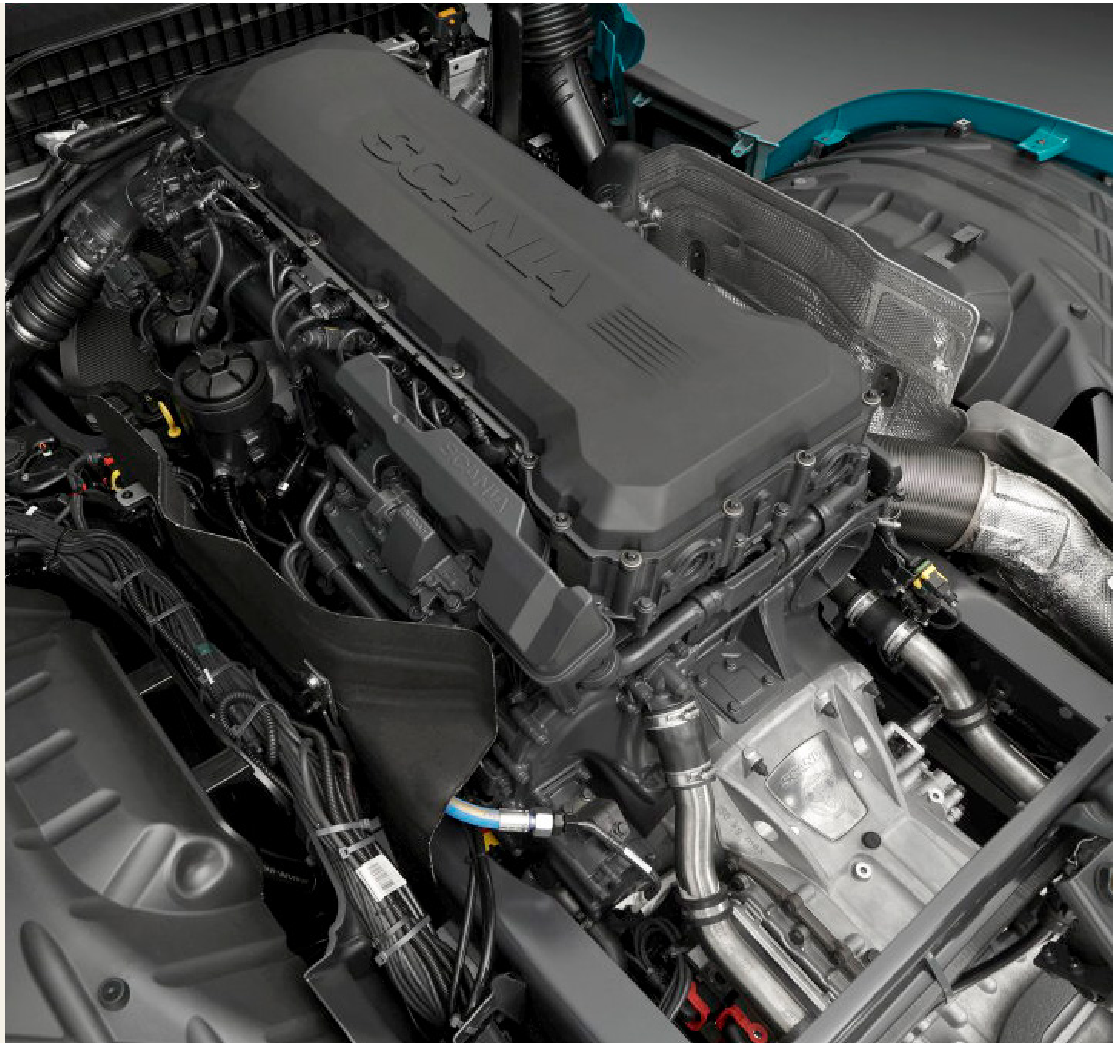
### Building on Scania's modular principles

One of the key changes involves developing one TRATON GROUP modular system that will be used across all brands. Based on Scania's modular principles, the new shared system will give each brand within the TRATON GROUP access to industry-leading modular technology, which can then be tailored to each brand's customer needs.

The modular platform will enable brands to share components and use standardised interfaces, ensuring that varying customer needs can be met in a cost-effective way. This will allow each brand to introduce new technologies rapidly, bring them to market and scale them quickly.

### Common Base Engine: a blueprint for the future

Modularity and Group-wide platforms are key factors in the future success of TRATON. The Group has already shown what is possible through cross-brand collaboration with the launch of a 13-litre common base engine (CBE) that will be used in the brands' heavy-duty commercial vehicles. First out with the CBE was Scania and as part of the Super powertrain, it sets new standards in the industry for energy efficiency for engines in heavy-duty vehicles. Closer integration within the Group, building on a common modular system will lay the foundation for similar future projects across all key components, including the chassis or the cabin.



In this section



# FOR PEOPLE AND PLANET

Ensuring our actions leave a better tomorrow is at the core of how we do business.

# OUR SUSTAINABILITY FOCUS

**At Scania, we are determined to continuously align our operations with the vision of a sustainable development. By managing our impact across the value chain, we are confident that we are building the foundation for today's and tomorrow's business success.**

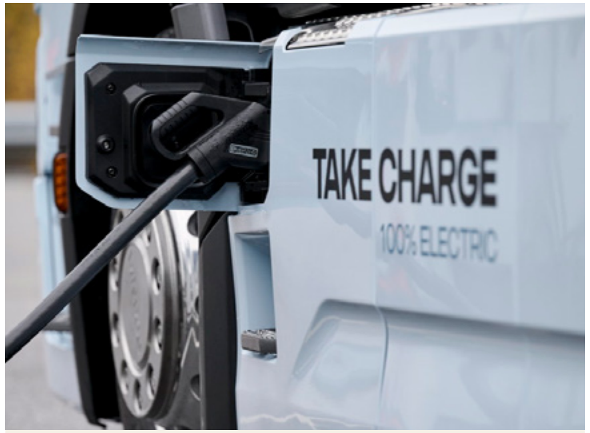
To drive the shift to a sustainable transport system, we need to lead by example. Across our business, we are focused on managing our impacts on people and the planet throughout our value chain. Our sustainability actions are focused on three interconnected priorities, based on our key impacts throughout our product life cycle: people sustainability, decarbonisation and circular business. The priorities are central to our business strategy and reflected in all our corporate objectives.

## People sustainability

People sustainability is about putting people and society at the centre of everything we do. We are committed to providing transport solutions that serve the needs of people and society, and doing so in a way that minimises negative social impacts. When developing our solutions, we consider and manage related social and human rights impacts across the lifecycle. We are committed to a just and inclusive transformation, where voices of employees and those affected by transformation are heard through social dialogue.

**Ambition:**

- Be a trusted partner for people impact across the value chain.




## Decarbonisation

Through carbon emissions we heavily impact the environment and society. Addressing this impact is our biggest contribution to sustainable development. To manage our climate impact, we are committed to reducing emissions throughout our value chain and across all relevant scopes. This means cutting carbon emissions not only from our own operations, but from the vehicles when they are in use by our customers as well as the emissions from the supply chain. Through our decarbonisation targets including our science-based targets, we have set clear goals for carbon reduction and defined the areas we need to prioritise in order to achieve them.

**Ambition:**

- Continuous decarbonisation across our entire value chain.

## Circular business

We are focused on adopting a more circular economic model, where our use of existing resources is maximised and waste is minimised at every stage of our value chain. We are working with our suppliers and others to gain a deeper understanding of the opportunities of a circular approach in the different parts of our value chain. This includes exploring new business models, extending the life of our products, optimising the use of resources and energy, maintaining product value as far as possible through maintenance and repair plans, remanufacturing spare parts and promoting recycling at the end-of-life product phase.

**Ambition:**

- Making Scania and our customers more profitable by decoupling value generation from resource use.

# DECARBONISING THE VALUE CHAIN

**We are working to cut carbon at every stage of our value chain – from the sourcing of materials, all the way to the use and eventual reuse or recycling of our products.**

The carbon emissions related to our business are our most significant environmental impact. We are committed to reducing emissions throughout our value chain and across all relevant scopes. The biggest impact comes from the vehicles when they are in use. Scania takes a well-to-wheel approach to measuring carbon emissions from the vehicles in use. This takes into account carbon impacts across the value chain, starting with the production and distribution of fuel or electricity, to the tailpipe emissions from the vehicles while they are in use.

To understand our complete climate impact throughout our value chain, we carry out ISO-approved lifecycle assessments. We continuously set new emission targets as well as expanding the scope as we work towards decarbonisation across all our flows.

## Decarbonisation targets

- Scope 1 and 2: 50% $CO_2$ reduction in operations 2015–2025 ($CO_2e$)
- Scope 3: 20% $CO_2$ reduction from vehicles in use 2015–2025 ($CO_2e$/km) WtW
- Scope 3: 50% reduction in $CO_2$ emissions from land transport per transported tonne 2016–2025 ($CO_2e$)

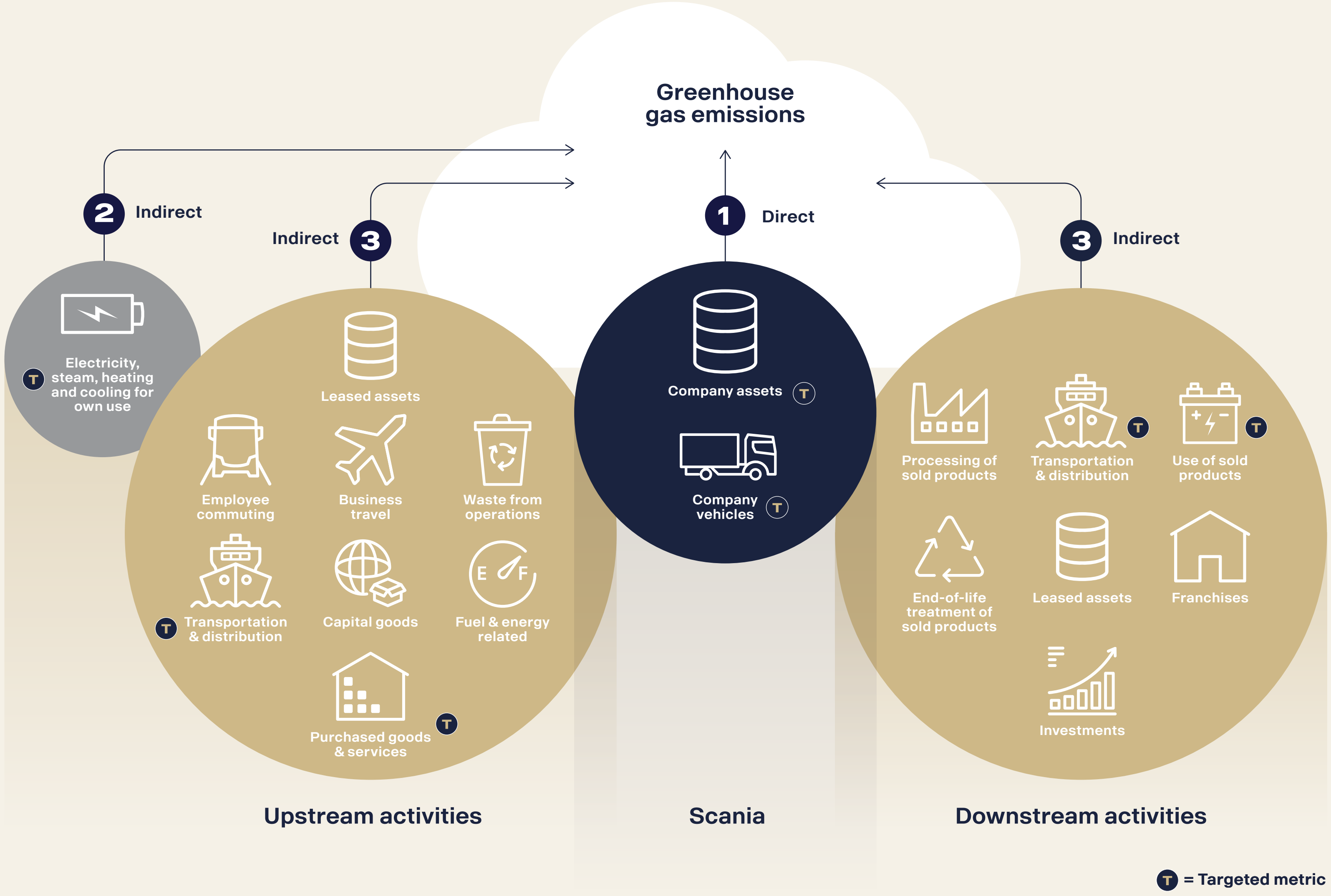
### Complementing targets

- 25% less energy per produced vehicle in industrial operations 2015–2025
- 100% fossil-free electricity in industrial operations (achieved 2020)

### Supply chain decarbonisation

- Scope 3: 100% green batteries, green steel, green aluminium and green cast iron in the European production system by 2030 (new target)

→ Read more on sustainability management and KPIs on page 143
→ Read more on sustainable supply chain on page 38
→ Read more on scope reporting on page 158




Scania takes a whole value chain approach to decarbonisation, cutting emissions at every stage of our value chain. This ranges from upstream activities such as sourcing materials and fuel, to downstream activities such as the use of our sold vehicles by customers and their end-of-life treatment. We calculate and report greenhouse gas emissions in accordance with the Greenhouse Gas (GHG) Protocol Corporate Standard.

→ Read more in the sustainability report on page 143

# DECARBONISING THE VALUE CHAIN
Continued

## New emission targets launched

With a basis in our lifecycle assessment we know that more than 90 percent of the climate footprint from a Scania vehicle today comes from the user phase. However we also know that when moving into electrification that burden shifts and the supply chain emissions increase in relation to the total.

To address this impact, we are working to decarbonise our supply chain, focusing on the raw materials we use in manufacturing that are especially carbon-intensive to produce: steel, aluminium, batteries and cast iron.

In 2022, we took a major step forward in decarbonising our supply chain, with the launch of a series of industry-leading carbon reduction targets. By 2030, we are aiming for the batteries, steel, aluminium and cast iron we use in our European production to be 100 percent green. By "green", we mean that the main sources of emissions used to produce each material will be eliminated using new technologies, renewable energy or recycled material. We are already working closely with our suppliers to ensure these changes happen. For example, we have developed a green steel roadmap for 2030, in close dialogue with our suppliers so that they are aware of their role and our expectations on the needed ramp-up of green steel production. We are exploring partnerships with suppliers to further increase access. For more on these partnerships, see page 38.

The decarbonisation plan for sourced materials currently covers production in Europe. However, we are aiming to extend it gradually to Asia and Latin America, as we work towards our goal of a decarbonised supply chain.

We are aware that decarbonising our supply chain can also come with social challenges. For more about how we manage the social impacts of our sourcing activities, see page 151.

## Cutting emissions on land transport

Since 2015, Scania has reduced carbon emissions from our land transports by 25 percent per transported tonnes. This has mainly been achieved by optimising our transport flows, increasing our use of rail transport and switching to renewable fuels for truck transport.

Looking ahead, electrification is the next important step in our roadmap to reduce the climate impact of our logistical flows. In the last quarter of 2022, we contracted our first three flows using electrified heavy-duty vehicles. We plan to scale up the share of electrified flows in Europe and Latin America by 2025.

To support the electrification of our land transport, we are building charging infrastructure for our largest production units that carriers can use. We are aiming to have our first charging units ready in Södertälje during 2023.

### Optimising our Nordic and Baltic transport flows

In 2022, we implemented new transport contracts that optimise our land transport flows in the Nordic and Baltic regions, covering around 20 percent of our total transport volume in Europe. The new set-up includes network improvements resulting in significantly shorter transport distances and higher fill rates, as well as a greater use of electrification and renewable fuels. The improvements will lead to a 60 percent reduction in carbon emissions for our pre-collection transport, and 25–30 percent emissions reduction for direct transport and packaging.

# OUR SCIENCE-BASED TARGETS

→ Read more about our complete reporting on our science-based targets on pages 145–147

**Focusing on our biggest impacts**

SCOPES IN ACCORDANCE WITH GHG PROTOCOL

**Aligning our decarbonisation strategy with science**

**Our way of reaching the targets**

## Science-based Target – $CO_2$ from own operations

The rise in emissions during 2021 and 2022 is related to our operations returning to a more normal level of activity post-Covid-19. Despite this increase, emissions have fallen by 44 percent since 2015. By following our decarbonisation roadmap, Scania still sees a clear path towards reaching our targets for 2025. Important steps towards this goal will be growing the number of electrified vehicles in the company fleet, as well as switching to renewable fuels and fossil free electricity in our operations globally.

**1** Direct emissions from owned or controlled sources

**2** Indirect emissions from the generation of purchased energy, heat and steam

**50%** 1.5°C

**$CO_2$ reduction from our operations in 2025 (tonnes $CO_2$e compared to 2015)**

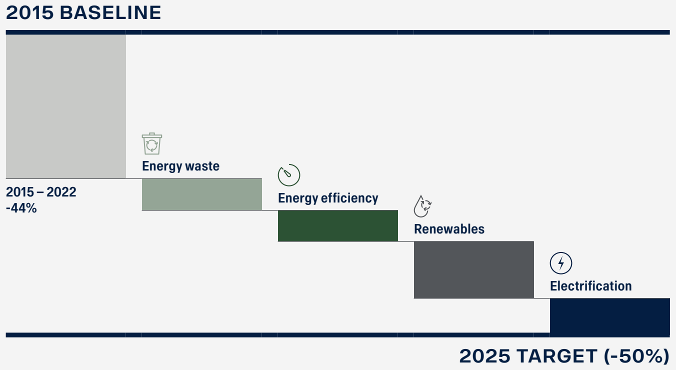
### How to impact emissions from operations

**Energy waste**
Eliminating energy waste through continuous improvements

**Energy efficiency**
Optimising heat, ventilation, lighting and production processes

**Renewables**
Purchasing fossil-free electricity and transition to renewable fuels

**Electrification**
Reducing emissions by electrification of own company vehicles




## Science-based Target – $CO_2$ from products in use

On a global scale, a changed sales mix again led to a slight increase in emissions year-on-year. At a regional and segment level, our emissions remained stable. From the next reporting year onwards, several factors will enable us to accelerate $CO_2$ reductions. These include increasing volumes of battery electric vehicles, an increased share of renewable fuels in our customers' vehicles, further penetration of the Super powertrain with improved efficiency, and more focus on energy efficiency-related services.

**3** Indirect emissions that occur in the value chain both upstream and downstream

**>90%**
**of all Scania's emissions come from when our customers use our products**

**20%**

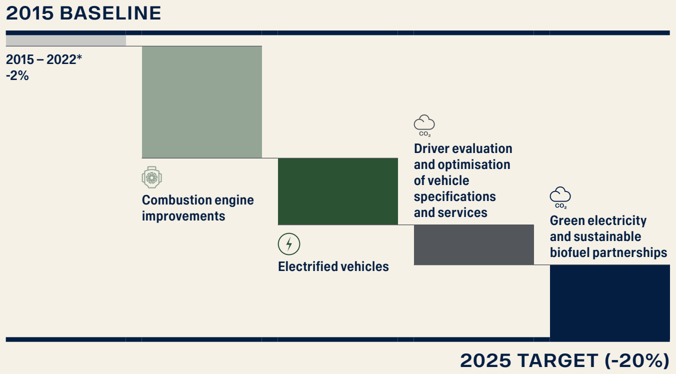
**Use-phase $CO_2$e/km reduction from vehicles produced 2025 compared to vehicles produced 2015**

### How to impact emissions from our products

**Conventional powertrains**
Developing more fuel efficient solutions of the traditional combustion engine

**Electrification**
Selling an increased share of electrified vehicles

**Adjacent initiatives**
Adjacent mechanisms that can improve $CO_2$ reduction within both conventional and electrified technology




* Input data is $CO_2$e/km from operative months within 12 months and starting after the month of production, causing reporting to lag one year. The 2022 KPI refers to units produced in 2021.

In this section



# OUR SOLUTIONS

By combining smart transport solutions, technological innovation and a partnership approach, we're working to make sustainable transport a reality.

# MAKING ELECTRIC HEAVY TRANSPORT A REALITY

**Scania's electrification journey is gathering pace. In 2022 we extended our electric offering with a new generation of regional long-haul vehicles. At the same time, we're pushing forward with pilot partnerships and infrastructure investments that will help make electric heavy transport a viable option for everyone.**

## Where we are now

Scania's electrification journey started as early as 2014 with our electric hybrid buses, followed by hybrid trucks in 2016. Today, we offer battery electric vehicles (BEV) and hybrid and plug-in-hybrid electric vehicles (HEV/PHEV), designed for a wide range of applications, from urban buses to long-distance trucks capable of handling gross train weight (GTW) of up to 64 tonnes – together with all the services needed to support them.

At the same time, we are working with our battery and charging infrastructure partners to make charging points available wherever our customers need them, and reduce the charging time these vehicles will require, keeping our vehicles on the road for longer.

### For planet – and profit

With zero tailpipe emissions, and a life cycle carbon impact that is 38 percent lower than equivalent fossil-fuelled vehicles even with today's energy mix (EU), electrified vehicles are a vital ingredient of a sustainable transport system and central to our decarbonisation goals.

But crucially, as well as bringing environmental benefits, they also make business sense already today to our customers in some markets and applications. Thanks to data from our connected trucks in operations, and to our expertise in electrified trucks, we can enable our partners' shift to electric, highly effective and to competitive costs. There are significant energy savings, for example, when calculating the best routes for electric distribution vehicles. Also, as BEV trucks run silently, transports can be carried out during the night and on routes that are not allowed today, and charging can be done during the loading and unloading of the trucks.

With a growing range of electrified solutions, we are ready for an electrified future and so are many of our customers.

> **"We are now increasing our electrified range in every dimension. These trucks are part of solutions that contain all the capabilities that the transport industry is longing for."**
>
> Christian Levin, CEO Scania and TRATON GROUP

## Opening the door to electric long-haul

The BEV landscape became significantly wider in June 2022, with the launch of our first line of BEV heavy trucks designed for regional haulage.

Unveiled at this year's IAA trade fair, the launch is a milestone in our electrified roadmap. The new generation, available with two different power levels, is part of a complete solution that will open the door to electrified transport for many more customers and applications.

The trucks offer ranges of up to 350 km, and increased load carrying capacities with GTW up to 64 tonnes. Scania also provides supporting services such as charging, finance, insurance and maintenance.

With the addition of the two new BEVs, our electrified portfolio now covers applications from distribution trucks up to regional haulage.

# MAKING ELECTRIC HEAVY TRANSPORT A REALITY
Continued

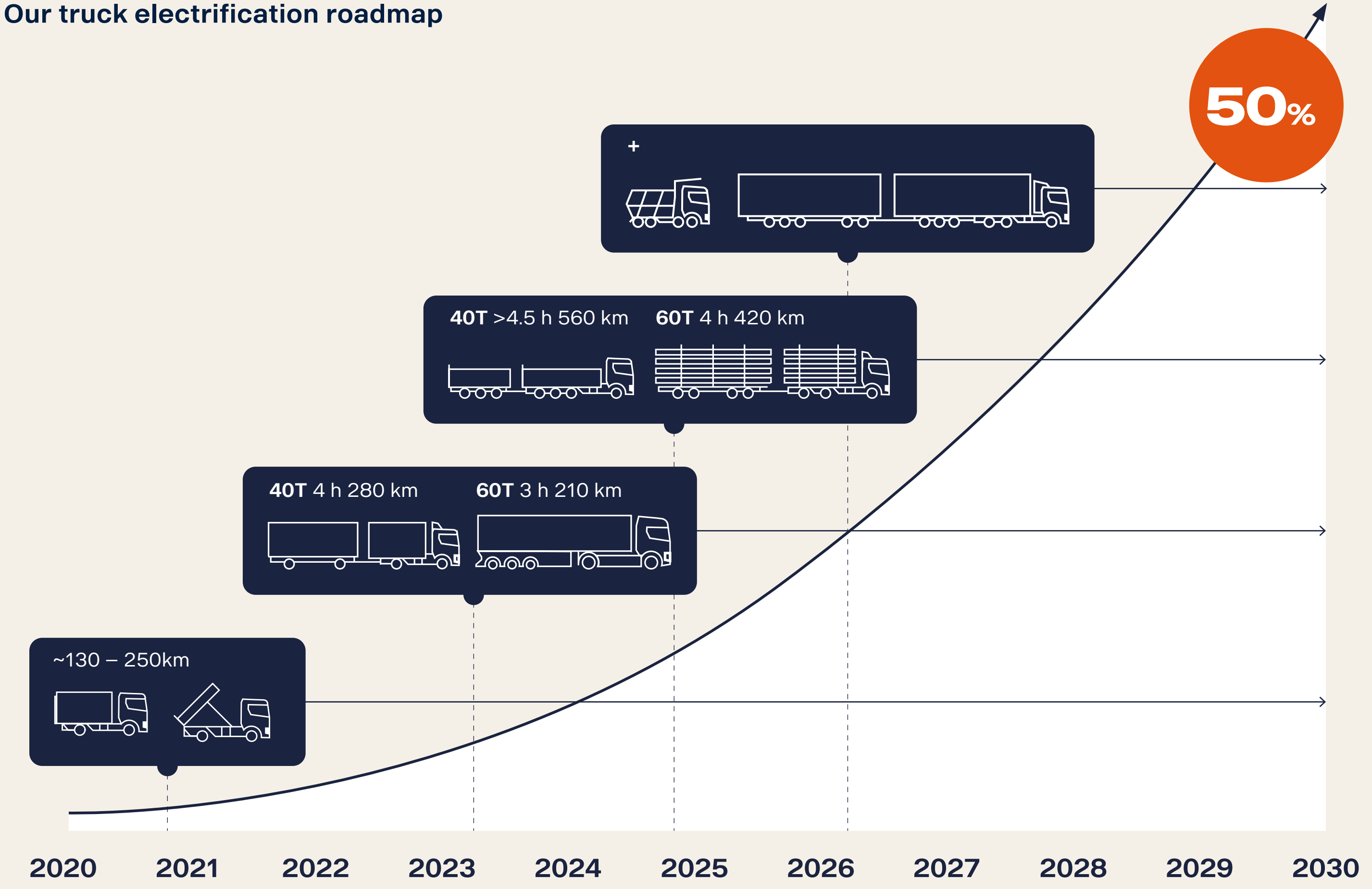
### What's coming next
The progress we have made in electrification to date is just the beginning of our journey. In the coming years, electric solutions will make up a greater portion of our portfolio, and will be available for an even wider range of applications. By 2030, half of our annual sales volume will come from electric solutions, that is our ambition in the strive to cut climate emissions in line with the Paris Agreement.

Our customers will continue to have very different transport needs in the future. As our development of electrical solutions ramps up over the coming years Scania's modular system ensures our ability to quickly scale up and offer customers a broad range of applications.

### Complete solutions
Electrified transport involves a complex network of interdependent elements, including not just vehicles but also charging requirements. To remove this complexity for our customers, all our electric vehicles are offered as part of a complete solution. Along with the vehicle, we also provide tailored services, depot charging solutions and repair and maintenance contracts, all managed and optimised through remote analytics. In other words, an ecosystem solution covering the full operation, even including the financing.

### Sales readiness
For Scania to be a trusted advisor in the shift to battery-electric vehicles requires a lot of preparation. A mindset shift is needed to acknowledge that the truck is just one part of the new big ecosystem. Scania's global sales readiness process for battery electric trucks is a systematic market-by-market approach focusing on preparing the local market conditions, workshop capabilities and customer profiles – even before the selling begins. It is happening at very different pace around the globe.

## Our truck electrification roadmap




By 2025, we will be able to electrify most operations, including construction, mining, long-haulage and timber trucks. We expect our electric solutions to make up 50 percent of Scania's annual total vehicle sales volume by 2030.

# MAKING ELECTRIC HEAVY TRANSPORT A REALITY

Continued

## Pioneering partnerships

Customer partnerships play a vital role in helping us develop the electrified transport solutions of the future. In 2022, we worked with customers on a range of important pilot projects, road-testing prototype electric solutions from extremely heavy transport to trucks designed for the most demanding mining applications. These projects test the limits of what's possible with completely electrified solutions.


## Boliden: testing high-capacity electrical heavy vehicles

In spring 2022, we started to work with mining company Boliden to pilot an extremely heavy electrified Scania truck. Weighing a total of 74 tonnes, including load and trailer, the truck is driven on a 30 km return-trip route on public roads by the mine in northern Sweden. High-capacity vehicles is a here and now solution that can be used together with both battery electric vehicles and conventional drivetrains. It increases transport efficiency and can also reduce driver shortage.

## LKAB: demanding environments

A Scania heavy tipper operates in an LKAB mine in Malmberget, in northern Sweden, alongside an electric crane truck specially adapted for mining operations. This project gives us a chance to test and operate fully electric trucks in a demanding underground mine environment.

## Jula Logistics: solar-powered transport

Working with Jula Logistics, Scania tests an electrified truck designed for high-capacity transport. Measuring 32 metres long, and weighing when fully loaded a total of 64 tonnes, the truck is powered by electricity from solar panels installed on the roof of the warehouse.

# MAKING ELECTRIC HEAVY TRANSPORT A REALITY
Continued

## Taking on the challenges
While Scania has made great progress in expanding its electrified offering in recent years, we know there are challenges that need to be overcome to make electric heavy transport a practical, sustainable option for many of our customers. Alongside partners across the transport ecosystem, we are working to address these challenges, giving more of our customers the confidence they need to switch to electric.

### Charging – the key to electrified transport
The right charging infrastructure, in the right places, is critical to keeping heavy electric vehicles rolling and ensuring transport flows are as efficient as possible. A prerequisite for a successful charging infrastructure build-out is of course access to electric grid and fossil-free electricity. At Scania, we are committed to working with partners to build and scale charging infrastructure.

### Network for public charging
Within TRATON GROUP, Scania and MAN, together with competitors Daimler Truck and Volvo Group have signed a binding agreement to install and operate public charging network for battery electric, heavy-duty long-haul trucks and coaches in Europe. In 2022 the final step was completed and a joint venture for charging infrastructure in Europe was formed with plans to install and operate at least 1,700 high-performance fossil-free charge points on, and close to, highways and logistics hubs across Europe. The official brand name of the joint venture charging network is Milence.

### Standardising charging infrastructure
Heavy transport demands a significant amount of power. To show what the charging system of tomorrow looks like for heavy electric vehicles, the Megawatt Charging System (MCS) was launched in 2022, connected to a Scania truck. CharIN – Charging Interface Initiative is a global cross-sector that Scania is co-operating with in order to secure a standardised interface for fast charging with high-power in order to serve the needs of battery electric long-haulage

### Depot charging solutions
When it comes to charging fleets at the hub or depot that they park, Scania can deliver the complete solution. For Falkenklev Logistik in Sweden, Scania is delivering a complete e-mobility solution including five battery electric trucks and 1.6 MW charging solution as part of their plan for a 22-vehicle public charging station. The charging solution and smart charging technology will supply, monitor and optimise their energy usage, as well as future proofing the charging system for 18 additional vehicles.

Another example is Bergkvarabuss, to which Scania is delivering a 34-vehicle mixed fleet solution combining electric buses with buses running on biomethane, in combination with a state-of-the-art depot and workshop charging solution for the bus depot in Strängnäs, Sweden.

### Charging management systems
Having charging infrastructure in place is an important first step. But to optimise transport flows, customers need more than charging points – they also need to know exactly where they are, and be able to use them quickly and efficiently. To reduce complexity for our customers, we are developing digital solutions designed to make it easy to find, access and pay for charging in a way that maximises transport efficiency.

By combining digital services with data from our connected vehicles, we are developing a complete charging offer for our customers, based on a detailed analysis of their fleet and transport requirements and covering everything from installation to management and maintenance.

## Batteries: new impacts, new challenges
Scania has the ambition to work with batteries in closed loops, meaning we work in partnership and pilot possibilities to reuse and repurpose the batteries before recycling them at the end of the battery life.

While the electrification of transport brings major environmental benefits, it also creates new social challenges – in particular, those related to the raw materials needed for battery production. Responsible mineral and battery material sourcing is a major issue on the global sustainability agenda, as extraction of these materials can be linked to violence, conflict and human rights abuses.

As part of the supply chain sustainability work we carry out within the Volkswagen Group, we have identified four battery raw materials that we consider high risk: cobalt, lithium, graphite and rare earth elements such as neodymium. Through our supply chain management system, we work continuously to improve the traceability of these materials and identify risks, working with independent auditors and certification initiatives to raise standards and ensure we are using minerals from responsible sources.

**Our key battery supply chain sustainability partners include:**

- Responsible Sourcing Blockchain Network (RSBN). An open industry collaboration that uses blockchain technology to increase efficiency, sustainability and transparency in global mineral supply chains.
- Responsible Minerals Initiative. An industry initiative providing tools and resources to support responsible sourcing of minerals from conflict-affected and high-risk areas.
- Global Battery Alliance. A partnership of businesses, NGOs and other industry actors working to ensure that battery production safeguards human rights and promotes health and environmental sustainability.
- CERA. A four-year project to develop a standardised certification scheme for sustainable sourcing of mineral raw materials.

→ Read more on supply chain sustainability management on page 151

## Improving mining sustainability
2022 saw a major step forward in improving the traceability and sustainability of battery materials in Scania electric vehicles, with the signing of a new partnership deal with the Initiative for Responsible Mining Assurance. IRMA audits mining sites around the world to verify and certify social and environmental performance, using an internationally recognised standard.

Through the Volkswagen Group, Scania has engaged IRMA to audit four key mining sites for our battery materials to check they are compliant with our sustainability standards. Through the partnership, IRMA will also audit mines in selected countries that extract rare earth elements for Scania electric vehicles.

# BIOFUELS: THE HERE AND NOW SUSTAINABLE SOLUTION

**Electrification is just part of the answer. Biofuels are also an essential part of a sustainable transport system.**

Sustainable biofuels have a critical role to play in decarbonising the transport system. While electrification is central to our long-term decarbonisation strategy for Scania, biofuels are also an important part of our business and solutions, and are vital to our climate goals.

While electrification takes time and investment to scale, biofuels can be adopted here and now, delivering immediate and cost-effective carbon reductions. Unlike electrified solutions, biofuel solutions can also be deployed globally and in parts of the world where cost challenges and lack of infrastructure make electrification unfeasible. For that reason, both electrification and biofuels are essential in the climate transition.

Biofuels bring other important benefits aside from decarbonisation and cleaner air. As well as reducing our reliance on fossil fuels, a sustainable transport system should also create jobs and support local economies. By creating a market for organic waste material, biofuels help make the shift to sustainable transport fair and equitable: a transition in which everyone stands to benefit.

**What we offer**

Scania offers the broadest range of biofuel solutions on the market. All our diesel vehicles can run on HVO (hydrogenerated vegetable oil) without modification, and all our gas vehicles can run on biomethane (purified biogas). All Scania diesel engines in Europe as from 2009 can use HVO 100, a waste-based biodiesel. Scania also offers diesel engines that also can run on both biodiesel RME (rapeseed oil) and HVO 100. These fuels can either be used alone or in combination with electrification in hybrid vehicles, for an even lower carbon impact.

We work with transport companies and other partners to offer biofuels as part of complete transport solutions. Combining everything from vehicles to infrastructure and transport planning, these solutions can make a major contribution to sustainable transport in areas where electrification is not yet an option.

**Increasing access to biofuels**

Limited access to sustainable sources of biomethane remains a challenge for the transport industry. We contribute to global efforts to boost production and distribution, working closely with customers, infrastructure providers, regulators and others across the transport ecosystem. For more resilient transport systems and energy security, locally or regionally produced biofuels can also bring large benefits compared with imported fossil fuels.

→ Read more on transport ecosystem partnerships on page 38

## Biofuel facts

- Biofuels can make an instant and cost-efficient contribution to decarbonisation in the transport sector.
- They can be made from manure or organic waste such as agricultural waste and cooking oil, thereby contributing to avoided greenhouse gas emissions, for example in landfills and from farming operations.
- Biofuels can be used in both people and goods transportation.
- Up to 90% lower emissions compared with diesel.
- By-products from biofuel production can be used as biofertiliser, offering $CO_2$ reduction in scopes outside of transport.
- Biofuels solutions support jobs along the whole value chain and sustainable closed loop systems.


A fuel station for HVO (hydrogenerated vegetable oil) at Jula's warehouse in Skara, Sweden.

# BIOFUELS: THE HERE AND NOW SUSTAINABLE SOLUTION

Continued


## Transforming urban transport in Abidjan

In Abidjan, the capital of the Ivory Coast, Scania has been working since 2019 with the city's transport company SOTRA and the Ivorian Ministry of Transport, to transform the public transport system and address traffic chaos and air pollution. The project involves delivering hundreds of biofuel-powered buses, as well as planning a new depot and supporting the Intelligent Transport System (ITS), including traffic management, ticketing and a passenger information system.

Three years on, all 452 Scania buses and 25 Volkswagen buses were delivered. Delivery of the ITS has begun, and will be completed for the full SOTRA bus fleet by September 2023. Construction of the new bus depot is expected by 2025. Meanwhile, plans are underway to develop a 10 km Bus Rapid Transit project, and to begin running a Scania-built SOTRA bus powered by biodiesel extracted from rubber seed agricultural waste.

The Abidjan example shows how biofuel-powered transport can change lives for the better: reducing traffic, cutting air pollution, providing jobs and decreasing our climate impact using a solution that's available right now.


## Local waste gets Pamplona moving

Spain is a country with a strong agricultural and food production industry, and therefore a plentiful supply of organic waste material. In Pamplona, the public bus operator Moventis TCC Pamplona is tapping into this resource to power sustainable urban transport, thanks to a new deal with Scania. Through the agreement, Scania has supplied the operator with 13 brand new gas buses, each running on biomethane derived from locally produced organic waste.

This purchase is a first step towards Pamplona's road to decarbonising urban traffic, in which all public service vehicles will soon follow suit, either through electrification or by utilising locally sourced biomethane.

# PARTNERSHIP AND ENGAGEMENT

**Driving the shift depends on collaboration and collective action. By reaching out and joining forces with others across the transport ecosystem, Scania is helping to create the enabling conditions that make sustainable transport possible.**

A sustainable transport system requires more than the right vehicles. It also depends on a wide range of enabling conditions to be in place. For example, electric transport can only be a viable and sustainable option if vehicles have access to a widespread charging network, as well as plentiful energy produced from renewable sources. In the same way, the transport industry can only reap the benefits of fossil-free fuels such as biogas if the infrastructure is there to produce these fuels sustainably at scale, and make them readily available.

Creating the conditions to support sustainable transport is outside the control of any one company – it depends on collaboration across the whole transport ecosystem. At Scania, we are committed to working with others to develop green resources, solutions and infrastructure, and to push for the policies and investments needed to make sustainable transport a reality.

## Policy partnerships and commitments

To accelerate the shift to sustainable transport in line with global carbon reduction targets, we need the right policy framework to be in place, as well as major investments in infrastructure. Scania is involved in a range of initiatives bringing together key industry players and decision makers to push for positive change. We also support sustainability movements by making commitments and pledges to causes that align with our ambitions.

*CEO Alliance* – Scania is, through CEO Christian Levin, a member of the CEO Alliance (and will lead the Alliance in 2023), an initiative bringing together top executives from the energy, transport, finance, construction and technology sectors to advocate for an ambitious implementation of EU climate policy with the aim of reaching climate goals and securing competitiveness for European industry. Within the Alliance, Scania led a joint project to develop a Europe-wide charging infrastructure for heavy-duty electric trucks. In 2022, the project moved into the next phase as a joint venture between TRATON GROUP and industry peers was founded, named Milence.

*Pathways Coalition* – Founded by Scania, along with E.ON, H&M Group and Siemens (Ericsson joined in 2020 and Postnord in 2021), the Pathways Coalition brings together leading companies along the whole transport value chain – from energy providers to energy companies and logistics companies, as well as transport buyers. The Coalition's vision is for commercial heavy transport to become fossil-free by 2050, in line with the Paris Agreement.

*Biomethane Industrial Partnership* – In 2022, the European Commission and industry leaders launched the Biomethane Industrial Partnership – an initiative to increase the production of biomethane tenfold by 2030. Scania is a co-founder and transport sector representative in the partnership.

*First Movers Coalition* – This initiative encourages companies to increase low carbon purchases in areas considered hard to decarbonise, such as steel and transport. As a founding member, Scania has committed to purchasing significant amounts of green steel.

## Supply chain sustainability partnerships

Through partnerships we play an important role in improving the sustainability of the automotive industry supply chain. We invest in partnerships and initiatives to decarbonise our operations and production processes: for example, by developing green battery technology and renewable fuel infrastructure, or increasing access to steel produced using low-carbon methods. Through the Volkswagen Group, we also engage in partnerships that contribute to addressing the risk of social impacts linked to the sourcing.

→ **Read more on supply chain sustainability on page 151**

*Batteries* – Through our partnership with battery developer Northvolt, we are investing in the development and commercialisation of green battery cell technology for heavy vehicles. Northvolt's ambition is to produce the world's greenest batteries, made with materials derived from recycled batteries, and with an 80 percent lower carbon footprint compared with batteries produced using fossil energy. In 2021 we increased our investment in Northvolt, helping to fund a major expansion of their factory in Sweden.

→ **Read more on battery raw material sustainability on page 35**

*Steel* – To secure access to green steel, we have invested in H2 Green Steel, with a plant in the north of Sweden that is developing a process to reduce carbon emissions per tonne of steel produced by 95 percent. The plant will begin production in 2024. Other initiatives we support include Hybrit – a collaboration between the companies SSAB, LKAB and Vattenfall to develop fossil-free steel production processes.

→ **Read more on supply chain decarbonisation on page 29**

# PARTNERSHIP AND ENGAGEMENT
Continued


Scania's CEO Christian Levin meets fellow CEO Alliance member, ABB's CEO Björn Rosengren to discuss charging systems for heavy electric vehicles.

## 2022 highlights

### A charging network for Europe's heavy trucks
The electrification of heavy goods transport in Europe depends on the creation of a widespread and reliable charging network. In July 2022, that ambition took a step closer to becoming reality, with the announcement of a new joint venture between the TRATON GROUP, Daimler Truck, and the Volvo Group. The joint venture named Milence, plans to install and operate at least 1,700 high-performance fossil-free energy charging points, and is expected to have a significant role in supporting the European Union's Green Deal for carbon-neutral freight transportation by 2050.

### Climate Day 2022
To coincide with Earth Day on 22 April 2022, Scania, as well as 660,000 employees across the Volkswagen Group held a Climate Day, an opportunity to focus on climate change, and their role in addressing it. Scania employees got the chance to discuss circularity as an enabler for a sustainable transport system, and how to integrate circularity into core processes and methods.

### COP27
At COP27 in Egypt, Scania representatives took part in discussions and sessions together with ministers from several countries, pushing for policies and public investments creating the right conditions for the technology transition in the transport sector. Scania signed open letters calling for quick political action to drastically cut the climate emissions.

### Presidency for CEO Alliance
In December 2022, at the CEO Alliance's bi-annual meeting in Rome, Scania was handed the presidency of this partnership between the 13 multinational companies. The presidency coincides with Sweden's ditto in the EU, which gives a unique opportunity to advocate for legislations and public investments paving the way for not least sustainable transports. The alliance plays a key role in the work to strengthen the competitiveness and resilience of European business, and to secure the shift to a more sustainable society.

### Scania and KTH
Scania and KTH, The Royal Institute for Technology (Sweden's largest technical university) has a long tradition of collaboration. Together Scania and KTH are one of the reasons why Södertälje and the whole Stockholm region is ranked as one of the most innovative places in Sweden and Europe. In a new memorandum of understanding, Scania and KTH has agreed on working close together on research and innovation connected to the Scania ambitions on driving the shift towards a sustainable transport system.

### High-level visits
Scania regularly gets to host leaders and politicians from all over the world. In summer 2022, German Chancellor Olaf Scholz and Swedish Prime Minister at the time, Magdalena Andersson paid a visit to Scania's Demo Centre in Södertälje, Sweden. The meeting held important discussions on green transition in the industry in general, and especially electrification in heavy-duty vehicles.

# INNOVATION AND BUSINESS TRANSFORMATION

**By harnessing new tools and ways of working, we are rapidly developing the ideas and technologies that will shape tomorrow's transport system.**

The transport industry is experiencing one of the most transformative eras in its history. New technologies and social and economic forces are driving radical changes in our ecosystem. These changes are not only creating new transport solutions but unleashing entirely new business possibilities, transforming the very idea of what it means to be a transport solutions provider.

At Scania, we are seizing the opportunities these changes bring to accelerate the shift towards sustainable transport. This involves investing in innovation in areas that are core to our business today, as well as exploring new business models and solutions that will play an increasingly important role in how we create value for our customers in the future.

To capture the market opportunities that will come from the future transport system, we must be ready to use all the tools at our disposal. For Scania, that means embracing new ways of working, developing our skills and knowledge and adopting an entrepreneurial mindset. This ongoing business transformation is a fundamental aspect of innovation at Scania, and vital to our long-term competitiveness.

Investing in innovation is an integral part of our strategy and one of our key corporate objectives. Read more about our strategy and corporate objectives on page 22.

## Research and development

Through pioneering research and development, Scania is bringing cutting edge ideas and technologies into today's transport solutions. Our R&D work in areas such as AI, automation, electrification and connected transport is unlocking the next phase in the evolution of heavy commercial transport, and accelerating the shift to sustainable solutions.

### Venture client initiatives

Our research and innovation work is often carried out as part of a collaboration with others across our ecosystem, especially start-ups. One example is our involvement in Combient Foundry, a Nordic-based venture client initiative that aims to connect large industrial companies with globally selected and fast-growing start-ups to explore potential business opportunities. Projects initiated by the partnership are carried out first as joint pilots, then potentially as supplier or partner relationships. During 2022, Scania worked on three such projects for preparing trucking companies and fleet owners for the transition to electrification.

## Exploring new business models

The rapid transformation of our industry is bringing a wealth of new business possibilities, many of them outside our traditional field of business. Through our new corporate function Mobility Solutions, Scania is positioned to capitalise on the market opportunities ahead, whether in products or tomorrow's new transport solutions.

The function's focus is on speed and agility. Rather than moving from idea to execution, we test out ideas in a commercial setting early, so we can scale or discard ideas quickly. Mobility Solutions brings together several key Scania functions, each providing critical capabilities and expertise, including:

- LOTS Group – a wholly-owned subsidiary of Scania, this transport provider has its main operations in the Americas
- Scania Growth Capital – our venture capital fund backing ventures for transforming mobility and transport
- Scania Ventures – we have six ongoing ventures ranging from logistics to green IT

The function is also focusing on developing autonomous transport technologies and solutions. Scania's main focus areas for autonomous transports are the hub-to-hub and mining applications. Demand for hub-to-hub, or logistics terminal-to-terminal applications, is steadily increasing due to growing driver shortage in Europe, opportunities for reduced total cost of ownership as well as optimisation of energy usage.

## Nurturing an entrepreneurial mindset

As our business evolves, we need to ensure we have the right working culture to make the most of the opportunities the future holds. To support this, we are focused on adopting more agile ways of working and fostering an entrepreneurial mindset among our people.

To encourage an entrepreneurial culture, we have changed our organisational structure to create a more dynamic company, where employees have more freedom to take on new roles, switch career paths and try out new skills. Scania has initiated several initiatives to give our employees the opportunity to develop ideas and gain hand-on experience of start-up culture.

### Scania Innovation Factory

The intrapreneurship programme, Scania Innovation Factory, was launched to give our employees the skills and support to develop bright ideas and bring them to market. The purpose is also to create an entrepreneurial pathway through the company that drives innovation faster with less risk, but also to develop new business models and actual revenue streams. Each year, four to six selected teams are given leave from their regular duties to test and validate their innovative business idea as part of their employment, with SEK 500,000 seed funding from Scania.

### Scania Hack

Scania Hack is an annual two-day hackathon giving everyone across the business a chance to test out and develop ideas and solutions that could be part of Scania's future. The event is open to all, and there are no restrictions to the type of ideas employees can put forward. The most promising ideas have the chance to be developed further as part of Scania's Innovation Factory.

## Skill Capture: innovation through diversity

At Scania, we recognise that innovation depends on diversity. The most innovative teams are those that can draw from the broadest range of skills, insights and perspectives. Encouraging diversity is also important to ensure we have the right skills in place for our transformation journey. Our Skill Capture programme ensures that we can harness untapped potential and talent from right across our organisation, putting a diversity and inclusion mindset at the heart of our recruitment and career development processes.

Skill Capture is an ongoing process involving management teams and employees at all levels of the business, covering the whole journey from initial awareness to action, integrating diversity and inclusion considerations into everything we do.

In this section



# CORPORATE GOVERNANCE

Putting trust and accountability at the heart of how we run our business.

# CORPORATE GOVERNANCE

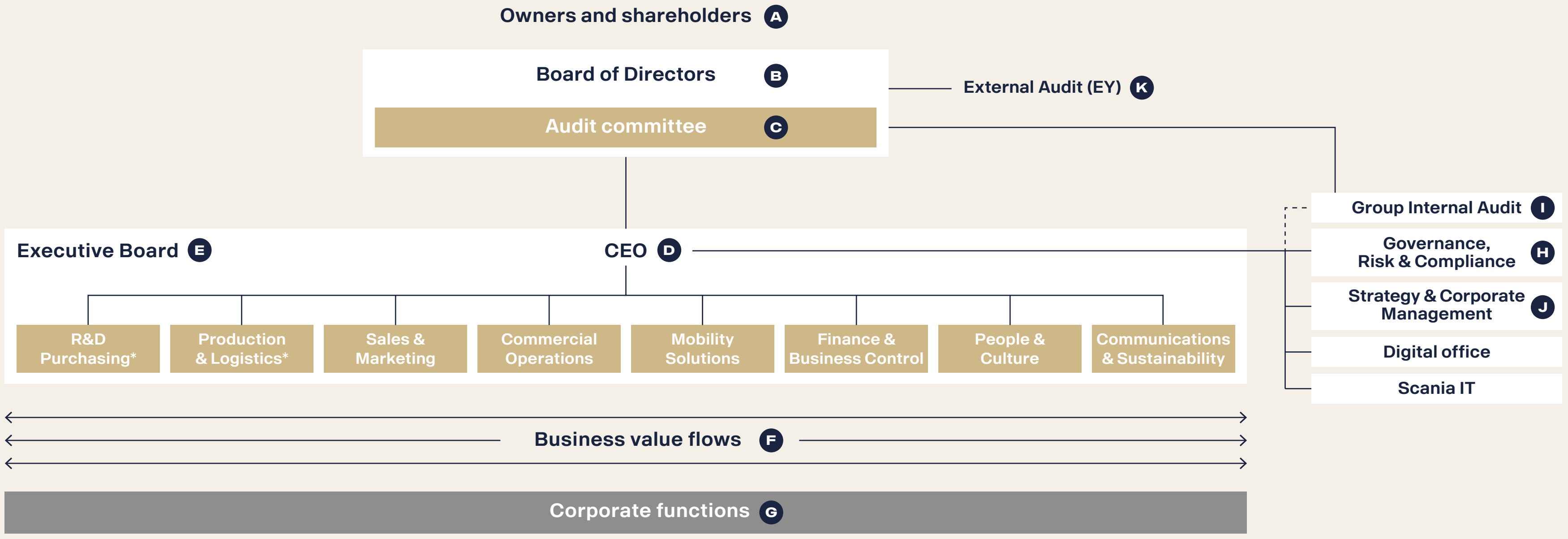
**Corporate Governance is the framework used to direct and manage the company. It supports Scania's business model and strategy, and enables the organisation to achieve its objectives, while addressing risk and ensuring sustainable business practices. Scania's corporate governance aims at providing transparency and trust to our key stakeholders.**

Scania AB and its direct wholly-owned subsidiary Scania CV AB (together 'Scania') maintain a high international standard of corporate governance through the clarity and simplicity of its management system and governing documents. Corporate governance at Scania is based on the Articles of Association, Swedish legislation, in particular the Swedish Companies Act, the Annual Accounts Act and internal governing documents. This Corporate Governance Report has been prepared in compliance with the Annual Accounts Act.

As a non-listed entity, Scania is not obligated to follow the reporting requirements of the Swedish Corporate Governance Code. Scania is preparing its reporting in accordance with the Non-Financial Reporting Directive (NFRD), Global Reporting Initiative (GRI) and is also integrating the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in its reporting. Scania is already reporting EU taxonomy information and is preparing for the increasing reporting requirements forthcoming in future years through the regulatory developments in the EU, and as the new Corporate Sustainability Reporting Directive (CSRD) will be applicable also to Scania, (see Sustainability report index starting at page 160 for further information on e.g. NFRD, taxonomy, GRI).

Scania's management of the company includes management systems like Quality Management System (ISO 9001), Environmental Management System (ISO 14001) and others.

## Governance structure




* Effective from 1 February 2023, Industrial operations is split into R&D Purchasing and Production & Logistics

## Governance structure

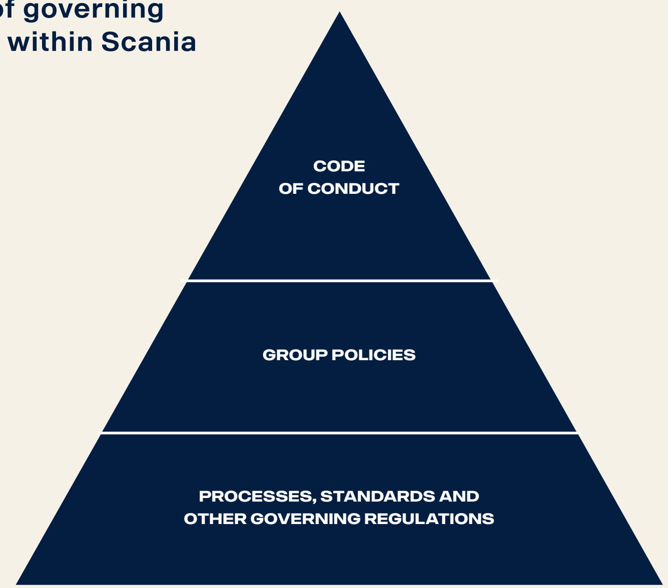
The Board of Directors is mainly responsible for determining Scania's overall strategy and goals. To fulfil the Board's responsibilities, it has appointed the President and CEO, who appoints the Executive Board. The Executive Board updates the Board of Directors regularly on topics that are of long-term and strategic nature.

The Executive Board decides the strategic direction of the Scania Group. The members are jointly responsible for strategy and for maintaining a holistic view of the Scania Group when handling strategic issues for each specific area. The heads of corporate functions G are responsible for ensuring that the appropriate actions are taken in their respective fields of responsibility based on the strategies that have been decided. Each corporate function reports to one of the members of the Executive Board. Business value tables F, with cross-functional representation, are empowered to take the necessary operational decisions within each business value flow. The business value flows are shaped around: Goods transport internal combustion engine, Goods transport e-mobility, People transport, Power solutions and Transport systems.

In the following sections, the roles and responsibilities as well as interactions between these parties are described in more detail.

# CORPORATE GOVERNANCE
Continued

## Hierarchy of governing documents within Scania




**Code of Conduct:**
Contains a set of binding rules and guidance regarding responsible behaviours for all Scania Group employees.

**Group policies:**
Fundamental and binding Scania internal regulations governing topics that need to be regulated in the interest of Scania.

**Processes, standards and other governing regulations:**
Contains more detailed comprehensive and specific rules on how to fulfil requirements within a specific area.

Governance at Scania translates into the form of organisational structure, policies, guidelines, methods and practices that ensure transparency, responsiveness, empowerment, accountability and cross-functional participation. It is based on Scania's purpose, core values, legal requirements and requirements from our key stakeholders. Scania's governance structure helps the organisation to reliably achieve the set objectives while addressing uncertainty and acting with integrity.

Scania's governing regulation structure starts with the Scania Code of Conduct as shown in the picture. The Code of Conduct and Scania Group Policies are valid for all Scania employees and Scania entities globally. Scania has established a Supplier Code of Conduct for suppliers, as well as an Independent Distributor Code of Conduct for independent distributors, available externally to stakeholders through the corporate website.

All affected managers must ensure that the content of the respective Group Policy is implemented within their area of responsibility within the requested implementation period. Each operational unit confirms this in writing after a new policy is issued.

## Owner and shareholders

The sole shareholder A of Scania AB is TRATON Sweden AB, an indirectly fully owned subsidiary of TRATON SE.

TRATON SE is a subsidiary of Volkswagen AG and is listed on the Frankfurt Stock Exchange and the Nasdaq Stockholm Stock Exchange. Both Scania and TRATON are part of the Volkswagen Group.

### Annual General Meeting

The right of shareholders to make decisions on Scania's affairs is ultimately exercised at the Annual General Meeting (AGM). The AGM shall be held within six months of the expiry of each financial year.

The Notice convening the AGM shall be issued no earlier than six and no later than four weeks before the meeting. A Notice convening an Extraordinary General Meeting (EGM) shall be issued no earlier than six and no later than three weeks before the meeting. In accordance with the Swedish Companies Act and Scania's Articles of Association, the composition of the Board of Directors is decided by election.

At the AGM, the shareholders exercise their voting rights for, e.g. to approve the Annual Report and the Auditors' Report presented by the Board of Directors.

Decisions at the AGM are usually made by simple majority. In some cases, such as an amendment to the Articles of Association, however, the Swedish Companies Act or the Articles of Association stipulates either a certain level of attendance in order to reach a quorum or a qualified majority of votes. During 2022, the AGM did not authorise the Board of Directors to resolve on the issue or repurchase of shares.

## The Board of Directors

The Board of Directors B is Scania's highest administrative body and is responsible for the management of the company's operations as well as the organisation. It is also overall responsible for Scania's long-term development and strategy (see Our strategy from page 19). This includes overseeing climate and other sustainability issues relevant to reaching Scania's targets and objectives.

Scania's Board of Directors, which is identical for Scania AB and Scania CV AB, is elected by the sole shareholder at the AGM. The Board of Directors is the link between the shareholders and the company's management. The Board of Directors shall comprise a minimum of three and a maximum of eleven members plus a maximum of two deputy members. Current composition includes ten elected Board members and no deputy members. In addition, pursuant to Swedish law, some members are appointed by a party other than the AGM. The trade unions at Scania have appointed four Board members and two deputy members. The members are elected each year for the period up to the end of the

# CORPORATE GOVERNANCE
Continued

next AGM. During 2022, there were no changes in the elected Board members, but one change in a deputy member appointed by the trade unions.

The Board of Directors is called to a statutory meeting plus at least four regular meetings per year. The statutory meeting, which is held directly in conjunction with the AGM, approves Rules of Procedure and working mechanisms for the Board of Directors and rules of procedure for the Audit Committee.

The Rules of Procedure include regulations on the number of meetings during the year, the role of the Chairman of the Board of Directors, instructions regarding the division of labour between the Board of Directors and the President and CEO as well as instructions for financial reporting to the Board of Directors.

The Chairman of the Board of Directors pursues a regular dialogue with Board members to evaluate the work of the Board of Directors. In addition, a written evaluation is normally carried out each year, in which all Board members are given the opportunity to present their opinions about the Board of Directors, including the Chairman, and its work.

The President and CEO is evaluated on a continuous basis by the Board of Directors. Once a year, the Board of Directors also carries out an evaluation of the President and CEO in which he does not participate.

Scania's Board of Directors has established one working committee, the Audit Committee, to which the Board of Directors appoints the members from among its own members.

Remuneration of the Board of Directors is resolved at the AGM. Information on annual remuneration is provided in Note 24 to the consolidated financial statements.

→ Read more about the Board of Directors on page 51

## The Audit Committee

The Audit Committee C monitors effectiveness of governance, risk management and internal controls processes at Scania as well as matters related to administrative processes, refinancing and treasury operations. Its brief also includes discussing and evaluating the company's application of important accounting issues and principles and the company's financial- and non-financial reporting, as well as evaluating the auditors and approving the use of external auditors for non-auditing-related services. As a minimum, all risks related to internal and external statutory reporting as well as other risks reported to the owner are presented to the Audit Committee.

The Audit Committee also regularly monitors effectiveness of Internal Audit Function and is regularly informed about Group Internal Audit I performance regarding the accomplishments of the Annual Audit Plan, relevant audit results and implementations of actions resulting from audit assignments. The Audit Committee also receives and discusses possible complaints concerning accounting, internal controls or auditing in the company.

The Audit Committee is identical and common to Scania AB and Scania CV AB.

## The President and CEO

Under the Board of Directors, the President and CEO D is responsible for the day-to-day operations of the Scania Group. The President and CEO is responsible for the Group's fulfilment of its overall strategy and its financial and business controls, as well as the Group's financing, capital structure, risk management and acquisitions. The President and CEO is authorised to make decisions on matters that do not require Board of Directors approval. On matters requiring Board of Directors approval, the President and CEO produces the information and documentation needed to enable the Board of Directors to make well-informed decisions.

The President and CEO of Scania AB is Christian Levin. Since 1 October, 2021 he is also the President and CEO of TRATON SE.

## The Executive Board

The President and CEO is the Chairman of the Executive Board E, which makes joint decisions in accordance with guidelines approved by the Board of Directors and the instruction on the division of labour between the Board of Directors and the President and CEO.

The Executive Board decides on matters of strategic and high-impact operational nature. This includes, but is not limited to, the fulfilment of Scania's overall strategy, continued development of the company and its business model, sustainability, supply chain development, overall human resource and environmental, social and governance (ESG) matters, resource allocation and financing of the company.

Information on the remuneration of the Executive Board is available in Note 26 to the consolidated financial statements.

→ Read more about the Executive Board on page 54

## Stakeholder engagement

Scania's stakeholders range from customers and employees, owners and lenders, to transport ecosystem partners such as infrastructure providers, transport users and the wider society (see more on page 14). By working with stakeholders across our ecosystem, we can promote the adoption of today's sustainable solutions, while developing the technology and enabling conditions that will support the transport system of tomorrow.

For Scania, it is essential to create value for our stakeholders. We continuously engage to find out what they believe are the most important topics facing the transport industry as a whole and Scania as a company.

Stakeholder engagement can also be expanded to include the rightsholder perspective, meaning individuals at risk of being adversely affected throughout Scania's value chain. Scania recognises its responsibility to manage impact on rightsholders throughout the value chain, concerning human rights as well as environmental impact. Scania engages with rightsholders to understand and prioritise management of human rights, for example through the salience review performed in 2022 (see page 160 for more information).

Stakeholder engagement is integrated in Scania's strategy deployment process as well as within specific processes related to, for example, our environmental management system (ISO 14001) as well as within certain projects (salience review). Throughout the strategy process input is gathered from different stakeholder groups such as shareholders, customers and employees among others. The stakeholder engagement is a key part in determining impacts and risks, which is the foundation for Scania's materiality assessment but also key in strategy development and resilience testing. Materiality assessment is part of Scania's strategic work and continuous improvement philosophy. These assessments and continuous stakeholder dialogue lays the foundation for Scania's strategic direction and targets.

Various channels and methods are used for the stakeholder interactions. Most of them are integrated in the regular work and occur as part of our ongoing dialogue with organisations, customers, suppliers, owners, lenders and partners.

## Strategy

Scania's strategic direction is decided by the Executive Board, on behalf of the Board of Directors. The strategic direction is updated on an annual basis and communicated by the Executive Board at the Top Management Meeting in quarter two and serves as the foundation for Scania Group's business and operating plans. The central support function Strategy and Corporate Management J is responsible for the strategy deployment on behalf of the Executive Board.

# CORPORATE GOVERNANCE
Continued

Scania's purpose, to drive the shift towards a sustainable transport system, serves as the base for our strategic direction and is clarified through our corporate objectives.

There is no separate strategy for sustainability. Instead, sustainability is at the core of Scania's corporate strategy in order to align our business activities to sustainable development.

The annual strategy process can be described as a strategy process wheel where the current year strategy is executed. The next year's strategy is formulated and deployed in parallel.

During the strategy formulation phase, Scania's strategy is tested against future possible scenarios for the global transport ecosystem by 2040 – in order to strengthen the robustness of the strategy towards the different potential futures. The scenario-based approach to strategy, technology and competence planning and the assessment that has been carried out, including the effects of climate-related risks (such as rising temperatures), builds a deep and shared understanding of the changing business environment and conditions, and strengthens the resilience of the strategy and the ability for fast and adaptive strategy deployment. Scania's corporate strategy is based on a stakeholder thinking, where Scania can add value, and during the strategy process input is sought for and gathered from the different stakeholder groups. Input to the strategy is coming from shareholders, customers, partners, society, and employees, among others.

During the deployment phase, the strategic ambition from the Executive Board and CEO is iterated with the organisation and broken down by the business value flows, core processes and corporate functions with detailed plans on all levels.

The chairmen of the business value flows and heads of corporate functions G are responsible for ensuring that the appropriate actions are taken in their respective fields of responsibility based on the strategies decided. For Scania's subsidiaries this responsibility rests with the Board of each respective subsidiary and is carried out by the Managing Director and management team.

The successful execution of Scania's strategic direction in all parts of the Group is secured through our operational strategy – The Scania Way (see page 15).

For Scania, diversity and inclusion continues to be a strategic necessity. By having employees with the widest possible range of skills, knowledge, backgrounds and experiences, we ensure that we have the right people and with an inclusive corporate culture this drives our business forward. We call this systemic approach Skill Capture, and it is a key element of our People Sustainability strategy for Scania's nearly 57,000 employees worldwide.

**Together4Integrity**

In 2022, Scania continued Volkswagen's Together4Integrity (T4I) programme. The programme aims to promote Volkswagen's integrity, compliance, culture, and risk management initiatives, so that they are aligned with Scania's corporate objectives. Scania GRC H functions have organised integrity perception workshops for the T4I programme, which offered a forum for employees at all levels to discuss issues of compliance and integrity, based on Scania's core values.

**New operating model**

In 2021, as part of supporting the Scania strategy and reaching our targets and objectives, Scania started to transform its organisation to enable an extended focus on productivity and flow, and to be better prepared for the challenges in a transformative environment. This work has continued throughout 2022 to further define the way of working and governance required for an even faster, flexible and customer centric solution development.

A part of being a great employer is being able to offer a flexible work environment to our employees to the extent the nature of the job allows, while ensuring individual productivity and well-being as well as great creativity and

## Q&A

**Annette Danielski**
Chairman of Scania's Board of Directors and Audit Committee

**Q: The world around Scania is changing rapidly. How is this impacting your role as the Chairman of the Scania Board of Directors?**

**A:** I think it is important for us as the Board of Directors (BoD) to advise the Executive Board and to set a strategic direction to ensure that Scania stays ahead of the competition. The organisation and ways of working need to be adapted to the new business environment. And the same holds true for work and composition of the Board of Directors. Speed, flexibility and transparency are key and more important than ever before. Our role is also to ensure strong governance, sound controls and monitoring in an efficient and effective way. We cannot overestimate the importance of internal controls and adequate risk management in these unpredictable and fast-changing times. Together with my BoD colleagues on the Audit Committee, we have a key role in monitoring that our financial performance is achieved in a sustainable manner.

**Q: How do you see the role of the Board of Directors and Audit Committee evolving especially when it comes to the reporting obligations of Scania?**

**A:** The current regulatory developments are accentuating the accountability of the BoD in the area of sustainability reporting. Enhanced BoD oversight is called for, also when it comes to actually delivering on the commitments that have been made. As sustainability reporting is increasingly becoming mandatory in Scania's official Annual Report and required by external stakeholders, the involvement of the Audit Committee and the entire BoD in the reporting on Environmental, Social, Governance (ESG) matters is becoming more formalised. The related processes and controls will start mirroring those of financial reporting. In overseeing this development at Scania, I feel I am greatly benefiting from my role as the CFO of TRATON GROUP and vice versa, by the way. I also see that we need to further develop our approach to bringing in the needed competencies and knowledge to the Board and Audit Committee in the relevant areas. As BoD, we need to stay ahead of the regulatory tidal wave to ensure the incorporation and adoption of the requirement in line with The Scania Way.

# CORPORATE GOVERNANCE
Continued

collaboration in our teams and communities. We continue developing our employee offering within the framework of the Scania Work Playbook, which outlines Scania's go-to approaches to a more inclusive and attractive workplace where everyone can contribute to our common purpose with their full potential.

## Executive decision forums
Scania's executive decision structure is based on a number of executive decision forums that interconnect and form the basis for interaction between business areas as well as corporate functions. Decisions at executive decision meetings are assessed for integrity and compliance standards and in line with corporate environmental objectives. This ensures an integrated approach to strategic topics within Scania and that sustainability and climate, as well as compliance and integrity-related matters, are considered in all relevant decision-making.

The executive decision forums, such as the Scania Sustainability Board, the Sourcing Board, People Management Meetings and Product Quality Meetings are each chaired by a member from the Executive Board. In addition, there are support functions within Scania, including Group Governance, Risk, Compliance and Data Protection, which further support the business in making responsible, balanced and profitable business decisions.

### Corporate Governance Board
The Corporate Governance Board (CGB) is an executive decision forum which prepares decisions and activities related to Scania Group Policies for final decision at the Executive Board. The purpose of the CGB meeting is to ensure that the rules and regulations formalised in Scania Group Policies are established following a standard format.

CGB monitors the implementation of Scania Group Policies throughout the Scania Group, and reports on the status on implementation to the Executive Board and the Audit Committee. CGB also follows up on implementation and requests related to TRATON Group Policies and Volkswagen Group Policies and it has 10 regular meetings per year.

CGB is chaired by the Scania CFO, and is composed by central functions and business representatives.

### Scania Sustainability Board
Established in 2016, Scania Sustainability Board (SSB) is Scania's forum for cross-functional coordination of sustainability, bringing together all parts of the company. SSB is responsible for setting the sustainability direction, targets and initiatives, as well as ensuring cross-functional action on sustainability priorities. SSB tracks progress through four identified roadmaps: operations and supply chain decarbonisation; sustainable transport; people sustainability and circular business. SSB is an integrated part of the strategic yearly process where the roadmaps are evaluated quarterly.

SSB consists of executives across all our business areas and corporate functions, as well as representatives from the Business Value flows. The Board was previously led by the CEO. During 2022, the Head of Communications and Sustainability took on the role as chairperson for SSB as a result of sustainability being raised to Executive Board level.

Each SSB participant has the responsibility to contribute actively by representing their organisation as well as the whole company and bring information, decisions and actions from the meeting to relevant forums. SSB has quarterly meetings and can also have extra meetings if needed on specific agenda points.
In addition to the meeting a full day was dedicated to the topic of decarbonisation and human rights framework for all SSB participants to raise their understanding of the complex topics. During 2022, SSB had five meetings.

# CORPORATE GOVERNANCE
Continued

## Risk and risk management

From a governance perspective, the Scania Audit Committee/Board of Directors reviews the top Scania risks and countermeasures on a quarterly basis and acknowledges the risks for internal and external legal reporting. On behalf of Scania's Board of Directors, the Executive Board has the overall responsibility for risk management, including sustainability and climate-related risks. The risk process ensures that Scania has a transparent, systematic and hands-on approach to risk management and the risk process at Scania is guided by Scania's strategy as described in the Strategy section (see pages 19–25).

As part of our daily operation, Scania is exposed to risks, the negative impact of which, if properly managed, can be reduced or even eliminated. Risks may also turn into opportunities. The Code of Conduct, our policies, our strategy, our core values and our leadership principles all give us guidance in how to manage and act when facing situations with respect to risk. Risk awareness is an integrated part of the Scania Culture, The Scania Way. The Group Risk Management function supports management to govern business in a trustful and sustainable manner by helping stakeholders to identify, assess and manage risks with integrity and in the most competent and transparent way.

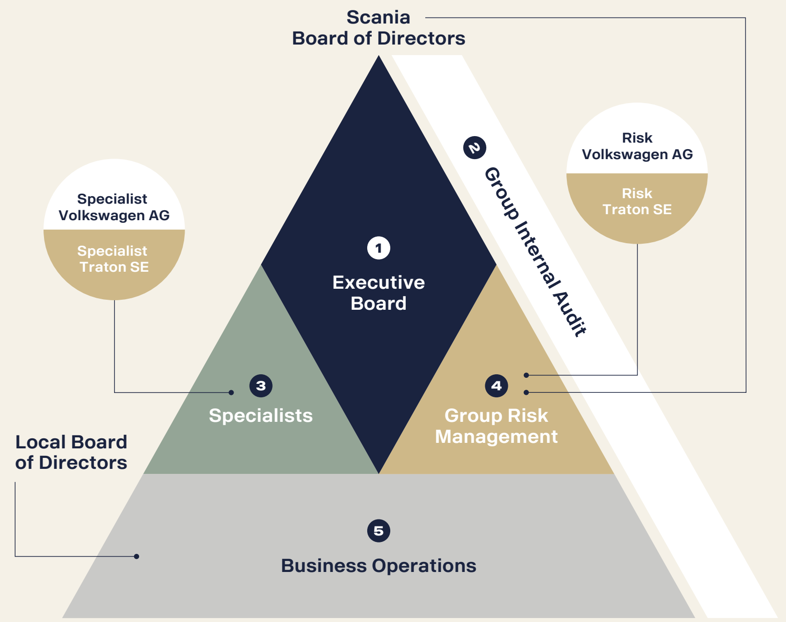
The risk management process supports each entity in gaining a greater understanding of what their important risks are, and how such risks are to be managed. The purpose is also to establish a shared view of important short-, medium- and long-term risks throughout the Scania Group allowing the Executive Board to focus on the strategic risks.

The role of the support function Group Risk Management H is to support that risk management is integrated into processes efficiently and by doing that also support that legal requirements, international governance, risk and compliance standards and owner requirements are fulfilled considering Scania-specific risk environment and culture. The function shall also support the organisation by providing knowledge in terms of policies, guidelines, training and advice.

Based on a decision made by the Executive Board in 2020, the Group Risk Management function continued a comprehensive three-year internal controls improvement and standardisation project. As part of the initiative, an internal control function within Group Risk Management has been established to both coordinate the development and monitor Scania's standardised internal control management system.

The matters that pose risks to Scania may involve a broad range of topics, spanning from cyber security to supplier capacity, climate, product launch and matters related to responsible business, e.g. environment, governance and social issues. Negative impacts can be avoided, or at least minimised, if they are proactively identified and properly managed. A sound risk management practice will support making the right decisions in order to maximise reward and business opportunities. This may mean considering the ways in which Scania is involved with significant impacts on, for example, climate, environment and people even before they impact Scania. As the business operations are exposed to risks that need to be managed, they are responsible for identifying and assessing key risks, assuming risk ownership and managing risks, as well as periodically reporting risks to the Executive Board via the central support function Group Risk Management.

Scania promotes a risk awareness culture which is characterised by openness and encourages people throughout the organisation to speak up and discuss the risks the Group is facing. Transparency is fundamental for dealing effectively with risks and avoiding blind spots, i.e. risks which remain undetected and therefore are not addressed properly. As a principle, all management across the organisation is responsible for managing risks




### Roles and responsibilities within Scania's risk management

**1**
- Foster a sustainable risk culture
- Ratify key components of the group-wide risk management programme
- Discuss risks and assume ownership of group-wide risks
- Assume responsibility for core process and cross-functional risks
- Evaluate that strategies for managing group-wide and cross-functional risks have been developed to reach acceptable risk levels

**2**
- Provide assurance on the effectiveness of the risk management programme, the controls and risk response plans for significant risks

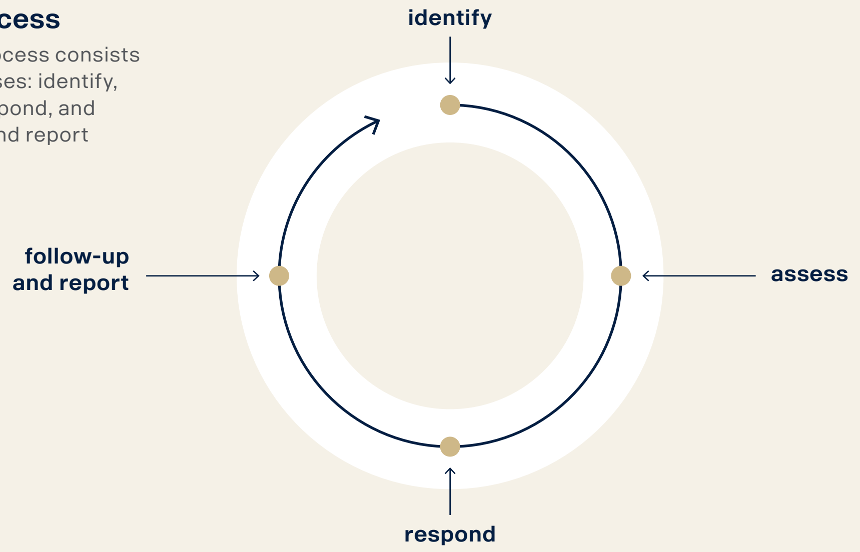
**3**
- Provide guidance and support to the central support function Group Risk Management and business units on specific topics

**4**
- Compile risk information for transparent reporting
- Identify and assess group-wide risks for escalation
- Monitor risks and risk response plans
- Facilitate assessment and mitigation activities for cross-functional and group-wide risks
- Create and maintain a common risk management framework
- Provide direction and support on how to apply the framework
- Provide guidance and training programme

**5**
- Identify and assess key risks
- Assume ownership and manage risks
- Monitor risks and report to Group Risk Management
- Escalate emerging risk issues

# CORPORATE GOVERNANCE
Continued

## Risk process
The risk process consists of four phases: identify, assess, respond, and follow-up and report




within its area of responsibility. One part of the Scania leadership model is "Dare to try – manage the risk", which works as a guiding star within Scania (see The Scania Way page 15).

To ensure consistency in the assessment of the risks identified, risk categories (Strategic, Financial, Legal & Compliance and Business risks), sub-categories and risk assessment criteria are established.

The recurrent risk process consists of four phases: identify, assess, respond, and follow-up and report.

The first step, identify, involves identifying risks of targets not being achieved and emerging risks. Secondly, the identified risks shall be assessed in terms of probability of occurrence and potential financial, reputational and legal impact in order for the appointed risk owner to be able to prioritise risks for further analysis. The following analysis is the basis for evaluating response options as part of the third step, respond, as well as to design and implement risk response plans. The final step, follow-up and report, is to monitor the implementation and status of the risks to ensure that the risk responses are effective (see page 49, Internal control).

The process runs through an annual workshop and additionally updates and reports on a quarterly basis.

## Business ethics and compliance management
The purpose of business ethics and compliance-related initiatives and activities at Scania is to identify, prevent, detect and respond to compliance risks that Scania's business may face worldwide. The key areas of are anti-corruption, anti-money laundering (AML), antitrust/competition law and business and human rights.

Scania has zero tolerance for corruption and unethical business practices. Wherever in the world Scania operates, we adhere to high ethical standards. The Scania Code of Conduct is mandatory for all employees and lays down the overarching framework and provides guidance for how employees are expected to act. All new employees shall read and sign that they have understood the code and all top managers declare once per year the adherence of the code. The Code of Conduct is supplemented by several more detailed Scania Group Policies, applicable worldwide and covering compliance topics such as donation and sponsoring, benefits to and from business partners, prohibition of facilitation payments, anti money-laundering, competition law, avoidance of conflicts of interest, due diligence of sales intermediaries and business and human rights.

Scania Group Compliance (H), a dedicated central function with regional reach, manages Scania's compliance and business ethics programme, by amongst other things advising on business ethics topics and providing training and support. Scania's compliance programme has a risk-based approach and is implemented globally.

Scania also focuses on integrity and ethical business practices in relation to business partners and society at large. Business partners are required to act with equally high ethical standards. For suppliers, those standards are set out in the Scania Supplier Code of Conduct, and for independent members of Scania's authorised sales network, in the Scania Independent Distributor Code of Conduct.

Assessing and managing risks form an integral part of Scania's compliance work. To this effect, anti-corruption and other business ethics risks are covered by the risk management system (see page 47), which is conducted in all Scania operations according to a yearly schedule. Additionally, a more comprehensive and detailed risk assessment with focus on anti-corruption, anti-money laundering and antitrust/competition law is performed bi-yearly. In 2021, this assessment was carried out in all Scania entities and is valid for two years.

Another cornerstone of Scania's business ethics efforts is the whistleblowing system. There are several dedicated whistleblowing channels available, also externally, to report suspected ethical violations conducted by Scania employees and procedures are in place to conduct internal investigations.

## Sustainability management
Sustainability is of strategic importance to Scania and the responsibility for sustainability management rests with management within business value flows and corporate functions. The organisational structure described in this Corporate Governance Report applies to all strategic topics including climate and other sustainability matters.

Scania's strategic sustainability work is dependent on understanding our impact, including the risks and opportunities along the life cycle, with the ambition of linking targets and actions with science. Opportunities and risks related to sustainability are identified in all functions, and may relate, for example, to government regulation, technology development, customer satisfaction and physical risks. The risks and opportunities within sustainability are managed and integrated in Scania's risk and strategic process and in some cases supported by separated specific processes, for example within purchasing.

At Group level, the work is coordinated by cross-functional forums and working groups assigned to one or several Executive Board members with representatives from the relevant corporate and enabling functions. Scania Sustainability Board is the most important executive decision forum for strategic sustainability topics (read more on page 46).

# CORPORATE GOVERNANCE
Continued

Scania measure and follows up on sustainability performance in relation to set targets. To track our performance, we have developed 18 sustainability indicators linked to our most material areas with connection to impact, risk and the life cycle of our products (see more on page 144). Scania's key sustainability targets such as the science-based targets are part of our corporate objectives, and have an impact on investment decisions across our business areas, from production and logistics to product development and sales priorities.

The concept of materiality guides Scania's identification of key sustainability topics. The materiality analysis provides an overview of the most material sustainability topics to Scania. Scania's approach to materiality includes an understanding of the company's external impact as well as the internal impact on the company, referred to as double materiality. Scania's understanding of its impact should be based on relevant impact and risk assessments. Scania manages structured processes for stakeholder input and dialogue, and strives to be transparent on results, progress, challenges and improvements.

## Assurance and monitoring

The main objectives of Scania's assurance and monitoring activities are to provide Executive Management and the Board of Directors with information on the effectiveness of governance and internal control system, and to build trust and credibility with internal and external stakeholders.

Assurance is provided primarily via different types of testing and evaluations performed by auditors, Group Internal Audit, Group Internal Control Function, Third Party Certification bodies and Self-assessments are used in different areas by management to increase awareness about risks, controls and regulatory requirements, e.g in relation to policy implementation. Remediating actions are monitored by Executive Management and the Board of Directors via regular reporting.

Industrial Operations, including Logistics, Production, Purchasing, Research and Development, are certified to ISO 9001 and ISO 14001. Commercial Operations, including Business Units and Dealers, are certified to ISO 9001 and ISO 14001 within markets that have a demand for certification from customers or other stakeholders.

**Internal control**

The cornerstones of Scania's internal control (H) consist of the control environment, developed based on international COSO standards: risk assessment, control activities, information and communication as well as monitoring.

During 2022 Scania continued the roll-out of an internal control framework according to the three-year project aiming for an improvement and standardisation of internal controls. The project will proceed the roll-out through 2023 to give the entire organisation improved foundation to effectively manage risks and evaluate the effectiveness of control activities.

Internal Control Management System (ICMS) is based on Scania Group Control Catalogue and key activities illustrated below:

*Control environment*

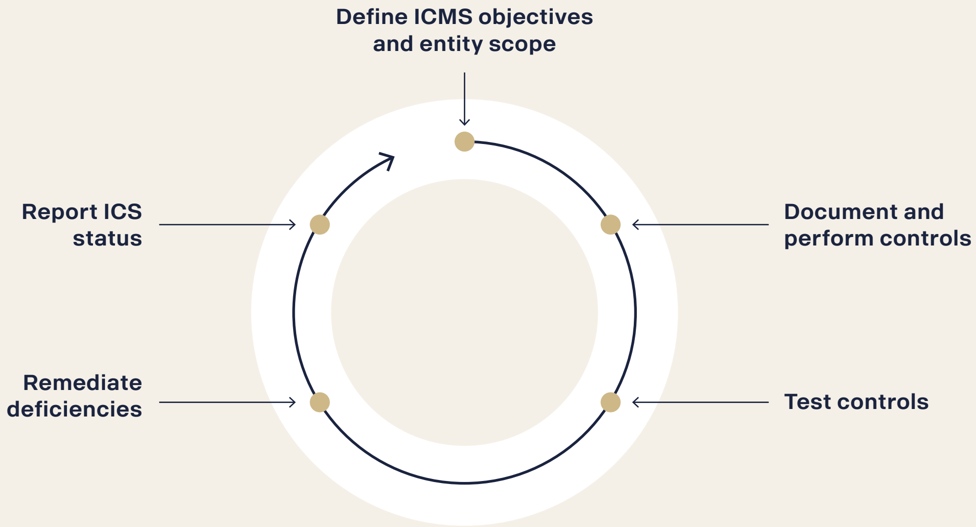
Control environment at Scania is based both on procedures and on strong culture to do the right thing, The Scania Way. Attitudes and values of leaders and employees are important parts of driving the organisation towards the fulfilment of goals in an effective, sustainable and responsible way. Internal control framework at Scania is based on the decisions on organisational structure, mandate and guidelines made by the Board of Directors. The Board of Directors' decisions are implemented into functioning management and control systems by the Executive Board.

Organisational structure, decision-making procedures, mandates and responsibilities are documented and communicated in governing documents, such as Scania Group Policies, standards and other regulations. Scania Group Policies are issued for all main risk areas and are under revision according to decided frequency. Also included in the basis for internal control are group-wide accounting and reporting instructions, instructions regarding powers and authorisation rights as well as relevant manuals and process descriptions.

The Group reporting system for integrated reporting for financial and business information is another central element of the control environment and internal control. Integrated reporting of financial and business information ensures that external financial reporting is based on business operations. In addition to information on final outcome figures, the reporting system also includes frequently updated forecast information. The Corporate Control function is responsible for continuous updating of accounting and reporting instructions, with due regard for external and internal legal requirements and standards.

**Annual Internal Control Management System process cycle**

Phases to enable the Internal Control Management System (ICMS)



# CORPORATE GOVERNANCE
Continued

*Risk assessment and control activities*
For risk related matters, Scania relies on an integrated approach to ensure that business opportunities, as well as potential risks, are considered in all relevant decision-making to ensure a sound balance between risk and reward. Scania is continuously exposed to risks that, if not properly managed, may impact the opportunity to drive the shift towards a sustainable transport system, to execute its strategies and to achieve its objectives. There is a comprehensive set of control activities established for key risk areas and processes, including risk of fraud and misstatement in financial reporting. For a closer description of the risk management process at Scania, please see section Risk and risk management on page 47.

The Group Internal Control function coordinates testing of effectiveness of internal controls designed to mitigate key risks in selected entities and processes, primarily financial reporting and compliance, as decided by Executive Management. All identified deviations are reported and followed up for remediation.

The controller organisation, such as financial responsibility, follows the company's organisational and responsibility structure. Risk areas identified in financial reporting are handled and scrutinised via Scania's controller organisation. Controllers who closely examine business operations are found at all levels of the organisation.

*Information and communication*
Scania strives to ensure that activities to inform and communicate on risks, financial performance and new regulations for example, is effective throughout the whole organisation.

Reporting to management on all levels takes place regularly. In its task of compiling, verifying and analysing financial information, the corporate-level controller organisation has access to the figures and business-related comments of all operational units.

In order to inform, instruct and coordinate financial as well as non-financial reporting, Scania has formal information and communication channels, e.g. specific fora, committees, management teams to the affected employees regarding policies, guidelines and reporting manuals. These formal information and communication channels are supplemented by frequent dialogue between Finance and Business control, Risk and Internal Control Function, Compliance Function and the individuals in charge of financial and non-financial reporting at operational units.

Scania holds internal seminars and conferences regularly, with a focus on quality assurance in financial reporting and governance models.

*Monitoring*
Group Internal Audit, Governance, Risk and Compliance Functions and Corporate Control are the main control functions providing management with relevant reporting related to the control environment, including suggestions of continuous improvements.

Scania monitors compliance with the governing documents and the effectiveness of the control structure through designated routines and system support.

Monitoring and evaluation is performed by the company's corporate controller departments in industrial operations, all sales and services companies, and finance companies. In addition risk-based and independent reviews of internal controls over financial reporting in selected entities are performed by the Group Internal Control function.

During the 2022 financial year, in its control and monitoring activities, Scania prioritised entities and processes with large flows and values as well as selected operational risks according to the roll-out plan for internal controls improvement and standardisation project.

The Board of Directors receives quarterly financial reports. This financial information increases in terms of the run-up to each interim report. The full yearend and half-year reports are approved by the Board of Directors.

The company has a group-wide whistleblowing system, where all employees can report potential violations of laws and regulations, internal company policies and the Scania Code of Conduct. The system is also open for hints from external parties.

Scania is not aware of any circumstances that would indicate material weakness in risk management or the internal controls, however there is no absolute assurance that all relevant risks are identified in a timely manner and mitigated by suitable measures and controls.

## Internal audit
Scania Group Internal Audit I is an independent, objective assurance and consulting activity designed to add value and improve Scania's operations. The main task of internal audit is to independently perform risk-based and regulation required audits according to an annual audit plan. They also monitor and review the internal control, risk management and governance. The results are being reported to Scania's Audit Committee. All audit reports are also shared with the CEO and the Executive Board in order to get their commitment to implement the necessary mitigation actions.

The risk-based approach for 2022 concluded in that all business areas have been evaluated and that the business area with the most number of executed internal audits have been in Commercial Operations and there primarily conducted in Financial Services. This is due to regulatory requirements in different countries related to Financial Services activities. Group Internal Audit reports functionally to the Audit Committee and administratively to the CEO.

## External auditors
At Scania, the independent external auditors K are elected annually by the shareholders at the Annual General Meeting (AGM), for a period until the end of the next financial year's AGM. EY currently serves as the external auditors of Scania.

The external auditors report to the shareholders at the company's AGM. To ensure that the requirements concerning information and controls that are incumbent on the Board of Directors are being met, the external auditors report on a continuous basis to the Audit Committee on all substantial accounting related matters, as well as any errors and suspected irregularities. The auditors also participate in at least one Board of Directors meeting per year and are invited, when needed, to participate in the meeting and report to the Board of Directors.

The external auditors have no assignments for the company that affect their independence as auditors for Scania. Information on auditor remuneration is provided in Note 27.

# BOARD OF DIRECTORS

1
**Annette Danielski**
Chairman of the Board of Directors

2
**Christian Levin**
President and CEO, Scania and TRATON GROUP

3
**Lilian Fossum Biner**

4
**Gunnar Kilian**

5
**Julia Kuhn-Piëch**

6
**Nina Macpherson**

7
**Christian Porsche**

8
**Mark Philipp Porsche**

9
**Stephanie Porsche-Schröder**

10
**Peter Wallenberg Jr**

11
**Mari Carlquist**

12
**Lisa Lorentzon**

13
**Mikael Johansson**

14
**Michael Lyngsie**

15
**Bo Luthin**

16
**Maja Lundberg**

# BOARD OF DIRECTORS

Continued

### 1 Annette Danielski

Chairman of the Board of Directors and the Audit Committee since 2021.

**Born:** 1965.

**Education:** Business Administration.

**Other directorships:** Board member of Navistar Inc., Volkswagen Caminhões e Ônibus, Supervisory Board of MAN Truck & Bus SE, Volkswagen Original Teile Logistik Beteiligungs-GmbH, TRATON Financial Services AB, TRATON Sweden AB and Chairperson of the Board of Directors of TRATON Treasury AB.

**Relevant work experience:** Member of the Executive Board of TRATON SE responsible for Finance and Business Development. Broad international experience from finance and controlling. Various managerial positions at Daimler AG and Audi AG.

### 2 Christian Levin

President and CEO. Member of the Board of Directors since 2021

**Born:** 1967.

**Education:** Bachelor of Science in Business and Administration and a Master of Science in Mechanical Engineering.

**Other directorships:** Chairman of the Supervisory Board MAN Truck & Bus SE. Board member of Navistar LLC, Volkswagen Caminhões e Ônibus, Scania Growth Capital AB, Scania Growth Capital II AB, TRATON Financial Services AB, Association of Swedish Engineering Industries and the Royal Institute of Technology (KTH).

**Relevant work experience:** Various managerial positions at Scania and TRATON SE. President and CEO of Scania and CEO of TRATON SE since 2021. Member of the Swedish government's Electrification Commission and Stockholm Chamber of Commerce.

### 3 Lilian Fossum Biner

Member of the Board of Directors since 2019.
Member of the Audit Committee.

**Born:** 1962.

**Education:** Bachelor of Science in Business Administration, BSc.

**Other directorships:** Board member of Carlsberg Group, Givaudan S.A. a-connect (group) ag, LeDap Group AB, Alfa Laval AB and Röko AB.

**Relevant work experience:** Broad experience from retail and consumer companies and managerial positions at Axel Johnson AB and Electrolux Group.

### 4 Gunnar Kilian

Member of the Board of Directors since 2020.

**Born:** 1975.

**Education:** Journalist.

**Other directorships:** Member of the Supervisory Board of TRATON SE. Supervisory Board mandates at Wolfsburg AG, Autostadt GmbH, Audi AG, Volkswagen AG, MAN Energy Solutions, MAN Truck & Bus SE, Volkswagen Group Services GmbH, FAW-Volkswagen Automotive Co., Volkswagen Immobilien GmbH and Allianz für die Region GmbH.

**Relevant work experience:** Various positions, Volkswagen AG. Member of the Board of Management, Volkswagen AG, responsible for Human Resources and responsible for the Truck & Bus division. Since 2021, member of the Board of Management Volkswagen Brand Passenger Cars, responsible for Human Resources.

### 5 Julia Kuhn-Piëch

Member of the Board of Directors since 2020.

**Born:** 1981.

**Education:** Doctor of Law (Dr iur).

**Other directorships:** Member of the Supervisory Board of TRATON SE, AUDI AG and MAN Truck & Bus SE.

**Relevant work experience:** Self-employed real estate manager.

### 6 Nina Macpherson

Member of the Board of Directors since 2018. Member of the Audit Committee.

**Born:** 1958.

**Education:** Master of Laws, LL.M.

**Other directorships:** Member of the Supervisory Board of TRATON SE and member of its Audit Committee since 2019. Member of the Board of Scandinavian Enviro Systems AB, member of the Board of Netel Holding AB and Chair of its Remuneration Committee, Chairman of Ecocide Law Alliance Foundation.

**Relevant work experience:** Chief Legal Officer, secretary to the Board and member of the Ericsson Executive Team until 2018. Previous positions include in-house legal positions and private practice in corporate and commercial law. Member of the Swedish Securities Council.

### 7 Christian Porsche

Member of the Board of Directors since 2020.

**Born:** 1974.

**Education:** Medical Doctor (Dr. med.), Doctor of natural sciences (Dr. rer. nat.).

**Other directorships:** Member of the Supervisory Board of TRATON SE and MAN Truck & Bus SE.

**Relevant work experience:** Neurologist. Partnership interests for several companies at Porsche Holding GmbH between 2005–2009. Member of the Supervisory Board of MAN Truck & Bus SE, Scania AB and MAN SE between 2013–2017.

### 8 Mark Philipp Porsche

Member of the Board of Directors since 2020.

**Born:** 1977.

**Education:** Master of social and business administration.

**Other directorships:** Member of the Supervisory Board of MAN Truck & Bus SE and serves on comparable governing bodies of the following companies: Familie Porsche AG Beteiligungsgesellschaft (Austria), FAP Beteiligungen AG (Austria), and SEAT S. A. (Spain).

**Relevant work experience:** From 2007 onward, director at various companies, including F.A. Porsche Beteiligungen GmbH in Stuttgart, Prof. Ferdinand Alexander Porsche GmbH in Salzburg, Ferdinand Alexander Porsche GmbH in Grünwald, and Ferdinand Porsche Familien-Holding GmbH. In addition to the above, member of the Executive Board of the Ferdinand Porsche Familien-Privatstiftung foundation in Salzburg since 2014.

# BOARD OF DIRECTORS

Continued

### 9 Stephanie Porsche-Schröder

Member of the Board of Directors since 2017. Member of the Audit Committee.

**Born:** 1978.

**Education:** Diplom Designer.

**Other directorships:** Member of the Board of MAN Truck & Bus SE.

**Relevant work experience:** Designer at Bosch Siemens Haushaltsgeräte GmbH, Munich, 2004–2012.

### 10 Peter Wallenberg Jr

Member of the Board of Directors since 2005.

**Born:** 1959.

**Education:** Master of Business Administration, MBA.

**Other directorships:** Chair of the Board of Knut and Alice Wallenberg Foundation, Wallenberg Foundations AB, The Grand Group AB. Board member of Atlas Copco AB.

**Relevant work experience:** Leading positions within the service industry for over 30 years, including CEO for the Grand Hôtel Group. Several board positions in The Wallenberg Foundations.

### 11 Mari Carlquist

Representative of PTK at Scania. Member of the Board of Directors since 2020. Previously deputy member since 2015.

**Born:** 1969.

**Other directorships:** Employee representative, Supervisory Board of TRATON SE.

**Relevant work experience:** Various positions at Scania since 1987.

### 12 Lisa Lorentzon

Representative of PTK at Scania. Member of the Board of Directors since 2015. Previously deputy member since 2012.

**Born:** 1982.

**Education:** Master of Science, MSc.

**Other directorships:** Employee representative, Supervisory Board of TRATON SE.

**Relevant work experience:** Various positions at Scania since 2007.

### 13 Mikael Johansson

Representative of the Swedish Metal Workers’ Union at Scania. Member of the Board of Directors since 2008. Previously deputy member since 2008.

**Born:** 1963.

**Relevant work experience:** Various positions at Scania.

### 14 Michael Lyngsie

Representative of the Swedish Metal Workers’ Union at Scania. Member of the Board of Directors since 2018.

**Born:** 1977.

**Other directorships:** Employee representative, Supervisory Board of TRATON SE.

**Relevant work experience:** Various positions at Scania since 1993.

### 15 Bo Luthin

Representative of the Swedish Metal Workers ´Unions at Scania. Deputy member of the Board of Directors since 2020.

**Born:** 1967.

**Other directorships:** Employee Representative, supervisory Board of TRATON SE.

**Relevant work experience:** Various positions at Scania since 1985.

### 16 Maja Lundberg

Representative of PTK at Scania. Deputy member of the Board of Directors Since 2022.

**Born:** 1968.

**Relevant work experience:** Various position at Scania since 1986.

# EXECUTIVE BOARD

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### 1 Christian Levin

Member of the Board of Directors. President and CEO.

**Born:** 1967.

**Education:** Bachelor of Science in Business and Administration and a Master of Science in Mechanical Engineering. Joined Scania in 1994, employed until 2019. Rejoined Scania in 2021.

### 2 Jonas Rickberg

Executive Vice President, Chief Financial Officer (CFO).

**Born:** 1975.

**Education:** Master of Science in Business Administration. Joined Scania in 2005.

### 3 Camilla Dewoon

Executive Vice President, Head of Communications and Sustainability.

**Born:** 1973.

**Education:** Master of Science in Business Administration. Joined Scania 1998, employed until 2019. Rejoined Scania in 2020.

### 4 Stefano Fedel

Executive Vice President, Head of Sales and Marketing.

**Born:** 1970.

**Education:** Degree in Engineering of Materials, with mechanical specialisation. Joined Scania in 1996.

### 5 Mats Gunnarsson

Executive Vice President, Head of Commercial Operations.

**Born:** 1967.

**Education:** Bachelor of Science in Business Administration and Economics, Master of Science in Mechanical Engineering. Joined Scania 1992, employed until 2004. Rejoined Scania in 2009.

### 6 Gustaf Sundell

Executive Vice President, Head of Mobility Solutions.

**Born:** 1982.

**Education:** Master of Science in Industrial Engineering and Business Management. Joined Scania in 2008.

### 7 Jeanna Tällberg

Executive Vice President, Head of People & Culture.

**Born:** 1975.

**Education:** Bachelor's degree in Social Work as well as in Human Resources. Joined Scania 2003, employed until 2015. Rejoined Scania in 2022.

### 8 Anders Williamsson

*Executive Vice President, Head of Industrial Operations (COO).

**Born:** 1969.

**Education:** Master of Science, Industrial Engineering and Management. Joined Scania in 1994.

### 9 Marcus Holm

*Executive Vice President, Head of Production & Logistic.

**Born:** 1971.

**Education:** Master of Science in Mechanical Engineering, from Chalmers University of Technology in Gothenburg, Sweden. Joined Scania 1994.

* Effective from 1 February 2023, Anders Williamsson is Executive Vice President, Head of R&D and Purchasing; and Marcus Holm, Executive Vice President, Head of Production and logistics.

In this section



# REPORT OF THE DIRECTORS

In a world with a high degree of uncertainty due to the unstable global macroeconomic and geopolitical situation, the demand for Scania's products and services stayed strong.

# RISK OVERVIEW

**Scania's risk overview is characterised by an increasingly complex business environment that is changing fast and where managing high uncertainty is the new normal. Scania is adapting to this new business environment, managing risks related to for example new business models, expanding production capacity, finding sustainable solutions for sourcing, reliable supply chains, and the technology shift related to climate change.**

The business environment during 2022 has been impacted by the effects from Covid-19 and Russia's invasion of Ukraine. During the year, Scania has stopped production and deliveries to Russia and Belarus following Russia's invasion of Ukraine, as a consequence of the war in Ukraine, Scania announced its intention to dispose our business operations in Russia. During the year the safety situation for employees in Ukraine and Russia has been of great importance to us. Scania has also seen risks materialise with respect to lack of materials and components, disturbances in production and logistic flows and sales networks.

The prolongation of the war in Ukraine and the resulting geopolitical tensions and political uncertainty has led to increased uncertainty and higher global price levels on commodities and energy, transport and raw material. This raises concerns regarding general inflation trends, a global economic downturn and the effect this will have on Scania as well as on our customers, suppliers and partners.

Scania continues to monitor the impact the conflict could have on the macroeconomic outlook and more specifically, on operations and the markets in which Scania operates.

Scania is in the process of establishing an industrial presence in China. The risk landscape is diverse and is monitored and managed closely in order to achieve the strategic objectives for a long-term market and industrial presence in China.

There are several risks that will continue to have a potential impact on Scania. The most relevant of these risks as well as management actions are presented in a table in the following pages. The table also shows what corporate targets they might impact if materialising. 2022 is a transition year when corporate objectives, as part of the strategy deployment, are being rolled out and hence will replace the corporate targets during 2023.

## Climate-related risks and opportunities

For Scania, the transition to a sustainable transport system is seen as a business opportunity and lays the foundation for the business strategy and strategic direction (read more on page 20).

An efficient transport system is fundamental to a competitive and resilient economy and a critical enabler of societal development. At the same time, transport in its current form is associated with negative impacts, such as $CO_2$ emissions, air pollution, traffic congestion and road accidents. The impact of the transport solutions must be viewed from a life cycle perspective – from the extraction of the raw materials all the way to end of life. There is a risk of political decisions influencing $CO_2$ reduction potentials in parallel parts of the value chain, outside of Scania control, that could impact our ability to reach our objectives and targets. For example, these could be drop-in rates of renewable fuel at the fuel pump and the decarbonisation of the electricity grid, among other factors.

Addressing climate change and its associated impacts is important for the transport sector. Scania's strategic direction is to drive the shift towards a sustainable transport system.

Climate-related risks refer to events or developments arising from climate change that may have a negative impact on achieving company objectives. Climate risk considerations also include events stemming from Scania's operations that contribute to the adverse effects of climate change, or indirectly have an impact on the environment and people (referred to as double materiality or impact materiality). Climate-related risks have the possibility in both shorter and longer term have an impact on our financial flows and revenue streams. Sustainability and climate-related risks are integrated in Scania's risk management process. Risks are to be found in several sub-risk categories such as business development, new and changed laws and regulations, supply chain and production.

Climate-related risks are divided into transition and physical risks. The transition risks and opportunities are considered most material to Scania in the short and medium term. Transition risks identified by Scania include risks relevant to the technology shift, as well as risks that policy actions or legislation do not fully support technology developments. Physical risks include risks related to extreme weather events and long-term shifts in climate patterns, causing business interruptions and/or damage to physical assets at Scania or in the supply chain. Physical risks are mainly considered material to Scania in the long-term, but more acute situations stemming from changes in weather conditions can be seen on a smaller scale already today.

To assess the resilience of the Scania strategy, including the effects of climate-related risks (such as rising temperatures), Scania is using a scenario-based approach to strategy, technology and competence planning.

→ Read more on future scenarios on page 21

## Q&A

**Lisa Osbäck**
Sustainability Business Developer at Scania

**Q: Why is human rights a priority for many companies at the moment and what are the challenges?**

**A:** The importance of global responsibilities is becoming very tangible in the transition, and in a turbulent world. We cannot lower $CO_2$ emissions in Europe through causing harm to people somewhere else in our value chain. We also see an avalanche of legislation coming in, requiring companies to prevent and mitigate negative human rights impact across the value chain – meaning wherever we operate in the world. Of course it comes with challenges. For example, we must create visibility at a central level of the human rights risks globally, but still harvest the benefits that comes with a decentralised way of working. We must approach this topic in every country where we are present through our value chain.

**Q: So how is Scania approaching the topic of human rights and human rights due diligence?**

**A:** Scania's approach to human rights includes areas we have been working on for a very long time, such as health and safety. We have a strong Raw Materials management system in place in purchasing, together in the Volkswagen Group. This is a clear advantage for us now with new requirements. But we also must expand this to other ways of working, for example integration into Scania's risk process. In 2022 we put this together into one human rights framework at Scania, to make sure we can track progress and also communicate more transparently to stakeholders.

# RISK OVERVIEW

Continued

## CORPORATE TARGETS

Driving the shift | People and planet | Growth and transformation | Customers | Profitability and flow

2022 is a transition year when corporate objectives are being rolled out. The impact will be mapped toward the corporate objectives from year 2023.

| Risk category | Corporate targets | Context/Potential impact | Management actions/Mitigation |
|---|---|---|---|
| **Strategic risks** | | | |
| **Geopolitical risks** | Driving the shift, Profitability and flow, Growth and transformation | As a global company, Scania operates in markets with political volatility, conflict and social unrest, which may impact Scania's ability to do business and operate in concerned markets/areas. Geopolitical tensions increase risk exposure in a number of aspects, such as trade barriers or sanctions on trading specific products and technology to certain countries, sanctions on companies and individuals, supply chain interruptions, human rights and compliance issues etc. In 2022, this includes a higher level of tensions and conflicts, including human rights violations, in Europe as well as in Asia. | The yearly scenario-based corporate strategy review outlines potential developments and shifts in the geopolitical situation as the volatility in Scania's operating environment increases. Relevant responses to high-impact changes are built into strategy and execution, for example in regard to localisation of production facilities and sourcing of components. This is complemented with political risks reported through the corporate risk process.<br><br>Scania has a comprehensive framework for export control that is constantly updated for new regulations or changes in the different sanction lists. The framework is covering all entities with cross-border trade. See the risk, Trade barriers, export control and sanction risks, below.<br><br>Scania organises cross-functionally to manage specific course of events. For example, Scania activated the crisis management team and established cross-functional teams to continuously analyse and act upon the risk exposure related to the war in Ukraine. During the year Scania stopped production and deliveries to Russia and Belarus following Russia's invasion of Ukraine and as a consequence of the war in Ukraine, Scania announced its intention to dispose our business operations in Russia. During the year the safety situation for employees in Ukraine and Russia has been of great importance to us.<br><br>For further information see Note 2, 22, 23, 30 and 31. |
| **Climate transition risks** | Driving the shift, Customers, People and planet, Profitability and flow, Growth and transformation | With a central role in the ecosystem of transport and as a global player, Scania is exposed to risks stemming from the transition towards a low carbon economy. However, Scania's strategic direction is directly linked to the opportunities as well as the risks stemming from climate change and its related implications.<br><br>Transition risks identified by Scania include risks relevant to the technology shift, such as the adaptation to battery electric vehicles, the cost of the transition to lower emissions technologies, customer demand and expectation and availability of components and raw materials. Transition risks also include risks related to policy actions such as $CO_2$-emission legislation, carbon pricing, alternative infrastructure development (including charging infrastructure, renewable energy supply and availability of biofuels) and that other climate regulations do not fully support technology developments. All of these risks have potential to both in the short and medium term affect Scania's financial streams.<br><br>Future revenue flows from, for example, electrification are being estimated. | Scania's Driving the shift strategy builds on the opportunities and risks related to climate change. Consequences of climate change and related mitigation actions on legislation, business and technology have had a profound impact on Scania's strategic direction and the strategy as well as the process and the sustainability focus. The current strategy is a direct response to be able to be a resilient and profitable company both now and in the future.<br><br>The annual process established by Scania for strategic planning including scenario analyses is key in testing the strategy resilience and identifying new risks and opportunities resulting in further development.<br><br>One of Scania's key strategic actions has been to set carbon emission reduction targets in line with what science says is needed to reach the Paris Agreement. During 2022 Scania also complemented our decarbonisation journey with targets related to the supply chain. Proactive monitoring and understanding of technology, market and legislative development is a priority to reach the targets and is included in the strategy review process.<br><br>For further information see pages 28 and 145. |
| **Business development risks** | Driving the shift, Customers, Profitability and flow | The transport industry is facing new technologies, business models, competitors, and global trends such as digitalisation, which combined create a highly disruptive environment. These factors are drivers in transforming Scania from being a heavy commercial vehicle manufacturer into a provider of transport and logistics solutions. Hence, there is a risk related to the ability to respond to specific customer needs with tailored products and services, and the availability of technological innovations that respond to the major trends of the industry (i.e. connected, autonomous and electrified vehicles). The complex supply chain related to battery production involves increased social risks, for example human right violations, labor issues and discrimination.<br><br>New business models based on Vehicle and Transport as a Service implies that Scania's balance sheet and need of funding will grow. If not managed properly, this creates a risk of more expensive funding which in turn undermines the financial viability of new business models. | Risks associated with business development and long-term planning are mainly managed through Scania's cross-functional meeting structure, which brings together various departments for decision-making of a strategic and tactical nature, and also through the annual process established by Scania for strategic planning. Such planning is not a static process and is in fact discussed and challenged throughout the company, based on external and internal considerations. All units and levels of the company are involved in the strategic process.<br><br>Through a culture of integrity and "speak up", a vital part of The Scania Way, all unclarities and queries are to be identified and discussed openly. It also means that the risk of uncertainty and lack of clarity concerning the company's strategy and business development can be managed in a precise and efficient way. In addition to this, Scania, through the annual strategy process, continuously explores new areas that may be of interest connected to the future development of the ecosystem of transport and logistics. Research and development projects are also revised continuously, based on each project's technological and commercial relevance.<br><br>In order to mitigate the risk of a growing balance sheet, Scania is increasing focus to portfolio governance as well as cost control. |

# RISK OVERVIEW

Continued

## CORPORATE TARGETS

Driving the shift | People and planet | Growth and transformation | Customers | Profitability and flow

| Risk category | Corporate targets | Context/Potential impact | Management actions/Mitigation |
|---|---|---|---|
| **Strategic risks, continued** | | | |
| **Business model and strategy related risks** | Driving the shift, Customers, People and planet, Profitability and flow, Growth and transformation | Business model and strategy must continually be updated and adjusted to respond to the ever-changing business context. Scania's value proposition must be attractive and competitive to our stakeholders, and the company's responses to the changing conditions must be met in a timely manner in order for Scania to stay competitive and relevant. | Scania is regularly monitoring, evaluating and challenging our business model and strategy in order to ensure that Scania is achieving the ambition to drive the shift towards a sustainable transport system and our commitment to the Paris Agreement.<br>A proper handling of uncertainty, complexity, and volatility is important to stay relevant to the society, customer, capital market and other stakeholders today and in the future. Scania has mechanisms to elevate important critical issues that need a cross-functional focus and effort to be addressed.<br>For further information on Scania's strategy process and use of scenarios see pages 19–25. |
| **Corporate governance and policy-related risks** | Driving the shift, Customers, People and planet, Profitability and flow, Growth and transformation | As Scania operates globally in volatile contexts it is important to effectively manage and develop the business in the right direction, otherwise there would be a risk of the company not achieving our ambition and targets. | The Executive Board has overall responsibility for managing corporate governance and policy-related risks. All units of the company work according to a management system that meets Scania's requirements, guidelines and policies and maintain documentation.<br>The management system is continuously improved, through day-to-day work and through regular review internally and by third parties. The central support function Governance, Risk and Compliance (GRC) is in place to support both Executive Board and line managers in managing risks by providing knowledge in terms of governance, trainings and advice.<br>For further information see the Corporate Governance report, starting from page 41. |
| **Financial risks** | | | |
| **Refinancing risks** | Customers, Profitability and flow, Growth and transformation | Access to competitive funding is critical, and to a large extent dependent on Scania's issuer credit rating obtained by Standard & Poor's and to a large extent relying on the issuer credit ratings of the owners TRATON SE and Volkswagen AG. A downgrade of Scania's issuer credit rating would increase Scania's cost of funding which in turn could affect the company's profitability and potentially lead to the loss of penetration in the Financial Services Business segment. The need of a solid and reliable ESG-communication, in combination with regular issuances of green bonds is increasing over time. A failure in this field might reduce the overall attractiveness of Scania as an issuer and borrower resulting in more expensive funding in the best case and difficulties in obtaining funding in the worst case. | Refinancing risks are managed in accordance with Scania's Treasury Policy, reviewed every year by the Audit Committee. As part of Scania's management of refinancing risk, there are two credit facilities, of which one committed, both supported by TRATON SE.<br>For further information see Note 28 and 29.<br>Scania's strategic direction – where sustainability is placed at the core – is supporting in building an attractive financing offer from an ESG perspective. Scania's combined Annual and Sustainability Report is supporting in combining the perspectives. In 2021 Scania issued a Taxonomy aligned Green Bond Framework that received the highest sustainability ranking by third party Cicero. In 2022 Scania published its first Impact report for the bond. From a funding strategy perspective, the possibility to issue green bonds should be prioritised over any other non-green alternative. |
| **Credit risks** | Customers, Profitability and flow | If Scania's contract parties fail to meet their contractual obligations as a result of their own financial situation or the political environment, Scania might be exposed to financial loss. | Credit risks are managed in accordance with the Scania Group Policies Credit Risk Governance and Treasury, reviewed every year by Audit Committee. Transactions occur only within established limits and with selected, creditworthy counterparties. Scania's sales are distributed among a large number of end customers with a geographic dispersion, which limits the concentration of credit risk.<br>For further information see Note 2 and 28. |

# RISK OVERVIEW
Continued

## CORPORATE TARGETS

Driving the shift | People and planet | Growth and transformation | Customers | Profitability and flow

| Risk category | Corporate targets | Context/Potential impact | Management actions/Mitigation |
|---|---|---|---|
| **Financial risks, continued** | | | |
| **Currency and interest rate risks** | Profitability and flow | Currency exposures result from the widely spread geographic sales of products and the more concentrated production operations.<br>Currency and interest rate movements may result in negative effects on earnings and balance sheet items. Interest rate risk may occur from interest-bearing assets and liabilities not being properly matched.<br>For further information see Note 28. | Currency and interest rate risks are managed in accordance with Scania Group Policy – Treasury, reviewed every year by the Audit Committee. To improve visibility and manageability, Scania generally concentrates currency exposures to its major industrial operations in Sweden and Brazil. Regarding the commercial currency flows in Vehicle and Services, Scania works primarily with adjusting prices to compensate for exchange rate fluctuations.<br>According to the Treasury Policy, Scania management may hedge future currency flows, but this option has historically been used to a limited extent. The net foreign assets of subsidiaries are normally not hedged. However, to the extent a foreign subsidiary has significant net monetary assets in functional currency, they may be hedged. In Financial Services, currency exposure flows are hedged by the use of derivatives.<br>The goal of interest rate risk management is to largely reduce these risks using derivatives. In Financial Services, receivables and liabilities should match in terms of interest rates and maturity periods.<br>As a result of the war in Ukraine, Scania has had to deviate from policies both in terms of currency risk and interest rate risk.<br>For further information see Note 28. |
| **Tax risks** | Profitability and flow | Scania is subject to various taxes in multiple jurisdictions. A certain degree of judgement and estimation is required in determining Scania Group's provisions for income tax, sales and use tax, value-added tax, and other taxes.<br>Additionally, Scania and its subsidiaries are involved in a number of tax audits and disputes. None of these cases are deemed capable of resulting in a claim that would substantially affect Scania's financial position.<br>For further information, see Note 2. | Scania has central and local resources that ensure compliance with current legislation and take an active part in tax-related issues and assist with tax expertise.<br>Furthermore, in addition to statutory audits, Scania is regularly audited by tax authorities, who may disagree with Scania's tax treatments. Although Scania believes its tax estimates are correct, the final determination of tax audits or reviews could differ from our tax provisions and accruals. As a result, Scania may be subject to additional tax liabilities, interest, penalties, or any regulatory, administrative, or other sanctions relating thereto.<br>Tax risks above a certain level are monitored and reported regularly to management. Once a year, a report is submitted to the Audit Committee. |
| **Insurance risks** | Profitability and flow, Growth and transformation | Scania is within our global operations exposed to various risks which could potentially have a financial impact, if not transferred to external insurers. Not all risks can be transferred but for selected insurable risks we seek to minimise Scania's exposure. | Scania works continuously with the identification, analysis and administration of insurable risks, both at Group and local level.<br>A central function is responsible for the Group's global insurance portfolio. Customary Group insurance policies to protect the Group's goods shipments, assets and obligations/liabilities are arranged in accordance with Scania's governing document. Local insurance policies are obtained in accordance with the laws and standards of the country in question. When needed, Scania receives assistance from outside insurance consultancy companies with identifying and managing risks. Insurance is obtained only from well-reputed insurance companies, whose financial strength is continuously monitored. Risk inspections, mainly focusing on physical risks, are performed yearly. In most cases at all production units and at a number of Scania-owned sales and services units/workshops, according to the standardised Scania Blue Rating Fire Safety system.<br>This work maintains a high loss prevention level and a low incidence of claims. |

# RISK OVERVIEW
Continued

## CORPORATE TARGETS

Driving the shift | People and planet | Growth and transformation | Customers | Profitability and flow

| Risk category | Corporate targets | Context/Potential impact | Management actions/Mitigation |
|---|---|---|---|
| **Legal & Compliance risks** | | | |
| **Legal actions and administrative proceedings** | Driving the shift, Customers, Profitability and flow | Scania is affected by legal proceedings as a consequence of the company's operating activities. This includes alleged breaches of contract, non-delivery of goods or services, producer liability, patent infringement or infringements related to other intellectual property, or alleged violations of laws and regulations in force. Some of the associated risks may be of great importance.<br>For further information see Note 2 and 17. | Scania has introduced a legal risk reporting system, according to which risks are defined and reported to the head office as they occur. At least once a year, a report on such risks is submitted to the Audit Committee of the Board of Directors. Scania has specialised personnel, Corporate Legal Affairs and Risk Management to support with advisory and guidance in legal matters. |
| **Business ethics and compliance risks** | Driving the shift, Customers, People and planet, Profitability and flow | With a presence and operations in many markets, Scania is exposed to risks related to money laundering, fraud, embezzlement, corruption and non-compliance to applicable competition laws, all of which Scania needs to address in a systematic and transparent way. In addition, business ethics also includes privacy and data protection commitments and business and human rights compliance. See Data privacy and Human rights risks below.<br>Scania's operations also include the provision of financing and insurance services, which must comply with the rules set out by financial supervisory authorities and other competent authorities. | The governing regulation structure that starts with the Scania Code of Conduct, contains a set of binding rules and guidance regarding responsible behaviors for all Scania Group employees. The core values and The Scania Way framework is laying the foundation of responsible business behavior and the culture that starts with tone from the executive board. The framework is complemented with respective internal regulations. Since we are operating in a constantly changing environment, Scania has specialised personnel both centrally and locally to support the business to monitor and manage these risks. Group Compliance Management, Group Risk Management, Group Data Protection and Group Governance are the main functions that support the businesses to achieve those targets. As risk-based third-party due diligence is an important part of the Compliance Management System, Group Internal Audit is closely monitoring the effectiveness of the processes. |
| **Risks related to new and changed laws and regulation** | Driving the shift, Profitability and flow, Growth and transformation | We see new legislative requirements related to corporate governance in different jurisdictions. This is increasing the significance of the risk related to operating in a manner that is fully compliant with all relevant regulatory requirements.<br>Different countries' legal systems and major changes in laws and regulations (e.g. environmental laws, safety standards, data privacy, trade laws, financial regulations, value chain due diligence, anti-corruption laws, anti-money laundering and terrorism financing laws, competition laws and laws related to business and human rights and export control regulations with extraterritorial effect) may have features that threaten the Scania comprehensive position. Incoming legislations focused on value chain obligations (and extraterritorial implementation) creates a risk of conflicting standards similar to that of sanctions and countersanctions. There is a risk that Scania lacks the capacity to efficiently conduct business as well as the capacity to consummate important transactions, enforce contractual agreements or complement specific strategies and activities. | Scania monitors all markets continuously for early warning signs, which means that the company can make the necessary changes to its strategy or internal governance and compliance arrangements. In addition, Scania's local and central specialist functions provide guidance and support regarding new and changed legislation to mitigate the risk. |
| **Trade barriers, export control and sanction risks** | Driving the shift, Growth and transformation | Changes in foreign trade policy and trade barriers, as well as governments or international bodies imposing sanctions on countries, goods and services, or persons, may limit our business opportunities. Failure to comply with sanctions could result in significant fines and penalties. As a global company, Scania also needs to manage conflicting sanction regulations. | All entities within the Scania Group conduct their business in accordance with national and international laws and regulations, including, but not limited to, export control legislations and sanctions regulations of all relevant jurisdictions and regimes in which we operate as well as in accordance with Scania's Code of Conduct. The current geopolitical situation with regularly evolving sanctions and trade barriers is monitored within the Scania Export Control programme where central and local resources and expertise evaluate changes in the regulations and sanctions landscape to ensure compliance. |
| **Contracts and intellectual property rights** | Driving the shift, Customers, Profitability and flow | Legal risks occur in the normal course of operations in administration of contracts and essential rights.<br>Scania's operations include a wide variety of intangible licensing agreements, patents and other intellectual property rights. Scania also concludes numerous commercial and financial contracts, which is normal for a company of Scania's scale and type. Scania's operations are not dependent on any single commercial or financial contract, patent, licensing agreement or similar right. | Scania has specialised personnel, Corporate Legal Affairs and Risk Management, to support with advisory and guidance in legal, commercial, patent, licensing and other matters.<br>For further information see Note 2. |

# RISK OVERVIEW
Continued

## CORPORATE TARGETS

Driving the shift | People and planet | Growth and transformation | Customers | Profitability and flow

| Risk category | Corporate targets | Context/Potential impact | Management actions/Mitigation |
|---|---|---|---|
| **Legal & Compliance risks, continued** | | | |
| **Human rights risks** | Driving the shift, Customers, People and planet, Profitability and flow | Scania encounters human rights risks throughout the value chain and needs to work diligently to prevent negative impact on people.<br>Human rights risk increases in situations of social and economic volatilities and in conflict. Respect for human rights and international law is challenged when authoritarian governance is gaining ground and rule of law is weakened. Developments during the year in this direction are increasing human rights risk exposure.<br>Legal expectations on human rights due diligence creates increased pressure on companies to manage human rights also extraterritorially. | Responsible management of human rights risks requires integration of human rights due diligence into relevant decision-making.<br>In 2022 Scania has performed a corporate level salience review (mapping of key risks in the value chain) and a management review (mapping the readiness in relevant policies, processes and management system) to manage human rights risk (see Sustainability KPI section from page 150).<br>In 2022 Scania adopted a framework for human rights management. The framework connects existing due diligence programs (such as the raw materials management system) with a risk-based approach on corporate level through the Scania risk process. The framework also includes Scania's defined salient issues, based on the salience review performed in 2022.<br>For more information on how Scania manages human rights risk as part of its supply chain sustainability programme, see Supply chain risk. |
| **Business risks** | | | |
| **Supply chain risks** | Driving the shift, Customers, People and planet, Growth and transformation, Profitability and flow | If one or more suppliers are unable or unwilling to fulfil delivery obligations, for example due to supply shortages, labour strikes, capacity allocation to other customers, or financial distress of the supplier, Scania might face the risk of production downtime, increased production costs, delays and loss of customer confidence. For examples, supply shortages of semiconductors have continued to challenge in 2022 and will require continued efforts in 2023. Scania has launched several product updates and improvements during 2022, benefiting our customers but increasing the risks when changing the supply chains.<br>Furthermore, with a more global supply chain and changes in technology, for example focus on electrification, there are sustainability risks such as adverse effects on the environment, health and safety, human rights and business ethics in Scania's business operations. | Scania has taken a variety of preventive and detective measures to counter the supply chain risks. This includes a pre-qualification process to ensure suppliers meet the company's requirements regarding technology, quality, delivery, cost and sustainability, and which is regularly reported to Scania Purchasing management.<br>There is a focus on risks regarding geopolitical situations, natural disasters, and energy supply with possible negative effects on our supply chains in order both to prevent and limit impact if materialised.<br>Suppliers are required to comply with Scania's Supplier Code of Conduct and Scania assesses every sourcing nomination through a thorough due diligence process called Scania Sustainability Rating.<br>Close cooperation within Volkswagen Group as well as with our suppliers is also key to ensure that we can adapt to changes and manage identified risks.<br>Furthermore, Scania monitors all suppliers with a critical spend on a monthly basis via external risk ratings. Scania also has a special task force focus to ensure availability of components within short term. |
| **Market risks** | Driving the shift, Growth and transformation, Profitability and flow | The commercial vehicles industry is influenced by external impact such as competition, price, political conditions as well as potential financial downturn which may result in both opportunities and risks regarding the demand for Scania's products.<br>In addition, Scania delivers some of its vehicles with repurchase obligations, where Scania thus has residual value exposure. This also includes residual value risk for short-term rental vehicles. Further, a large proportion of Scania's sales of parts and workshop hours occurs through repair and service contracts. Selling a service contract involves a commitment by Scania to provide services to customers during the contractual period in exchange for a predetermined fee.<br>The current energy challenge related both to access and to price of energy, impacts Scania on different levels and with different stakeholders e.g. in production, with suppliers and customers. | Scania can partly address the fluctuation in the demand for our products by well-diversified sales in more than 100 countries, which limits the risk in relation to each individual customer and market.<br>Furthermore, Scania continuously manages and oversees existing contractual obligations towards customers which otherwise could result in challenges to properly forecast future asset values of used vehicles.<br>The cost of a contract is allocated over the contractual period according to estimated consumption of service, and actual divergences from this are recognised in the accounts during the period. From a portfolio perspective, Scania continuously estimates possible future divergences from the expected cost curve. Negative divergences result in a provision which affects earnings for the period.<br>Scania is working both internally and in close collaboration with customers and suppliers to monitor and act on the current energy challenge.<br>For further information see Note 2. |

# RISK OVERVIEW
Continued

## CORPORATE TARGETS

Driving the shift · People and planet · Growth and transformation · Customers · Profitability and flow

| Risk category | Corporate targets | Context/Potential impact | Management actions/Mitigation |
|---|---|---|---|
| **Business risks, continued** | | | |
| **People and competence** | Driving the shift, People and planet, Growth and transformation | The technology shift will require a shift in competence and Scania must act proactively and identify future needs before they occur. Difficulties in attracting and retaining key personnel, both for ongoing activities and in the changing environment, could lead to challenges in delivering towards customer needs. | To secure business-driven competence supply Scania is continuously developing the area of people management. Presently a programme is run, as part of HR Foundation, aiming at creating an even more efficient human resources support through implementing global processes as well as a global HR IT tool. Scenario-planning is also used to plan for future competence needs in parts of the organisation. The people perspective is key in driving the shift – both for the company and its employees. Therefore, Scania focuses on various re-skilling programmes as well as entrepreneurial and innovation learning, e.g. Innovation Factory, and Skill Capture. In order to manage transformation / competence shift in a responsible way at the global level, ensuring meaningful social dialogue is key. Scania has a global standard for social dialogue and proactively addresses the challenge through the Global Deal initiative.<br>Further, Scania has structured, well-established working methods for close cooperation with several universities and institutes of technology to create and recruit cutting-edge expertise. Scania runs an upper secondary school in Södertälje, Mälardalens Tekniska Gymnasium, offering high-quality technical education. |
| **Information risks** | Driving the shift, Customers, People and planet | Scania relies on information technology for everyday business. Beside opportunities for improving efficiency and effectiveness of Scania's internal operations and customer offer, this might also give rise to various risks. Digital information, systems and infrastructure may be negatively impacted because of accidents, disasters, technical damage, outdated technology, cyber-attacks etc. (See Product cybersecurity risks).<br>If not properly managed, Scania might be exposed to the risk of information being revealed to unauthorised person(s) or intentionally/unintentionally changed, corrupted or lost. | To ensure effective, reliable and relevant operations, Scania needs to constantly evaluate how to utilise the potential of data in our day-to-day business. To ensure the availability, integrity, and confidentiality of information, Scania uses a risk-based approach and an established Information Security Management System as well as a combination of the latest hardware and software technologies and effective IT organisational mechanisms.<br>Furthermore, Scania has a central specialist function for Information Security, which is responsible for the introduction and follow-up on Scania's information security policy. |
| **Product launch and Product liability risks** | Customers, Profitability and flow | Introducing a new product to the market is a risk exposure of product quality deviation resulting from e.g. failure in design, product selection or manufacturing. Failure to ensure product quality could result in recalled products involving significant costs, compensation for indirect cost of customers, non-compliance and reputational damage. | This risk is managed by the development, verification and validation process at Scania. It is Scania's objective to develop products that are reliable and safe to the user, the general public and the environment. However, if a product should show signs of technical shortcomings that might be harmful to people, planet or property, that is dealt with by the Scania Product Liability Council. This body decides what technical solutions should be used in order to solve the problem and what marketing measures are needed. The Product Liability Council also conducts a review of the processes in question to ensure that the problem does not recur. Where applicable, Scania has a fair risk-sharing with our suppliers regarding product liability, which minimises the financial risk for Scania. |
| **Climate risks including natural hazards** | Driving the shift, Customers, People and planet, Profitability and flow | As Scania and our suppliers are located all over the world, we are exposed to physical risks, resulting from extreme weather conditions, floods, heat or water stress and other natural hazards that could damage physical assets such as buildings as well as disturb the logistic flow or supply chain with availability of components. It is hard to predict the frequency, geographical location and impact of natural disasters. However, with changing climate due to global warming, extreme weather situations are already today more frequently occurring as well as the weather patterns to be changing in certain areas. Acute situations can be expected to occur more frequently in the future. These risks could also potentially affect Scania's possibility to insure facilities in the future as well as affect our balance sheet if for example a number of facilities would be affected. | The risk of changing climate and weather patterns, natural disaster and resource scarcity are given attention in the business impact analysis as well as the business continuity planning process. The usage of predictions and scenario planning for different regions support decision-making. Some of the physical risks related to insurability is covered by the insurance risk process.<br>Scania has an environmental management system in line with ISO14001 that ensures that Scania operates according to the highest global standards in all relevant environmental areas. |

# RISK OVERVIEW
Continued

## CORPORATE TARGETS

Driving the shift
People and planet
Growth and transformation
Customers
Profitability and flow

| Risk category | Corporate targets | Context/Potential impact | Management actions/Mitigation |
|---|---|---|---|
| **Business risks, continued** | | | |
| **Production risks** | Driving the shift, Customers, People and planet, Growth and transformation | An unforeseen disruption at a production facility represents a risk and may be caused by a number of different incidents for example power failure, equipment failure, fire, floods, social unrest or terrorist activity, infectious diseases, labour difficulties, or other operational issues.<br>If overestimating the demand for our products, there might be a risk that the available capacity will be underutilised, while pessimistic forecasts could result in insufficient capacity to meet demand.<br>Production risks also encompass challenges that Scania may face in logistics, delivering trucks after the production process is completed. | Scania has a business continuity programme which focuses on that business continuity is owned, operated and embedded with local needs, resources and competence. In addition, Scania has a framework for safety & health, consisting of policy and guides. The aim is to preserve and promote safety, health and well-being at work and promote performance.<br>Production, environmental and quality risks in the workshop network's services are managed through the Scania Retail System, the Scania Dealer Operating Standard Certification, as well as the environmental management policy and specialised personnel.<br>The production capacity is closely monitored in cross-functional meetings and continuously adopted accordingly. |
| **Product cybersecurity risks** | Driving the shift, Customers, People and planet, Profitability and flow | Modern vehicles contain advanced computing and communication technologies and are increasingly connected. As our vehicles are critical for our customers' business and also safety-critical, these may be negatively impacted in case of a cyber security attack. | Using standardised methods, Scania works with cybersecurity risk throughout the product lifecycle. Efforts in this area include continuous work with risk assessments, technical implementations, cybersecurity culture and awareness, cooperation with suppliers, risk monitoring, incident management and more. |
| **Data privacy** | Driving the shift, Customers, People and planet, Profitability and flow | There is a risk that Scania fails to demonstrate compliance with privacy and data protection regulations, which could lead to claims for damage and other liabilities, significant fines and penalties, loss of customers as well as negative brand reputation. | One of Scania's core values is "Respect for the individual". This is the foundation not only for our interaction with colleagues, customers, partners, drivers etc., but also for how we manage privacy and personal data protection.<br>Scania's compliance with privacy and data protection regulations should be the result of an actively present privacy mindset with personal data protection practices embedded everywhere in the business by default and by design. This is particularly important when entering into new markets or establishing new business models.<br>Scania has a specialist function, Group Data Protection, and a central as well as a global network of data protection responsible persons. They support the business in ensuring that personal data is handled appropriately. However, the business is responsible for embedding privacy from the ground up and for demonstrating compliance with privacy and data protection regulations. |

# MARKET TRENDS AND PERFORMANCE 2022

**2022 was characterised by an unstable macroeconomic and geopolitical situation, with high inflation, interest rate hikes and an energy crisis in Europe causing uncertainty in the business outlook. Despite this, demand for our transport solutions remained strong.**

## Vehicles and services

Scania's vehicle deliveries decreased by 6 percent in 2022 compared to 2021. Truck deliveries decreased by 7 percent to a total of 80,238 units and bus and coach deliveries increased by 13 percent to 4,994 units. Power solutions deliveries increased by 14 percent to 13,400 units. Service sales increased by 21 percent to SEK 36,434 m.

## The truck market

While 2022 saw strong demand for trucks and high transport activity among our customers, continued supply chain disruption caused production delays and problems with deliveries. The disruptions were initially mainly caused by component shortages and then later by a lack of transport capacity caused by the war in Ukraine.

During the year we continued the changeover to our new Scania Super powertrain, one the biggest industrial changes in Scania's history. This also added complexity to our supply chain. The new powertrain has been well received, winning both the Green Truck award and Germany's 1,000 Points comparison test.

Our electrification journey continued in 2022, and we saw clear momentum for electric heavy vehicles. At the IAA trade fair we showcased an extensive offering of BEVs, including our latest addition: an electric truck for regional transport. We have seen strong customer interest in the new trucks, with pre-orders reaching nearly 700 as of the year end.

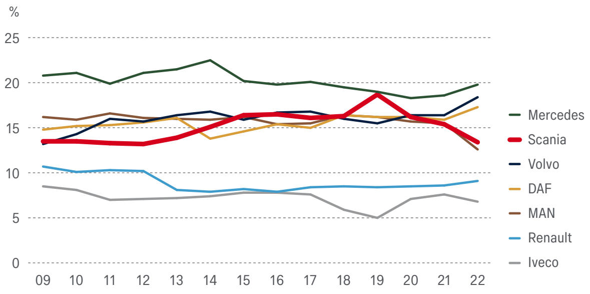
We also responded to increasing customer interest in biogas by expanding our offer of biogas tank options and specifications.

### Europe

The strong demand for our trucks was not reflected in the order intake as we were restrictive in the placing of orders to ensure the quality of the order book and the ability to adjust prices to the high cost inflation. Order intake in Europe decreased by 20 percent to 51,881 (64,575) trucks, primarily related to United Kingdom, Poland and Germany. Deliveries increased by 2 percent to 43,294 (42,365) trucks, mainly related to United Kingdom, Denmark and Spain partly offset by France, Austria and Poland.

The total market for heavy trucks in 27 of the European Union member countries (all EU countries except Malta) plus Norway, Great Britain, Switzerland and Iceland increased by around 7 percent to about 297,000 (278,000) units during 2022. Scania truck registrations amounted to some 39,800 (42,900) units, equivalent to a market share of about 13.4 (15.5) percent.

During the year we collaborated with a range of customer partners to scale up the electrification of heavy transport. These included deals to deliver Scania BEV trucks to companies such as transportation company Girteka, Copenhagen municipal waste company ARC and Swedish freight technology company Einride.




### Latin America

Order intake in Latin America decreased by 51 percent to 11,638 (23,626) trucks, mainly related to Brazil and Chile. Deliveries decreased by 1 percent to 21,092 (21,201) trucks, primarily related to Brazil.

### Eurasia, Asia, Africa and Oceania

Scania stopped production and deliveries to Russia and Belarus following Russia's invasion of Ukraine. As a result, order intake in Eurasia decreased by 142 percent and amounted to 2,640 cancelled units (6,256), while deliveries decreased by 82 percent to 1,410 (7,724) trucks.

Order intake in Asia decreased by 22 percent to 8,457 (10,840) trucks, primarily related to Indonesia, Hong Kong and China. Deliveries in Asia decreased by 3 percent to 9,333 (9,649) trucks, mainly related to China and Turkey party offset by Indonesia and South Korea.

In Africa and Oceania, order intake decreased by 8 percent to 7,115 (7,705) trucks, mainly related to New Zealand, Australia and Ghana partly offset by Tanzania. Deliveries in Africa and Oceania increased by 2 percent to 5,109 (4,991) trucks, primarily related to South Africa.

## The bus and coach market

In Scania's bus and coach operations the recovery is continuing in line with the improving pandemic situation in large parts of the world.

Over the year, order intake for buses and coaches increased by 48 percent to 5,620 (3,796) units. In Europe, order intake increased to 1,869 (1,266) units mainly explained by Italy, Spain and United Kingdom partly offset by Sweden. In Eurasia, order intake amounted to 6 (39) units. In Latin America, order intake increased to 2,624 (1,228), primarily related to Colombia, Argentina and Brazil. Order intake in Asia increased to 374 (332), mainly related to Malaysia. Order intake in Africa and Oceania decreased to 747 (931) mainly explained by Ivory Coast partly offset by Australia.

Deliveries increased in 2022 to 4,994 (4,436) units. In Europe, deliveries decreased by 16 percent to 1,344 (1,606) units, mainly related to Norway and France partly offset by Sweden and Italy. Deliveries to Eurasia decreased to 6 (40) units. In Latin America, deliveries increased by 53 percent to 2,328 (1,526) units, primarily related to Chile and Argentina. In Asia, deliveries increased by 50 percent to 526 (350) units, mainly related to Singapore and Israel. Deliveries to Africa and Oceania decreased by 14 percent to 790 (914) units, primarily related to Ghana.

Scania's market share in buses and coaches in Europe was around 4.4 percent during 2022, compared to 5.7 percent in 2021.

Business highlights during the year included the launch of Scania Interlink, a bus designed for urban and intercity applications offering fuel savings of up to 8 percent alongside a wide range of specification options.

## The engines market

Within Power Solutions, demand was strong in 2022, due to high activity among OEM manufacturers.

Order intake increased by 15 percent to 18,080 (15,712) engines, primarily related to China, Italy and United Kingdom partly offset by Brazil and South Korea. Deliveries increased by 14 percent to 13,400 (11,786) engines, primarily related to Brazil, Italy and China partly offset by South Korea.

In October we launched our new inline energy platform, our most fuel-efficient engine yet, offering a fuel consumption reduction of up to seven percent compared with the previous generation.

# MARKET TRENDS AND PERFORMANCE 2022

Continued

## Services

Scania's service business is continuing to grow strongly. Service revenue amounted to SEK 36,434 m. (30,074) during the year, an increase of 21 percent. Higher volume in most markets impacted revenue positively. In local currencies, revenue increased by 13 percent.

In Europe, service revenue increased by 17 percent to SEK 24,914 m. (21,239). In Latin America, revenue increased by 56 percent to SEK 4,845 m. (3,109) and service revenue in Eurasia decreased by 28 percent to SEK 772 m. (1,070). Revenue in Asia increased by 29 percent to SEK 3,272 m. (2,543). In Africa and Oceania, service revenue increased by 25 percent to SEK 2,631 m. (2,113).

At the IAA trade fair we launched My Scania, a personalised digital platform that gives customers access to all Scania services in one place. We also introduced the Scania Driver app, providing digital tools for Scania drivers.

Our service offering is supported by data gathered in agreement with our customers from our connected vehicles, which allows Scania to keep tailoring service packages to customers, based on how they use their vehicles. About 66 percent of the 10-year rolling fleet of Scania trucks and buses are connected.

## Financial services

At the end of the financial year, the size of Scania's customer finance portfolio amounted to SEK 128.2 billion, which was SEK 19.6 billion higher than the end of 2021 including acquisition of a finance portfolio of SEK 2.4 billion. In local currencies, the portfolio increased by SEK 8.4 billion.

The penetration rate for new trucks was 41.1 (44) percent during 2022 in those markets where Scania has its own financing operations.

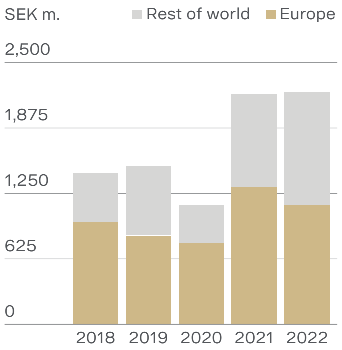
Operating income in Financial Services decreased to SEK –97 m. (2,194) during 2022 and adjusted operating income amounted to SEK 2,197 m. In connection with the disposal of business activities in Russia, a reclassification of the write-downs made in the first six months for the Russian entities has been made to items effecting comparability.

Most of Scania's portfolio consists of customers in European markets. The financing portfolio is well diversified in terms of customer geography and type, as well as their size, economic sector and vehicle applications. Scania reduces its risk by pursuing a conservative credit policy and a refinancing profile that matches borrowing to lending. Close collaboration between Financial Services and Scania's sales organisation is a major explanation for Scania's expanding financing portfolio. This collaboration allows both operations to mutually benefit from insights concerning customers and their businesses. Experience shows that brand loyalty is higher among customers that select financing, insurance and maintenance contracts with Scania.

From 1 April 2023, Financial services will no longer be included in the Scania balance sheet as it will be TRATON FS.

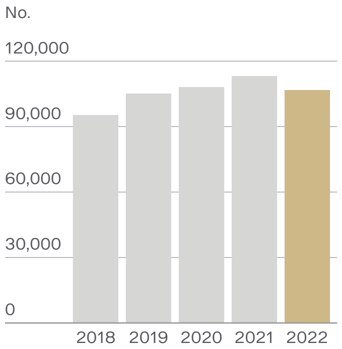
## Adjusted operating income, Financial services

Adjusted operating income in Financial services for 2022 increased to SEK 2,197 m. (2,194) adjusted for an impairment impact from the Russian operations. A larger portfolio and currency effects impacted positively, which was partly offset by increased credit losses.




## Insurance contracts

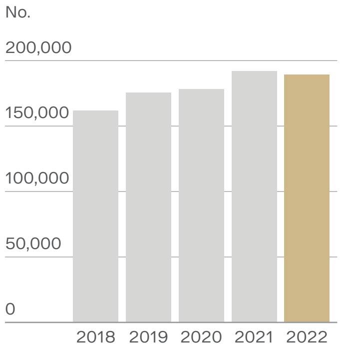
There was a slightly decreasing demand for insurance solutions intermediated under the Scania brand in 2022. Efficient claims management and fast repairs in Scania's service network are the core of the offer.



# MARKET TRENDS AND PERFORMANCE 2022
Continued

## Finance contracts

Customers are increasingly choosing Scania as their long-term partner in vehicle financing.




## Our employees

All Scania managers are committed to ensuring that our employees feel valued and satisfied at work, and that their well-being is supported, regardless of their job and location. We believe that diverse and inclusive working groups, reflecting diversity in areas such as gender, ethnicity, background and skills, are key to our success. We therefore aim to increase the diversity of our workforce across all our operations.

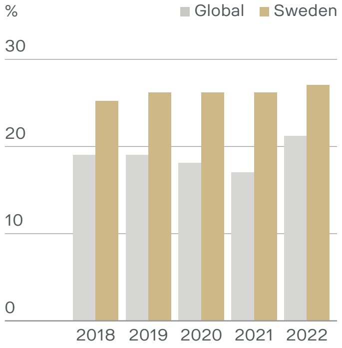
Our Employee Satisfaction Barometer survey is one of the main methods we use to monitor job satisfaction. The survey includes three questions to gauge employees' views of Scania's performance in diversity and inclusion. The three questions are the basis for the diversity and inclusion index (D&I), which has steadily increased over the past few years.

The safety and health of all Scania employees is a top priority. We strive to create safe and healthy workplaces, preventing work-related injuries and ill health and promoting well-being through cooperation and continuous improvements. In this way, Scania has been able to maintain low levels of employee turnover and to keep healthy attendance at a consistently high level for many years. Throughout 2022, healthy attendance was 98.7 (up from 95.4 in the previous year).

As the Covid-19 pandemic eased, working life settled into a new normal in 2022, with higher levels of hybrid working. The Scania Work Playbook is our internal guide to making the most of working life at Scania, and in 2022 we adapted the Playbook to include a greater emphasis on mobility and flexibility, while still ensuring collaboration and creativity.

## Share of female managers

Diversity is important to Scania. Within the Skill Capture programme, Scania has taken a number of actions to increase the number of women in managerial positions.




## Production

In Europe, several introductions were made in Scania's production facilities, including our new engine (CBE), new gearbox, the first performance step in our new central gear, new hybrid powertrain component, new electric transmission and new bus generation.

Series production of assembly of battery trucks at the chassis unit in Södertälje has been running since the first quarter 2022. To increase capacity we installed a new line for assembling e-mobility powertrain components. Scania's new battery assembly unit in Södertälje is now near completion. The unit will be ready to produce batteries in 2023.

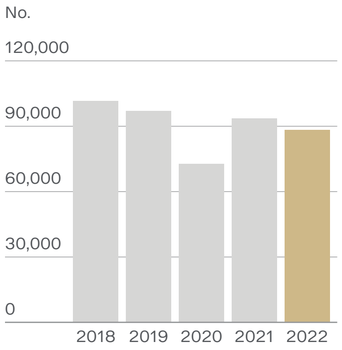
Bus production was moved from the chassis assembly unit in Södertälje, Sweden, to Słupsk, Poland to simplify the structure, reduce costs and secure space at the unit in Södertälje to produce battery electric trucks.

In China, we are establishing our third industrial hub in Rugao in the Jiangsu province. Despite Covid-19 restrictions, great progress has been made and around 700 engineers are working on factory design, localising products and preparing future supply chains. Establishing a production base in China will enable us to offer the advantages of Scania's modular system and short lead times to our customers in China and other Asian markets.

In Latin America, the major focus has been on final preparations of the industrial system and on launching our new Super powertrain.

## MARKET TRENDS AND PERFORMANCE 2022
Continued

### Vehicles produced
During 2022, Scania produced 88,142 vehicles (92,718).

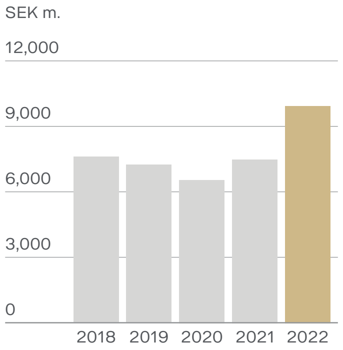



### Research and development
The aim of Scania's research and development organisation is to develop sustainable solutions that improve productivity and profitability in customer operations based on low fuel consumption, high vehicle uptime and low service costs, combined with good performance. Scania puts significant investment and resources into research and development, which is concentrated at the Scania Technical Centre in Södertälje.

In 2022, key projects resulting from our research and development investments included the complete battery electric solutions for regional haulage, fully autonomous pilot vehicles with commercial goods on Swedish public roads, and a Scania demo truck with the new standardised connector for Megawatt Charging System (MCS). In total, Scania invested SEK 9.9 billion in research and development (7.5) in 2022, and R&D expenses corresponded to 6 percent of net sales.

As part of the TRATON GROUP, Scania has access to a deep pool of technical expertise that boosts innovation and drives cost efficiency.

### R&D Investments
Scania maintains a high level of investment to strengthen the product portfolio in the coming years.




# SUSTAINABILITY REPORT STATEMENT

In accordance with the Swedish Annual Accounts Act 6 Chapter 11§, Scania AB has chosen to draw up the Sustainability Report as a report separated from the Annual Report. The extent of the Sustainability Report can be found on page 160 of this document.

# GROUP FINANCIAL REVIEW

2022 was characterised by an unstable macroeconomic and geopolitical situation, with high inflation, interest rate hikes and an energy crisis in Europe causing uncertainty in the business outlook. The supply chain was affected first by component shortages and then later by a lack of transport capacity caused by the war in Ukraine, resulting in disruption in our delivery flows. Despite this, demand for trucks remained strong, even though the deliveries were somewhat lower than 2021. In September 2022, as a consequence of the war in Ukraine, Scania announced its intention to dispose of all its business operations in Russia. On 14 December, the sale of the commercial entities was finalised. As of the balance sheet date, the divestment of the Russian entities within the Financial Services segment had not yet been completed. The sale was finalised on 17 January (see further information in “Note 30 Events after the reporting period”).

## Revenue

The sales revenue of the Scania Group, in the Vehicles and Services segment, increased by 16 percent to SEK 163,260 m. (141,305).

New vehicle sales revenue increased by 12 percent. Sales were positively impacted by price and product mix, and market and currency effects.

Service revenue increased by 21 percent and amounted to SEK 36,434 m. (30,074). Increased volumes in parts and services had a positive effect. Also currency effects was positive.

Power solutions sales revenue increased by 37 percent due to increased volumes.

Interest and lease income in the Financial Services segment increased by 24 percent due to a higher average portfolio and positive currency effects.

| **Net sales by product, SEK m.** | 2022 | 2021 |
|---|---|---|
| Trucks | 99,976 | 88,849 |
| Buses | 7,984 | 7,702 |
| Power solutions | 3,454 | 2,521 |
| Services | 36,434 | 30,074 |
| Used vehicles | 9,620 | 8,082 |
| Miscellaneous | 4,469 | 4,580 |
| **Delivery sales value** | **161,937** | **141,808** |
| Adjustment for lease income [1] | 1,324 | –503 |
| Total Vehicles and Services | 163,260 | 141,305 |
| Financial Services | 10,823 | 8,761 |
| Elimination [2] | –4,079 | –3,920 |
| **Scania Group total** | **170,004** | **146,146** |

1 The adjustment consists of the difference between sales value based on delivery and revenue recognised as income. This difference arises when a lease or delivery is combined with a repurchase obligation. Significant risks remain, therefore recognition is based on an operating lease contract.
2 The elimination refers to rental income from operating leases.

## Deliveries

During 2022 Scania delivered 80,238 (85,930) trucks, a decrease of 7 percent. Bus deliveries increased by 13 percent to 4,994 (4,436) units. Power solutions deliveries increased by 14 percent to 13,400 (11,786) units.

| **Vehicles delivered** | 2022 | 2021 |
|---|---|---|
| **Vehicles and Services** | | |
| Trucks | 80,238 | 85,930 |
| Buses | 4,994 | 4,436 |
| **Total new vehicles** | **85,232** | **90,366** |
| Used vehicles | 15,902 | 16,714 |
| Power solutions | 13,400 | 11,786 |

| **Financial Services** | 2022 | 2021 |
|---|---|---|
| Number financed (new during the year) | | |
| Trucks | 30,477 | 34,683 |
| Buses | 1,298 | 851 |
| **Total new vehicles** | **31,775** | **35,534** |
| Used vehicles | 8,633 | 8,502 |
| New financing, SEK m. | 50,830 | 56,417 |
| **Portfolio, SEK m.** | **128,202** | **108,859** |

## Earnings

Scania’s operating income amounted to SEK 12,375 m. (11,294) during 2022. The operating margin amounted to 7.3 (7.7) percent. The operating income for 2022 was negatively affected by items affecting comparability amounting to SEK 3,596 m. mainly related to the disposal of the Russian operations. Adjusted for items affecting comparability operating income for 2022 amounted to 15,971 MSEK.

Decreased truck volume impacted negatively. Also increased raw material prices and production constraints affected negatively, this was offset by positive currency effects and increased service, bus and Power solution volume.

Scania’s research and development expenditure amounted to SEK 9,909 m. (7,458). After adjusting for SEK 2,314 m. (1,986) in capitalised expenditure and SEK 1,204 m. (939) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 8,799 m. (6,411).

Compared to the full year 2021, the total currency effect was negative and amounted to SEK 4,687 m.

Operating income in Financial services amounted to SEK –97 m. Adjusted for items affecting comparability operating income amounted to SEK 2,197 m. (2,194). This was equivalent to a margin of 1.85 percent (2.15) of the average portfolio during the year. Higher portfolio and currency effects impacted positively. This was partly offset by increased credit losses.

At year end 2022, the size of the customer financing portfolio amounted to SEK 128.2 billion, which represented an increase of SEK 19.3 billion. In local currencies, the portfolio increased by SEK 8.4 billions, equivalent to an increase of 8 percent.

# GROUP FINANCIAL REVIEW
Continued

| Operating income per segment, SEK m. | 2022 | 2021 |
|---|---|---|
| **Vehicles and Services** | | |
| Operating income | 12,649 | 9,100 |
| Operating margin, % | 7.7 | 6.4 |
| **Financial Services** | | |
| Operating income | –97 | 2,194 |
| Operating margin, % [1] | –0.1 | 2.1 |
| **Operating income, Scania Group** | **12,375** | **11,294** |
| Operating margin, % | 7.3 | 7.7 |
| **Income before taxes** | **12,399** | **10,816** |
| Taxes | –4,541 | –3,640 |
| **Net income** | **7,858** | **7,176** |

1 The operating margin of Financial Services is calculated by taking the operating income as a percentage of the average portfolio.

Scania's net financial items amounted to SEK 24 m. (–478) including net income from associated companies and joint ventures amounting to SEK 76 m. (–19). The increase in net income from associates and joint ventures is mainly explained by a dilution effect from one of the associates. Net interest items amounted to SEK 910 m. (–121). The net interest was positively impacted by improved funding. Other financial income and expenses amounted to SEK –810 m. (–23). These included SEK 359 m. (474) in valuation effects related to financial instruments where hedge accounting was not applied.

Income before taxes amounted to SEK 12,399 m. (10,816). The Scania Group's income tax expense for 2022 was equivalent to 36.6 percent (33.7) of income before taxes.

Net income for the year totalled SEK 7,858 m. (7,176).

## Cash flow

The cash flow after investing activities attributable to operating activities in Vehicles and Services amounted to SEK –4,516 m. (5,538). Adjusted for payment of the EU Commission's fine related to the EU truck case, cash flow amounted to MSEK 5,141.

Net investments in Vehicles and Services amounted to SEK 8,641 m. (8,746), including SEK 2,314 m. (1,986) in capitalisation of development expenses. At the end of 2022, the net cash position in Vehicles and Services amounted to SEK 11,607 m. (25,520).

The Cash flow in Financial Services amounted to SEK –10,038 m. (–7,369).

## Financial position

| Financial ratios related to the balance sheet | 2022 | 2021 |
|---|---|---|
| Equity/assets (E/A) ratio, % | 27.4 | 26.5 |
| E/A ratio, Vehicles and Services, % | 38.9 | 35.7 |
| E/A ratio, Financial Services, % | 12.9 | 10.7 |
| Return on capital employed, Vehicles and Services, % [1] | 18.9 | 14.0 |
| Net debt/equity ratio, Vehicles and Services [2] | –0.15 | –0.43 |

1 The calculation is based on average capital employed for the 13 most recent months.
2 Net cash (-)/Net debt (+).

During 2022, the equity of the Scania Group increased by SEK 11,412 m. and totalled SEK 79,625 m. (68,213) at year-end. Net income added SEK 7,858 m. (7,176). Dividend decreased equity with SEK 3,588 m. Equity increased by SEK 3,740 m. (1,545) because of exchange rate differences that arose when translating net assets outside Sweden. In addition, equity increased by SEK 4,244 m. (237) because of actuarial gains/losses on pension liabilities and decreased by SEK 66 m. (–483) due to fair value adjustment on equity instruments. A capital injection from TRATON SE also increased equity with SEK 1,014 m. Taxes attributable to items reported under "Other comprehensive income" totalled SEK –811 m. (–83). The non-controlling interest increased during the year with SEK 35 m. mainly due to the new subsidiary LOTS Ventures Canada Inc., with an 80 percent ownership.

## The Parent Company

The Parent Company, Scania AB, is a public company whose assets consist of the shares in Scania CV AB. The Parent Company conducts no operations. Income before taxes of Scania AB during 2022 totalled SEK 9,500 m. (6,000).

Scania CV AB is a public company and Parent Company of the Scania CV Group, which includes all production, sales and services and finance companies in the Scania Group.

## Owner and shareholders

The sole shareholder of Scania AB is TRATON Sweden AB who owns and controls 100 percent of the shares in Scania. TRATON Sweden AB is a subsidiary to TRATON SE which is a subsidiary of Volkswagen AG. TRATON SE is listed on the Frankfurt Stock Exchange and the Nasdaq Stockholm Stock Exchange. Both Scania and TRATON are members of the Volkswagen Group.

# FINANCIAL REPORTS

In this section

# CONSOLIDATED INCOME STATEMENTS

| January–December, SEK m. | Note | 2022 | 2021 |
|---|---|---|---|
| Revenue | 3 | 170,004 | 146,146 |
| Cost of goods sold and services rendered | | –128,379 | –109,871 |
| **Gross income** | | **41,625** | **36,275** |
| Research and development expenses [1] | | –8,799 | –6,411 |
| Selling expenses | | –14,445 | –11,268 |
| Administrative expenses | | –2,635 | –2,144 |
| Other operating income | | 1,872 | 769 |
| Other operating expenses | | –1,647 | –698 |
| Items affecting comparability | 2, 17, 31 | –3,596 | –5,229 |
| **Operating income** | 4, 5 | **12,375** | **11,294** |
| Interest income | | 1,467 | 673 |
| Interest expenses | | –557 | –794 |
| Share of income from associated companies and joint ventures | 12 | –76 | –19 |
| Other financial income | | 978 | 632 |
| Other financial expenses | | –1,788 | –655 |
| Items affecting comparability | 2, 17, 31 | – | –315 |
| **Total financial items** | 6 | **24** | **–478** |
| **Income before income tax expense** | | **12,399** | **10,816** |
| Income tax expenses | 7 | –4,541 | –3,640 |
| **Net income** | | **7,858** | **7,176** |

1 Total research and development expenditures during the year amounted to SEK 9,909 m. (7,457).

| January–December, SEK m. | Note | 2022 | 2021 |
|---|---|---|---|
| **Other comprehensive income** | 15 | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Translation differences | | 3,366 | 1,545 |
| Reversed cumulative translation differences from divested companies | 22 | 374 | – |
| Taxes | | 60 | 39 |
| | | 3,800 | 1,584 |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurement defined benefit plans | 16 | 4,244 | 237 |
| Fair value adjustment equity instruments | | –66 | 483 |
| Taxes | | –871 | –122 |
| | | 3,307 | 598 |
| **Other comprehensive income** | | **7,107** | **2,182** |
| **Total comprehensive income** | | **14,965** | **9,358** |
| | | | |
| Net income attributable to: | | | |
| – Scania shareholders | | 7,858 | 7,172 |
| – non-controlling interest | | 0 | 4 |
| | | | |
| Total comprehensive income attributable to: | | | |
| – Scania shareholders | | 14,965 | 9,354 |
| – non-controlling interest | | 0 | 4 |
| | | | |
| Operating income includes depreciation of | 8 | –12,299 | –11,239 |

# CONSOLIDATED BALANCE SHEETS

| 31 December, SEK m. | Note | 2022 | 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 9 | 14,995 | 13,587 |
| Tangible assets | 10, 11 | 44,456 | 41,465 |
| Lease assets | 10 | 24,926 | 26,659 |
| Holdings in associated companies and joint ventures | 12 | 1,121 | 1,074 |
| Other shares and participations | | 1,718 | 1,336 |
| Non-current interest-bearing receivables | 29 | 69,690 | 57,507 |
| Other non-current receivables | 14, 29 | 4,003 | 2,351 |
| Deferred tax assets | 7 | 6,507 | 5,570 |
| Tax receivables | | 636 | 556 |
| **Total non-current assets** | | **168,052** | **150,105** |
| | | | |
| **Current assets** | | | |
| Inventories | 13 | 30,673 | 23,943 |
| *Current receivables* | | | |
| Tax receivables | | 1,410 | 1,582 |
| Interest-bearing receivables | 29 | 44,184 | 35,646 |
| Non-interest-bearing trade receivables | 29 | 11,363 | 8,859 |
| Other current receivables | 14, 29 | 9,315 | 8,043 |
| *Total current receivables* | | 66,272 | 54,130 |
| Current investments | 29 | 1,873 | 386 |
| *Cash and cash equivalents* | | | |
| Current investments comprising cash equivalents | | 10,745 | 20,432 |
| Cash and bank balances | | 8,380 | 8,830 |
| Total cash and cash equivalents | 29 | 19,125 | 29,262 |
| | | **117,943** | **107,721** |
| Assets held for sale | 23 | 4,668 | – |
| **Total current assets** | | **122,611** | **107,721** |
| **Total assets** | | **290,663** | **257,826** |

| 31 December, SEK m. | Note | 2022 | 2021 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | | 2,000 | 2,000 |
| Other contributed capital | | 12,086 | 11,072 |
| Reserves | | –1,458 | –5,258 |
| Retained earnings | | 66,938 | 60,375 |
| Equity attributable to Scania shareholders | | 79,566 | 68,189 |
| Non-controlling interest | | 59 | 24 |
| **Total equity** | 15 | **79,625** | **68,213** |
| | | | |
| **Non-current liabilities** | | | |
| Non-current interest-bearing liabilities | 29 | 76,828 | 62,192 |
| Provisions for pensions | 16 | 7,853 | 12,455 |
| Other non-current provisions | 2, 17 | 4,061 | 3,394 |
| Accrued expenses and deferred income | 18 | 7,385 | 6,902 |
| Deferred tax liabilities | 7 | 2,870 | 3,409 |
| Other non-current liabilities | 29 | 6,524 | 4,866 |
| **Total non-current liabilities** | | **105,521** | **93,218** |
| | | | |
| **Current liabilities** | | | |
| Current interest-bearing liabilities | 29 | 46,862 | 37,953 |
| Current provisions | 17 | 4,578 | 13,540 |
| Accrued expenses and deferred income | 18 | 19,730 | 18,014 |
| Advance payments from customers | | 2,223 | 2,459 |
| Trade payables | 29 | 20,441 | 15,301 |
| Tax liabilities | | 2,733 | 1,711 |
| Other current liabilities | 29 | 8,713 | 7,417 |
| | | **105,280** | **96,395** |
| Liabilities directly attributable to assets held for sale | 23 | 237 | – |
| **Total current liabilities** | | **105,517** | **96,395** |
| **Total equity and liabilities** | | **290,663** | **257,826** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In Note 15 there is a description of the consolidated equity items and information about the company's shares.
The equity of the Scania Group has changed as follows (SEK m.):

| | 2022 | | | | | | | 2021 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Other contributed capital | Currency translation reserve | Retained earnings | Total, Scania share-holders | Non-controlling interest | Total equity | Share capital | Other contributed capital | Currency translation reserve | Retained earnings | Total, Scania share-holders | Non-controlling interest | Total equity |
| Equity, 1 January | 2,000 | 11,072 | –5,258 | 60,375 | 68,189 | 24 | 68,213 | 2,000 | 10,864 | –6,842 | 55,513 | 61,535 | 12 | 61,547 |
| Net income for the year | | | | 7,858 | 7,858 | 0 | 7,858 | | | | 7,172 | 7,172 | 4 | 7,176 |
| Other comprehensive income | | | | | | | | | | | | | | |
| Exchange differences on translation | | | 3,740 | – | 3,740 | 0 | 3,740 | | | 1,545 | – | 1,545 | 0 | 1,545 |
| Remeasurements of defined-benefit plans | | | – | 4,244 | 4,244 | – | 4,244 | | | – | 237 | 237 | – | 237 |
| Fair value adjustment equity instruments | | | – | –66 | –66 | – | –66 | | | – | 483 | 483 | – | 483 |
| Tax attributable to items recognised in other comprehensive income | | | 60 | –871 | –811 | | –811 | | | 39 | –122 | –83 | – | –83 |
| **Total other comprehensive income** | | | **3,800** | **3,307** | **7,107** | **0** | **7,107** | | | **1,584** | **598** | **2,182** | **0** | **2,182** |
| **Total comprehensive income** | | | **3,800** | **11,165** | **14,965** | **0** | **14,965** | | | **1,584** | **7,770** | **9,354** | **4** | **9,358** |
| Change in non-controlling interest | | | – | 0 | | 35 | 35 | | | – | – | – | 8 | 8 |
| Dividend to Scania AB Shareholders | | | – | –3,588 | –3,588 | – | –3,588 | | | – | –2,700 | –2,700 | – | –2,700 |
| Group contribution to TRATON SE | | | – | –1,014 | –1,014 | – | –1,014 | | | – | –208 | –208 | – | –208 |
| Capital contribution from TRATON SE | | 1,014 | – | – | 1,014 | – | 1,014 | | 208 | – | – | 208 | – | 208 |
| **Equity, 31 December** | **2,000** | **12,086** | **–1,458** | **66,938** | **79,566** | **59** | **79,625** | **2,000** | **11,072** | **–5,258** | **60,375** | **68,189** | **24** | **68,213** |

# CONSOLIDATED CASH FLOW STATEMENTS

| January–December, SEK m. | Note | 2022 | 2021 |
|---|---|---|---|
| **Operating activities** | | | |
| Income before tax | 21 a | 12,399 | 10,816 |
| Items not affecting cash flow | 21 b | 15,530 | 10,976 |
| Taxes paid | | –5,693 | –4,613 |
| **Cash flow from operating activities before change in working capital** | | **22,236** | **17,179** |
| **Change in working capital** | | | |
| Inventories | | –5,460 | –2,131 |
| Receivables | | –2,239 | –2,829 |
| Financial receivables, Financial Services | 21 c | –13,090 | –11,691 |
| Vehicles with repurchase obligations and rental | | –3,042 | –4,062 |
| Trade payables | | 4,439 | 1,211 |
| Other liabilities and provisions | 2, 17 | –7,980 | 8,955 |
| **Total change in working capital** | | **–27,372** | **–10,547** |
| **Cash flow from operating activities** | | **–5,136** | **6,632** |
| **Investing activities** | | | |
| Net investments through acquisitions/divestments of businesses | 21 d | –768 | –45 |
| Net investments in non-current assets | 21 e | –8,280 | –8,664 |
| **Cash flow from investing activities attributable to operating activities** | | **–9,048** | **–8,709** |
| **Cash flow after investing activities attributable to operating activities** | | **–14,184** | **–2,077** |
| **Investments in securities and loans** | | **–1,387** | **–309** |
| **Cash flow from investing activities** | | **–10,435** | **–9,018** |
| **Cash flow before financing activities** | | **–15,571** | **–2,386** |

| January–December, SEK m. | Note | 2022 | 2021 |
|---|---|---|---|
| **Financing activities** | | | |
| Change in debt from financing activities | 21 f | 11,589 | 1,677 |
| Transactions with non-controlling interests | | 0 | –2 |
| Dividend | | –3,588 | –2,700 |
| **Cash flow from financing activities** | | **8,001** | **–1,025** |
| **Cash flow for the year** | | **–7,570** | **–3,411** |
| Cash and cash equivalents, 1 January | | 29,262 | 32,268 |
| Exchange rate differences in cash and cash equivalents | | 797 | 405 |
| **Cash and cash equivalents, 31 December** | | **22,489** | **29,262** |
| **Cash and cash equivalents, Reported separately in the balance sheet as assets held for sale** | | **–3,364** | **–** |
| **Cash and cash equivalents, 31 December, Reported in the balance sheet** | 21 g | **19,125** | **–** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1 – ACCOUNTING PRINCIPLES

The Scania Group encompasses the Parent Company, Scania Aktiebolag (publ), Swedish corporate identity number 556184–8564 and its subsidiaries. The Parent Company has its registered office in Södertälje, Sweden. The address of Scania's head office is SE-151 87 Södertälje, Sweden.

The consolidated accounts of the Scania Group have been prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union. In addition, Recommendation RFR 1, "Supplementary Accounting Rules for Groups" from the Swedish Financial Reporting Board has been applied. The Parent Company applies the same accounting policies as the Group except in the instances described below in the section "Parent Company accounting principles." The functional currency of the Parent Company is Swedish kronor (SEK), and the financial statements are presented in Swedish kronor. Assets and liabilities are recognised at cost, aside from certain financial assets and liabilities which are carried at fair value. Financial assets and liabilities that are carried at fair value are mainly derivative instruments. Preparing the financial reports in compliance with IFRS requires that management make judgements and estimates as well as assumptions that affect the application of accounting principles and amounts recognised in the financial reports. The actual outcome may diverge from these estimates and judgements. Judgements made by management that have a substantial impact on the financial reports, and estimates which have been made that may lead to significant adjustments, are described in more detail in Note 2, "Key judgements and estimates."

Estimates and assumptions are reviewed regularly. Amendments of estimates are reported in the period in which the amendment was made if the amendment only affects this period, or in the period in which the amendment was made and future periods if the amendment affects both the current period and future periods. The principles stated below have been applied consistently for all periods, unless otherwise indicated below. Furthermore, the Group's accounting principles have been consistently applied by Group companies, in respect of associate companies and joint ventures, if necessary, by adjustment to the Group's principles.

**Changes in accounting principles**
As of 1 January 2022 the amendments to IFRS 3, IAS 16 and IAS 37 as well as annual improvements 2018–2020 has been adopted. There are no new or revised IFRS standards and interpretations adopted as of 1 January, 2022 which have had a material impact on Scania's financial statements.

## Application of accounting principles

**Consolidated financial statements**
The consolidated financial statements encompass Scania AB and all subsidiaries. "Subsidiaries" refers to companies in which Scania directly or indirectly owns more than 50 percent of the voting rights of the shares, or otherwise has control. In the case of a structured entity consolidated in the Group, Scania is able to direct the material relevant activities even if it is not invested in the structured entity concerned and is thus able to influence the variable returns from its involvement. Structured entities are used primarily to enter into asset-backed securities transactions to refinance the financial services business. The composition of the Group is shown in Note 32. Subsidiaries are reported according to the acquisition method of accounting. This method means that acquisition of a subsidiary is treated as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The purchase price allocation establishes the fair value on the acquisition date of the acquired identifiable assets, liabilities assumed and contingent liabilities. The consideration transferred on acquisition of a subsidiary consists of the fair values on the transfer date of assets given, liabilities that have arisen to previous owners and equity instruments issued as payment in exchange for the acquired net assets. Transaction costs directly attributable to the acquisition are recognised directly in the income statement as they arise.

Non-controlling interests are either recognised at their proportionate share of net assets or at their fair value. The choice between the various alternatives may be made for each acquisition.

In business combinations where the consideration transferred, any non-controlling interests and the fair value of previously owned shares (in step acquisitions) exceed the fair value of the acquired identifiable assets, liabilities and contingent liabilities assumed, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in the income statement. Only earnings arising after the date of acquisition are included in the equity of the Group. Divested companies are included in the consolidated financial statements until the date when controlling influence ceases. Intra-Group receivables and liabilities, revenue or expenses and unrealised gains or losses that arise from intra-Group transactions between Group companies are eliminated in the consolidated financial statements. Unrealised gains that arise from transactions with associated companies and joint ventures are eliminated to the extent that corresponds to the Group's percentage of ownership in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment loss. Equity attributable to non-controlling interests is reported separately from equity attributable to the Parent Company's shareholders.

**Associated companies and joint ventures**
The term "associated companies" refers to companies in which Scania, directly or indirectly, has a significant influence. "Joint ventures" refers to companies in which Scania, through contractual cooperation with one or more parties have a joint controlling influence on operational and financial management.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 1 – ACCOUNTING PRINCIPLES, CONTINUED

### Foreign currencies – translation
Transactions in foreign currencies are translated to the functional currency at the exchange rate on the transaction date. Monetary receivables and liabilities in foreign currencies are translated at the exchange rate on the balance sheet date, and exchange rate differences that arise are recognised in the income statement. Non-monetary items are recognised at historic cost using the exchange rate on the transaction date.

When preparing the consolidated financial statements, the income statements and balance sheets of subsidiaries with other functional currency than Swedish kronor are translated into the Group's reporting currency, Swedish kronor. All items in the income statements of foreign subsidiaries are translated using the average exchange rates during the year. All balance sheet items are translated using the exchange rates on the balance sheet date. The translation differences that arise when translating the financial statements of subsidiaries outside Sweden are recognised under "Other comprehensive income" and accumulate in the currency translation reserve in equity.

In general, subsidiaries use the local currency as their functional currency. A few subsidiaries use the Euro or US dollars as their functional currency, when the functional currency is another than those currencies.

Monetary long-term items in a business outside Sweden for which settlement is not planned or will probably not occur within the foreseeable future are, in practice, part of the company's net investment in operations outside Sweden.

Exchange rate differences on such monetary items, which comprise part of the company's net investment (extended investment) are recognised under "Other comprehensive income" and accumulate in the currency translation reserve in equity.

### Balance sheet – classifications
Scania's operating cycle, that is, the time that elapses from the purchase of materials until payment for goods delivered is received, is less than 12 months. This means that items relating to operations are classified as current assets and current liabilities, respectively, if these are expected to be realised/settled within 12 months, counting from the balance sheet date. Cash and cash equivalents are classified as current assets unless they are restricted. Other assets and liabilities are classified as non-current. For classification of financial instruments, see the section on financial assets and liabilities under "Financial instruments."

## Leases
### Scania as lessee
The Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is the lessee. The assessment whether a contract is or contains a lease is made at the inception of the contract. IFRS 16 contains practical expedients for short-term and low-value leases, which the Scania Group exercises and hence does not recognise any right-of-use assets or liabilities for these types of leases. The related lease payments are recognised as expenses in the income statement on a straight line basis.

The lease liability is initially measured at the present value of the outstanding lease payments at the commencement date, discounted using the Scania Groups incremental borrowing rate. The lease term underlying the lease liability is determined as the non-cancellable period of the lease together with any periods covered by options to extend or terminate the lease, if it is reasonably certain that such options will be exercised.

In subsequent periods the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method. The carrying amount of the lease liability is reduced reflecting the lease payments made.

The lease liability is remeasured, with the corresponding adjustment to the related right-of-use asset, whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option. In such cases the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a residual value guarantee, in which the lease liability is remeasured by discounting the revised lease payments using the initial discount rate. If the change in lease payments is due to a change in a floating interest rate a revised discount rate is used.
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise of the initial measurement of the corresponding lease liability, lease payment made at or before the commencement date and any initial direct costs. The right-of-use assets are presented as tangible assets in the balance sheet items in which the assets underlying the lease would be presented if they were owned by the Scania Group.

In subsequent periods the right-of-use assets are measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If the lease agreement transfers the ownership or the lease agreement contains an option, that is expected to be exercised, to purchase the underlying asset the right-of-use asset is depreciated over the useful life of the underlying asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 1 – ACCOUNTING PRINCIPLES, CONTINUED

**Scania as lessor**
Lease contracts with customers are carried as finance leases in cases where substantially all risks and rewards associated with ownership of the asset have been transferred to the lessee. At the beginning of the leasing period, sales revenue and a financial receivable equivalent to the net investment in the lease are recognised. As a result, sales revenue and the cost of the leased asset is recognised in the income statement. Lease payments received reduce the financial receivable and interest income from the net investment in the lease is recognised over the lease term.

Other lease contracts are classified as operating leases and are carried as lease assets among tangible non-current assets. Revenue from operating leases is recognised on a straight-line basis over the leasing period. Depreciation of the asset occurs on mainly a straight-line basis to the estimated residual value of the asset at the end of the leasing period.

Sales transactions that include repurchase obligations, which mean that significant risks remain with Scania, are recognised as operating leases; see above.

### Balance sheet – valuation principles

**Tangible non-current assets including lease assets**
Tangible non-current assets are carried at cost less accumulated depreciation and any impairment losses. A non-current asset is divided into separate components, each with a different useful life and depreciated separately. Machinery and equipment as well as lease assets have useful lives of 3–15 years. Buildings have useful lives of 20–50 years. Land is not depreciated.

Depreciation is recognised on a straight-line basis over the estimated useful life of an asset, and in those cases where a residual value exists, the asset is depreciated down to this value. Useful life, residual value and depreciation methods are examined regularly, and at least at period-end, and assumptions are adjusted in case of changed circumstances.

Borrowing costs are included in the cost of assets that take a substantial period of time to get ready if applicable.

**Intangible non-current assets**
Scania's intangible assets consist of goodwill, capitalised expenditures for development of new products and software. Intangible non-current assets are recognised at cost less any accumulated amortisation and impairment losses. Borrowing costs are included in the cost of assets that take a substantial period of time to get ready.

**Goodwill**
Goodwill is carried at cost less any accumulated impairment losses. Recognised goodwill has arisen from acquisitions of distribution and dealer networks, which have resulted in increased profitability upon their integration into the Scania Group. Goodwill has an indefinite useful life and impairment testing is done annually or more often if there is an indication of impairment.

**Capitalised product development expenditures**
Scania's research and development activities are divided into a concept phase and a product development phase.

Expenditures during the concept phase are expensed as they arise. Expenditures during the product development phase are capitalised, beginning on the date when the expenditures are likely to lead to future economic benefits. This implies that it is technically possible to complete the intangible asset, the company has the intention and the potential to complete it and use or sell it, there are adequate resources to carry out development and sale, and remaining expenditures can be reliably estimated. Impairment testing occurs annually for product development projects that have not yet gone into service, according to the principles stated below. The amortisation of capitalised development expenditures begins when the asset is placed in service and occurs on a straight line basis during its estimated useful life. For capitalised product development expenditure, useful life is estimated between three and 15 years.

**Capitalised software development expenditures**
Capitalised software development expenditures include expenditures directly attributable to the completion of the software. The assets are amortised on a straight-line basis during the useful life of the software, which is estimated between three and five years.

**Impairment testing of non-current assets**
The carrying amounts of Scania's intangible and tangible assets as well as its shareholdings are tested annually to assess whether there is an indication of impairment. This includes intangible assets with an indefinite useful life, which refer in their entirety to goodwill. The recoverable amount of goodwill and intangible assets that have not yet gone into service is calculated annually regardless of whether there is an indication of an impairment loss or not.

**Inventories**
Inventories are carried at the lower of cost and net realisable value. Cost is calculated by applying the first in, first out (FIFO) principle. An allocable portion of indirect expenses is included in the value of the inventories, estimated on the basis of normal capacity utilisation. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and of making a sale.

### Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

## NOTE 1 – ACCOUNTING PRINCIPLES, CONTINUED

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

In case contractual cash flows of a financial asset are renegotiated or modified (e.g. timing and/or amount of cash flows has changed) and this change results in a significant modification, the financial asset is derecognised and a new asset is recognised reflecting the modified cash flows and the new effective interest rate. If changes in contractual cash flows do not result in a significant modification, the financial asset is not derecognised and instead the gross carrying amount is recalculated using the original effective interest rate and a modification gain or loss is recognised in profit or loss.

### Financial assets

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortised cost: Financial asset that is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding.

Fair Value Through Profit and Loss (FVTPL): By default, all other financial assets are subsequently measured at FVTPL.

The Group's financial assets consist of cash and cash equivalents, trade receivables, financial lease receivables and lending and are classified and measured at amortised cost.

Cash and cash equivalents consist of cash and bank balances as well as current liquid investments with a maturity which normally have a maximum of 90 days, which are subject to an insignificant risk of fluctuation in value. "Current investment" consists of investments, normally with a longer maturity than 90 days.

The Group's investments in equity instruments are classified as at Fair Value Through Other Comprehensive Income (FVTOCI). Such investments are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in other comprehensive income.

### Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and expenses over the relevant period.

For financial instruments, the effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial instrument to the gross carrying amount of the financial instrument on initial recognition.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see impairment section).

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the net financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to a gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, trade and lease receivables, loan commitments and financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit loss model under IFRS 9 takes into account both loss allowances for financial assets for which there are no objective indications of impairment and loss allowances for financial assets that are already impaired. For calculation of impairment losses IFRS 9 distinguishes between the general approach and the simplified approach.

The Group always recognises lifetime ECL for trade receivables and lease receivables, which is in line with the simplified approach. For trade receivables lifetime ECL is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 1 – ACCOUNTING PRINCIPLES, CONTINUED

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. In this assessment, the Group considers both quantitative and qualitative data that are reasonable and verifiable, including historical experience and long-term data that are available without unreasonably high costs or efforts.

Financial instruments are assigned to one of three credit risk stages:

- Stage 1: Financial instruments at initial recognition and no changes in credit risk
- Stage 2: Significant changes in credit risk on the basis of the lifetime expectation of the underlying contract
- Stage 3: Impaired financial instruments

The assignment to the different stages is evaluated on every reporting period. A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flow, such as a default.

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure of default.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 “Leases.”

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

**Financial liabilities and equity instruments**
*Classification as debt or equity*
Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised as the proceeds received, net of direct issue costs.

*Financial liabilities*
All financial liabilities in the Group are subsequently measured at amortised cost using the effective interest method.

*Derivative financial instruments*
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

**Group contribution to owner**
Group contributions to companies within the TRATON GROUP are recognised in Equity.

**Provisions**
Provisions are recognised if an obligation, legal or constructive, exists as a consequence of events that have occurred. It must also be deemed likely that an outflow of resources will be required to settle the obligation and that the amount can be reliably estimated. Provisions for warranties for vehicles sold during the year are based on warranty conditions and the estimated quality situation. Provisions on service contracts are related to expected future unavoidable expenses that exceed contractual future revenue. For provisions related to pensions, see the description under “Employee benefits” below and in Note 16, “Provisions for pensions and similar commitments.”

For provisions related to taxes, see below under “Taxes.”

**Taxes**
The Group’s total tax consists of current tax and deferred tax. Income taxes are recognised in the income statement except when the underlying transaction is recognised in other comprehensive income, such as remeasurements of defined benefit plans, or in equity, causing the related tax effect to be recognised in other comprehensive income or in equity, respectively. Deferred tax is recognised in case of a difference between the carrying amount of assets and liabilities and their tax base (“temporary difference”). Valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted on the balance sheet date. Deferred tax assets minus deferred tax liabilities are recognised only to the extent that it is likely that they can be utilised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 1 – ACCOUNTING PRINCIPLES, CONTINUED

### Employee benefits
Within the Scania Group, there are a number of defined contribution as well as defined benefit pension and similar plans, some of which have plan assets that are managed by special foundations, funds, or the equivalent.

The plans include retirement pensions, survivor pensions, health care and severance pay. These are financed mainly by provisions to accounts and partially via premium payments.

Plans in which Scania only pays fixed contributions and has no obligation to pay additional contributions if the assets of the plan are insufficient to pay all compensation to the employee are classified as defined contribution plans.

The Group's expenditures for defined contribution plans are recognised as an expense during the period when the employees render the services in question.

Defined benefit plans are all plans that are not classified as defined contribution. These are calculated according to the "Projected Unit Credit Method," for the purpose of fixing the present value of the obligations for each plan. Calculations are performed based on actuarial assumptions set on the closing day. The obligations are carried at the present value of expected disbursements, taking into account inflation, expected future pay increases, and using a discount rate equivalent to the interest rate on top-rated corporate or government bonds with a remaining maturity corresponding to the obligations in question.

The interest rate on top-quality corporate bonds is used in those countries where there is a functioning market for such bonds. In other countries, the interest rate on government bonds is used instead. For plans that are funded, the fair value of the plan assets is subtracted from the estimated present value of the obligation. Remeasurements of net pension liabilities, which include actuarial gains and losses, return on plan assets excluding amounts that are part of net interest income on net defined benefit liability and each change in the effect of the asset ceiling excluding amounts that are part of net interest income on net defined benefit liability, are recognised in "Other comprehensive income" and do not affect net income. Remeasurements are not reclassified to net income in subsequent periods.

In the case of some of the Group's defined benefit multi-employer plans, sufficient information cannot be obtained to calculate Scania's share in these plans. They have thus been accounted for as defined contribution. For Scania, this applies to the Dutch pension funds Pensioenfonds Metaal en Techniek and Bedrijfstakpensioenfonds Metal Elektro, which are administered via MN Services, as well as the portion of the Swedish ITP occupational pension plan that is administered via the retirement insurance company Alecta.

Most of the Swedish plan for salaried employees (the collectively agreed ITP plan), however, is accounted for by provisions in the balance sheet, safeguarded by credit insurance from the mutual insurance company Försäkringsbolaget PRI Pensionsgaranti, which also administers the plan. See also Note 16, "Provisions for pensions and similar commitments". Scania follows the rules in IAS 19 concerning limits in the valuation of net assets, the so-called asset ceiling, since these are never valued at more than the present value of available economic benefits in the form of repayments from the plan or in the form of reductions in future fees to the plan. This value is determined as present value taking into account the discount rate in effect.

### Share-based payment
The share-based payment consists of performance shares. The obligations arising from the share-based payment are accounted for as cash-settled plans in accordance with IFRS 2. The cash-settled share-based payments are measured at fair value until maturity. A liability corresponding to the fair value is recognised and remeasured each reporting period until the liability is settled, with any changes in fair value recognised in profit or loss. Fair value is determined using a recognised valuation technique. The compensation cost is allocated over the vesting period.

### Incentive programmes
The outcome of the incentive programme for executive officers is recognised as a salary expense in the period to which it relates.

### Assets held for sale
The group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the assets or disposal group is available for immediate sale in its present condition. Management must be committed to the plan to sell the asset and the sales expected to be completed within one year from the date of the classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset/disposal group, excluding finance costs and income tax. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated balance sheet.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

## NOTE 1 – ACCOUNTING PRINCIPLES, CONTINUED

### Income statement – classifications

#### Research and development expenses

This item consists of the research and development expenses that arise during the research phase and the portion of the development phase that does not fulfil the requirements for capitalisation, plus amortisation and any impairment loss during the period of previously capitalised development expenditures. See Note 9, “Intangible assets.”

#### Selling expenses

Selling expenses are defined as operating expenses in sales and service companies plus costs of corporate-level commercial resources. In the Financial Services segment, selling and administrative expenses are reported as a combined item, since a division lacks relevance.

#### Administrative expenses

Administrative expenses are defined as costs of corporate management as well as staff units and corporate service departments.

#### Items affecting comparability

Material individual income or expense items which are non-recurring to its characteristics.

#### Financial income and expenses

“Interest income” refers to income from financial investments and pension assets. “Other financial income” includes gains that arise from the valuation of non-hedge-accounted derivatives (see the section on financial instruments) and exchange rate gains attributable to financial items.

“Interest expenses” refers to expenses attributable to loans, pension liability and changes in the value of loan hedging derivatives. “Other financial expenses” include current bank fees, losses arising from valuation of non-hedge-accounted derivatives and exchange rate losses attributable to financial items.

### Income statement – valuation principles

#### Revenue recognition

The Group recognises revenue from the following main sources:

- Sale of new vehicles and engines as well as used vehicles
- Sale of services

In Note 3, “Operating segments” a split of revenues per product category and geographical area can be found.

Sales revenue is recognised as soon as a performance obligation under a customer contract has been satisfied. Discounts, customer rebates, and other sales allowances reduce the transaction price. If a contract contains multiple performance obligations, the transaction price is allocated to the relevant performance obligations.

Sales revenue from contracts for services is recognised when the services have been rendered. In the case of long-term contracts for services, revenue is recognised on a straight-line basis over the term of the contract or, if services are not rendered on a straight-line basis, based on the stage of completion using the cost-to-cost method.

Variable considerations, such as rebates based on volumes, are estimated, and included in the transaction price. However, it is only included with an amount that, with a high probability, will not be reversed with a significant amount.

In a transaction including both the sale of a product and a service the transaction price is allocated between the product and the service component based on the stand-alone selling price. If there are any discounts in such a transaction the discounts are allocated in full to the price of the product.

#### Sale of goods

The Group sells new trucks, buses and engines as well as used vehicles.

In a transaction where the Group delivers a vehicle with a repurchase obligation control is not transferred to the customer and no revenue is recognised on delivery, instead such transaction is recognised as an operating lease.

In a transaction when the customer has an option that gives the customer the right to require that the Group repurchases the vehicle no revenue is recognised since such a transaction is recognised as a lease.

In transactions where the Group does not have any repurchase obligations revenue is recognised when control is transferred to the customer. That is normally when the vehicles have been delivered to the customer, the customer has approved the vehicle and the Group has received payment or invoiced with short-term credit time.

Contract costs in the form of commissions for the sale of a vehicle will be recognised as incurred since the revenue from the sale of a vehicle is recognised at a point in time.

#### Rendering of service

The transaction price allocated to service and repair contracts is recognised as a contract liability at the time of the initial sales transaction and is allocated over the life of the contracts as performance obligations are fulfilled which is measured based on the cost of the fulfilment.

Warranties that the product sold matches the agreed specifications are accounted for as provisions. Extended warranties, which customers can purchase separately, are accounted for as a separate performance obligation. Revenue from extended warranties is recognised over the contract period.

Contract costs in the form of commissions for the sale of a service contract are recognised as expenses when incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 1 – ACCOUNTING PRINCIPLES, CONTINUED

**Financial Services**
In the case of financial and operating leases, with Scania as the lessor, the recognition of interest income and lease income, respectively, is allocated over the lease period. Other income is recognised on a continuous basis.

**Government grants including EU grants**
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants received that are attributable to operating expenses reduce these expenses. Government grants related to investments reduce the gross cost of non-current assets.

### Miscellaneous

**Related party transactions**
Related party transactions occur on market terms.

**Contingent liabilities**
A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events. A contingent liability can also be a present obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required, or because the amount of the obligation cannot be measured with sufficient reliability.

### Changes in accounting principles during the next years
New standards, amended standards and interpretations that enter into force on 1 January 2023 and subsequently have not been applied in advance.

New and amended standards and interpretations that enter into force on 1 January 2023 or subsequently are not expected to have any material impact on Scania’s financial statements.

## NOTE 2 – KEY JUDGEMENTS AND ESTIMATES

The key judgements and estimates for accounting purposes that are discussed in this section are those that Group management and the Board of Directors deem the most important for an understanding of Scania’s financial reports, taking into account the degree of significant influence and uncertainty. These judgements are based on historical experience and the various assumptions that management and the Board deem reasonable under the prevailing circumstances. The conclusions drawn in this way provide the basis for decisions regarding recognised values of assets and liabilities, in those cases where these cannot easily be established through information from other sources. Actual outcomes may diverge from these judgements if other assumptions are made, or other conditions emerge. Note 1 presents the accounting principles the company has chosen to apply. Important estimates and judgements for accounting purposes are attributable to the following areas.

**Multiple element transactions**
In a transaction with a combined sale of a vehicle and a sale of a service Scania accounts for those as separate performance obligations since the vehicle and the service components are distinct from each other in the contract and the customer can benefit from the two on their own.

In these transactions the total transaction price is allocated to the distinct components. In general, a service contract is not sold separately but together, or nearby, the sale of a vehicle. When allocating the price to the different performance obligations Scania uses stand-alone sales prices. Any discounts are allocated to the vehicle.

**Warranty costs**
Scania’s product obligations are mainly related to vehicle warranties in the form of one-year “factory warranty” plus, extended warranties and, in some cases, special quality campaigns. For each vehicle sold, Scania makes a warranty provision. For extended warranties not classified as performance obligations and campaigns, a provision is made at the time of the decision.

Provisions are dependent on the estimated quality situation and the degree of utilisation in the case of campaigns. An essential change in the quality situation may require an adjustment in earlier provisions. Product warranties that refer to that products sold comply with agreed-upon specifications cannot be purchased separately, covers all vehicles sold and are therefore accounted for in accordance with IAS 37 “Provision, contingent liabilities and contingent assets.”

Scania’s product obligations can be seen in Note 17, “Other provisions” and amounted to SEK 1,926 m. (1,725) on 31 December 2022.

**Repurchase obligations**
Scania delivers about seven percent of its vehicles with repurchase obligations. These are recognised as operating lease contracts. In consequence, revenues and earnings are allocated over the life of the obligation.

In transactions when customers have the option to call for Scania to repurchase the sold vehicle it is Scania’s view that such a transaction should be accounted for as a lease.

## NOTE 2 – KEY JUDGEMENTS AND ESTIMATES, CONTINUED

Based on the contract and the relationship with the customer, history has shown that the customer has an economic incentive to exercise such an option and hence it is almost always exercised.

If there are major downturns in the market value of used vehicles, this increases the risk of future losses when divesting the returned vehicles. When a residual value guarantee is deemed likely to result in a future loss, the depreciation of the vehicle is adjusted accordingly.

Changes in market value may also cause an impairment loss in used vehicle inventories, since these are recognised at the lower of cost and estimated net realisable value.

At the end of 2022, repurchase obligations amounted to SEK 17,149 m. (18,467).

**Credit risks**

In its Financial Services operations, Scania has an exposure in the form of contractual payments. At the end of 2022, these amounted to SEK 128,202 m. (108,859). In all essential respects, Scania has collateral in the form of the right to repossess the underlying vehicle. In case the market value of the collateral does not cover the exposure to the customer, and the customer has a problem completing its contractual payments, Scania has a risk of loss.

The Group recognises a loss allowance for expected credit losses (ECL) and the amount of expected credit losses is updated each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. Irrespective of the outcome of the assessment whether there has been a significant increase in credit risk, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition at the latest when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Evidence that a financial asset is credit-impaired includes observable data about, for example, events of (i) significant financial difficulty of the borrower, (ii) a breach of contract, such as a default and (iii) it is becoming probable that the borrower will enter bankruptcy.

For internal credit risk management purposes historical experience has indicated an event of default when receivables meet either of the following criteria:

- there is a breach of financial covenants by the counterparty
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay in full

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

**Write-off policy**

The Group writes off a financial asset when there is information that the counterparty is in default and the security for the receivable is repossessed. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss. On 31 December 2022, the provision for doubtful receivables in the Financial Services operations amounted to SEK 2,025 m. (1,339). See also "Credit risk" under Note 28, "Financial risk management".

**Intangible assets**

Intangible assets in Scania are essentially attributable to capitalised product development expenditures and "acquisition goodwill". All goodwill are subject to an annual impairment test, which is mainly based on the value in use including important assumptions on the sales trend, margin and discount rate before tax; see also below.

In the long term, the increase in sales of Scania's products is deemed to be closely correlated with economic growth (GDP) in each respective market, which has been estimated at 2 percent (2). The revenue/cost ratio, or margin, for both Vehicles and Services is kept constant over time compared to the latest known level. When discounting to present value, Scania uses its average cost of capital, currently 9.4–25.9 percent (6.2–8.1) before taxes. These assumptions do not diverge from information from external information sources or from earlier experience. To the extent the above parameters change negatively, an impairment loss may arise.

On 31 December 2022, Scania's goodwill amounted to SEK 1,640 m. (1,376). The impairment tests that were carried out showed that there are reassuring margins before impairment losses will arise.

Scania's development costs are capitalised in the phase of product development where decisions are made regarding future production and market introduction. At that time there is future predicted revenue and a corresponding production cost. In case future volume or the price and cost trend diverges negatively from the preliminary calculation, an impairment loss may arise. Scania's capitalised development costs amounted to SEK 12,903 m. (11,788) on 31 December 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 2 – KEY JUDGEMENTS AND ESTIMATES, CONTINUED

**Lease assets (Scania as lessee)**
Many leases feature extension and termination options. To determine the lease terms, all relevant facts and circumstances that create an economic incentive to exercise, or not to exercise, such options are considered. Factors that are considered are for example historical lease durations and any costs and business disruption required to replace the leased asset. Optional periods are considered when determining the lease term if it is reasonably certain that the option will, or will not, be exercised. This assessment is updated if a significant event or a significant change in circumstances, such as a significant improvement or customisation of the underlying asset that was not anticipated at commencement date, occurs which affects this assessment and is in the control of the Group as lessee.

**Pension obligations**
In the actuarial methods that are used to establish Scania's pension liabilities, a number of assumptions are highly important. The most critical one is related to the discount rate on the obligations. A higher discount rate decreases the recognised pension liability. In calculating the Swedish pension liability, the discount rate used was 4.0 percent (2.0). Other vital assumptions are average life expectancy and average duration of the obligations. Changes in the above-mentioned actuarial parameters are recognised in "Other comprehensive income," net after taxes.

On 31 December 2022, provisions for pensions amounted to SEK 7,853 m. (12,455). See Note 16, "Provisions for pensions and similar commitments" and Note 1 "Accounting principles" for further details on the estimates used for calculating the pension liabilities.

**Legal and tax risks**
On 31 December 2022, provisions for legal and tax risks amounted to SEK 976 m. (9,792). See Note 17, "Other provisions".

**Legal risks**
Demands and claims aimed at the Group, including demands and claims that lead to legal proceedings, may be related to infringements of intellectual property rights, faults and deficiencies in products that have been delivered, including product liability, or other legal liability for the companies in the Group. The Group is party to legal proceedings and related claims that are normal in its operations. In addition, there are demands and claims normal to the Group's operations that do not lead to legal proceedings. In the best judgement of Scania's management, such demands and claims will not have any material impact on the financial position of the Group, beyond the provisions that have been set aside.

In 2011, Scania became subject to an investigation by the European Commission (EC) into allegedly inappropriate cooperation with all the other European truck manufacturers. Scania always contested this view, but still made a provision of an amount of SEK 3,800 m. in June 2016. Scania then received a decision by the EC in October 2017 holding Scania liable to pay EUR 880.5 m. in fines for participation in a pan-European cartel during 1997–2011 on pricing and delayed introductions of emissions related technology relating to trucks.

In December 2017, Scania appealed against the EC decision in its entirety to the General Court of the EU (GC). Scania also provided the EC with a payment guarantee in January 2018, as security for the fines pending the outcome of the GC appeals. The GC eventually rendered its judgement in February 2022, dismissing Scania's appeal entirely and upholding the full amount of fines as set by the EC. Scania has then appealed again, to the European Court of Justice (ECJ), where the case is still pending.

Due to the GC judgement and notwithstanding the further appeals to the ECJ, Scania increased its provision to SEK 9.792 m. in December 2021 (EUR 880.5 m. plus accrued interest). Subsequently, in April 2022 Scania also paid all such amounts to the EC (including interest that continued to accrue after the provision increase) in order to avoid the significant costs of maintaining their 2018 payment guarantee pending a final ECJ judgment.

In addition, because of the EC's cartel allegations and notwithstanding Scania's appeals to the EU courts, Scania has received and continue to receive numerous follow-on, civil claims for damages from direct or indirect customers. Some of these claims are being pursued by the customers in court. However, at this stage it is not possible to give any meaningful indication as to Scania´s risk from such privately enforced damages claims, as risk assessments are associated with significant uncertainties.

**Tax risks**
The Group is party to tax proceedings. Scania's management has made the assessment, based on individual examination, that the final outcome of these proceedings will not have any material impact on the financial position of the Group, beyond the recognised liabilities.

Significant judgements are made in order to determine both current and deferred tax liabilities/assets. As for deferred tax assets, Scania must assess the likelihood that deferred tax assets can be utilised to offset future taxable profits. The actual outcome may diverge from these judgements, among other things due to future changes in business climate, altered tax rules or the outcome of still uncompleted examinations of filed tax returns by authorities or tax courts. The judgements that have been made may affect income both negatively and positively.

**Items affecting comparability**
As described above, in February 2022, the European Court of Justice rejected Scania's appeal related to the "EU truck case" and upheld the European Commission's fine. Scania increased the provision which affected 2021 operating income by SEK 5,229 m. and finance net by SEK 315 m. The full amount of SEK 9,657 m. was paid in April 2022. An additional amount of negative SEK 176 m. related to currency effects was also classified as an item affecting comparability in 2022.

During the third quarter of 2022, Scania announced its decision to dispose of its Russian operations. In connection with the announcement the disposal group was classified as assets held for sale and an impairment was made. The impairment and capital losses of SEK 3,454 m. have been classified as items affecting comparability in 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 3 – OPERATING SEGMENTS

Scania's operations are divided into two different operating segments, which are based on how the Board of Directors and the Executive Board monitor operations. The results and financial position of each respective segment are monitored by the Board of Directors and the Executive Board, serving as the basis for decision-making and allocation of resources.

The Vehicles and Services operating segment encompasses the following products: trucks, buses and Power solutions, including the services associated with these products. All products are based on shared basic components and monitoring of results thus occurs on an aggregated basis. Vehicles and Services are, moreover, organised into shared areas of responsibility. The Financial Services operating segment provides financial solutions to Scania customers, such as loan financing, lease contracts and insurance solutions.

Scania's internal pricing is determined according to market principles, at "arm's length distance." The revenues and expenses, as well as the assets and liabilities, of each operating segment are – in all essential respects – items directly attributable to that respective segment. Scania has a large number of customers all over the world, which means that its dependence on a single customer in each respective operating segment is very limited.

### Income statements

| January–December | 2022 | 2021 |
|---|---|---|
| **Vehicles and Services** | | |
| Revenue | 163,260 | 141,305 |
| Cost of goods sold | –125,418 | –108,425 |
| **Gross income** | **37,842** | **32,880** |
| Research and development expenses | –8,799 | –6,411 |
| Selling expenses | –12,457 | –9,996 |
| Administrative expenses | –2,635 | –2,144 |
| Items affecting comparability | –1,302 | –5,229 |
| **Operating income** | **12,649** | **9,100** |
| Interest income | 1,467 | 673 |
| Interest expenses | –734 | –794 |
| Share of income in associated companies and joint ventures | –76 | –19 |
| Dividends in between segments | 384 | 318 |
| Other financial income | 978 | 632 |
| Other financial expenses | –1,788 | –656 |
| Items affecting comparability | – | –315 |
| **Total financial items** | **231** | **–161** |
| **Income before taxes** | **12,880** | **8,939** |
| Taxes | –3,775 | –3,233 |
| **Net income for the period** | **9,105** | **5,706** |
| | | |
| **Financial Services** | | |
| Interest and lease income | 10,488 | 8,439 |
| Insurance commission | 335 | 322 |
| Interest and prepaid expenses | –7,040 | –5,366 |
| **Gross income** | **3,783** | **3,395** |
| Selling and administration expenses | –1,612 | –1,402 |
| Credit losses, realised and expected | –376 | 130 |
| Other income | 2,049 | 769 |
| Other expenses | –1,647 | –698 |
| Items affecting comparability | –2,294 | – |
| **Operating income** | **–97** | **2,194** |
| **Income before tax** | **–97** | **2,194** |
| Taxes | –757 | –398 |
| **Net income for the period** | **–854** | **1,796** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 3 – OPERATING SEGMENTS, CONTINUED

### Reconciliation of segments to the Scania Group

| | Vehicles and Services | | Financial Services | | Eliminations | | Scania Group | |
|---|---|---|---|---|---|---|---|---|
| January–December | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenue | 163,260 | 141,305 | 10,823 | 8,761 | –4,079 | –3,920 | 170,004 | 146,146 |
| Cost of sales | –125,418 | –108,425 | –7,040 | –5,366 | 4,079 | 3,920 | –128,379 | –109,871 |
| **Gross income** | **37,842** | **32,880** | **3,783** | **3,395** | **0** | **0** | **41,625** | **36,275** |
| Research and development expenses | –8,799 | –6,411 | – | – | – | – | –8,799 | –6,411 |
| Selling expenses | –12,457 | –9,996 | –1,988 | –1,272 | – | – | –14,445 | –11,268 |
| Administrative expenses | –2,635 | –2,144 | – | – | – | – | –2,635 | –2,144 |
| Other operating income | – | – | 2,049 | 769 | –177 | – | 1,872 | 769 |
| Other operating expenses | – | – | –1,647 | –698 | – | – | –1,647 | –698 |
| Items affecting comparability | –1,302 | –5,229 | –2,294 | – | – | – | –3,596 | –5,229 |
| **Operating income** | **12,649** | **9,100** | **–97** | **2,194** | **–177** | **0** | **12,375** | **11,294** |
| Interest income | 1,467 | 673 | – | – | – | – | 1,467 | 673 |
| Interest expenses | –734 | –794 | – | – | 177 | – | –557 | –794 |
| Share of income in associated companies and joint ventures | –76 | –19 | – | – | – | – | –76 | –19 |
| Dividends in between segments | 384 | 318 | – | – | –384 | –318 | 0 | 0 |
| Other financial income | 978 | 632 | – | – | – | – | 978 | 632 |
| Other financial expenses | –1,788 | –656 | – | – | 0 | 1 | –1,788 | –655 |
| Items affecting comparability | – | –315 | – | – | – | – | | –315 |
| **Total financial items** | **231** | **–161** | **–** | **–** | **–207** | **–317** | **24** | **–478** |
| **Income before taxes** | **12,880** | **8,939** | **–97** | **2,194** | **–384** | **–317** | **12,399** | **10,816** |
| Taxes | –3,775 | –3,233 | –757 | –398 | –9 | –9 | –4,541 | –3,640 |
| **Net income for the period** | **9,105** | **5,706** | **–854** | **1,796** | **–393** | **–326** | **7,858** | **7,176** |
| Depreciation/amortisation included in operating income | –12,242 | –11,191 | –4,096 | –3,930 | 4,039 | 3,882 | –12,299 | –11,239 |

| **Cash flow statement by segment** | Vehicles and Services | | Financial Services | | Eliminations | | Scania Group | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Cash flow from operating activities before change in working capital | 21,395 | 15,315 | 4,880 | 5,745 | –4,039 | –3,881 | 22,236 | 17,179 |
| Change in working capital etc. | –16,502 | –986 | –14,862 | –13,046 | 3,992 | 3,485 | –27,372 | –10,547 |
| **Cash flow from operating activities** | **4,893** | **14,329** | **–9,982** | **–7,301** | **–47** | **–396** | **–5,136** | **6,632** |
| Cash flow from investing activities attributable to operating activities | –9,409 | –8,791 | –56 | –68 | 417 | 150 | –9,048 | –8,709 |
| **Cash flow after investing activities attributable to operating activities** | **–4,516** | **5,538** | **–10,038** | **–7,369** | **370** | **–246** | **–14,184** | **–2,077** |

| **Balance sheet** | Vehicles and Services | | Financial Services | | Eliminations | | Scania Group | |
|---|---|---|---|---|---|---|---|---|
| 31 December | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Assets** | | | | | | | | |
| Intangible assets | 14,964 | 13,553 | 31 | 34 | – | – | 14,995 | 13,587 |
| Tangible assets | 44,332 | 41,355 | 6,565 | 7,223 | –6,441 | –7,113 | 44,456 | 41,465 |
| Lease assets | 24,843 | 26,579 | 83 | 80 | – | – | 24,926 | 26,659 |
| Holdings in associated companies and joint ventures | 11,606 | 6,312 | | – | –8,767 | –3,902 | 2,839 | 2,410 |
| Interest–bearing receivables, non–current | 4 | 36 | 74,887 | 63,605 | –5,201 | –6,134 | 69,690 | 57,507 |
| Other receivables, non–current | 9,790 | 7,476 | 1,689 | 1,481 | –333 | –480 | 11,146 | 8,477 |
| Inventories | 30,673 | 23,943 | – | – | – | – | 30,673 | 23,943 |
| Interest–bearing receivables, current | 1,005 | 1,110 | 43,179 | 38,136 | – | –3,600 | 44,184 | 35,646 |
| Other receivables, current | 20,538 | 16,753 | 6,945 | 2,587 | –5,395 | –856 | 22,088 | 18,484 |
| Current investments, cash and cash equivalents | 23,347 | 31,060 | 1,369 | 1,085 | –3,718 | –2,497 | 20,998 | 29,648 |
| Assets held for sale | – | – | 4,668 | – | – | – | 4,668 | – |
| **Total assets** | **181,102** | **168,177** | **139,416** | **114,231** | **–29,855** | **–24,582** | **290,663** | **257,826** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 3 – OPERATING SEGMENTS, CONTINUED

| Equity and liabilities | Vehicles and Services | | Financial Services | | Eliminations | | Scania Group | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Equity | 70,418 | 59,975 | 18,007 | 12,166 | –8,800 | –3,928 | 79,625 | 68,213 |
| Interest–bearing liabilities, non–current | 10,534 | 4,431 | 63,136 | 52,757 | 3,158 | 5,004 | 76,828 | 62,192 |
| Provisions for pensions | 7,762 | 12,346 | 91 | 109 | – | – | 7,853 | 12,455 |
| Other non–current provisions | 4,045 | 3,377 | 16 | 17 | – | – | 4,061 | 3,394 |
| Other liabilities, non–current | 25,122 | 24,875 | 687 | 875 | –9,030 | –10,573 | 16,779 | 15,177 |
| Interest–bearing liabilities, current | 1,197 | 1,096 | 52,607 | 44,464 | –6,942 | –7,607 | 46,862 | 37,953 |
| Current provisions | 4,545 | 13,511 | 33 | 29 | – | – | 4,578 | 13,540 |
| Other liabilities, current | 57,479 | 48,566 | 4,602 | 3,814 | –8,241 | –7,478 | 53,840 | 44,902 |
| Liabilities attributable to assets held for sale | – | – | 237 | – | – | – | 237 | – |
| **Total equity and liabilities** | **181,102** | **168,177** | **139,416** | **114,231** | **–29,855** | **–24,582** | **290,663** | **257,826** |
| | | | | | | | | |
| **Gross investment for the period in** | | | | | | | | |
| – intangible assets | 2,339 | 2,051 | 10 | 8 | – | – | 2,349 | 2,059 |
| – tangible assets | 7,133 | 7,955 | 5,269 | 5,380 | –5,204 | –5,305 | 7,198 | 8,030 |
| – lease assets | 6,384 | 7,629 | 23 | 16 | – | – | 6,407 | 7,645 |

| **Products and services** | | |
|---|---|---|
| Vehicles and Services | 2022 | 2021 |
| Trucks [1] | 99,976 | 88,849 |
| Buses [2] | 7,984 | 7,702 |
| Power solutions | 3,454 | 2,521 |
| Service | 36,434 | 30,074 |
| Used vehicles [3] | 9,620 | 8,082 |
| Other products | 4,469 | 4,580 |
| **Total delivery value** | **161,937** | **141,808** |
| Adjustment for lease income [4] | 1,324 | –503 |
| **Net sales, Vehicles and Services** [6] | **163,260** | **141,305** |
| Financial Services | 10,823 | 8,761 |
| Eliminations [5] | –4,079 | –3,920 |
| **Revenue from external customers** | **170,004** | **146,146** |

1 Of which SEK 6,824 m. (6,423) relates to lease income 2022.
2 Of which SEK 613 m. (744) relates to lease income 2022.
3 Of which SEK 338 m. (271) relates to lease income 2022.
4 Refers mainly to new trucks, SEK –1,287 m. (–486). The adjustment amount consists of the difference between sales value based on delivery and revenue recognised as income. This difference arises when a lease or delivery is combined with a repurchase obligation. Significant risks remain, therefore recognition is based on an operating lease contract. This means that recognition of revenue and earnings is allocated over the term of the obligation.
5 Elimination of the amount that corresponds to operating lease expenses in the Financial Services segment. At Group level, the revenue from operating leases shall consist of accrued income in the Vehicles and Services segment and interest income in the Financial Services segment, which is achieved by elimination of lease expenses.
6 Of which SEK 155,485 m. (133,867) consists of IFRS 15 revenues.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 3 – OPERATING SEGMENTS, CONTINUED

During 2022, the selling profit for vehicles subject to finance lease contracts amounted to SEK 2,236 m. (2,448) and was recognised in the Vehicle and Services segment.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period and the expected timing of revenue recognition are as follows:

| SEK m. | 2022 | 2021 |
|---|---|---|
| **Expected timing of revenue recognition** | | |
| Within a year | 98,933 | 83,114 |
| 1–5 years | 19,036 | 16,668 |
| After 5 years | 1,982 | 2,084 |

The transaction price allocated to remaining performance obligations for which revenue recognition is expected within a year primarily relates to the delivery of vehicles. Expected revenue recognition in more than one year mainly stems from long-term service contracts.

### Geographical areas

The geographic areas of Scania are based on where the customers are located. In the section Definitions, the countries in each geographical area are listed. Sales and financing of Scania's products occur in all five geographical areas. Most of Scania's research and development work occurs in Sweden. Manufacturing of trucks, buses and industrial and marine engines occurs in Sweden, Argentina, Brazil, France, the Netherlands, Poland.

| | Europe | | Eurasia | | Asia | | America [3] | | Africa & Oceania | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SEK m. | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Vehicles and Services** | | | | | | | | | | | | |
| Revenue, January–December [1] | 98,855 | 85,964 | 2,661 | 9,186 | 15,873 | 13,590 | 33,905 | 22,338 | 11,966 | 10,227 | 163,260 | 141,305 |
| Assets, 31 December [2] | 141,923 | 138,871 | 315 | 1,810 | 5,650 | 4,706 | 27,702 | 18,337 | 5,512 | 4,453 | 181,102 | 168,177 |
| Gross investments [2] | 7,259 | 7,412 | 13 | 17 | 428 | 319 | 1,495 | 2,068 | 277 | 190 | 9,472 | 10,006 |
| Non-current assets | 87,530 | 81,662 | 145 | 435 | 1,633 | 1,351 | 13,128 | 9,394 | 3,103 | 2,469 | 105,539 | 95,311 |
| **Financial Services** | | | | | | | | | | | | |
| Revenue, January–December [1] | 6,546 | 6,061 | 731 | 653 | 352 | 276 | 2,454 | 1,264 | 740 | 507 | 10,823 | 8,761 |
| Assets, 31 December [2] | 90,552 | 79,445 | 5,011 | 6,780 | 7,546 | 5,592 | 28,529 | 16,535 | 7,778 | 5,879 | 139,416 | 114,231 |
| New financing customers | 39,049 | 35,558 | 760 | 5,169 | 3,878 | 3,194 | 15,913 | 8,744 | 4,474 | 3,752 | 64,074 | 56,417 |
| Non-current assets | 55,608 | 51,528 | 73 | 3,668 | 5,029 | 3,692 | 17,635 | 10,029 | 4,910 | 3,506 | 83,255 | 72,423 |

1 Revenue from external customers is allocated by location of customers.
2 Assets and gross investments, respectively (excluding lease assets), by geographic location.
3 Refers mainly to Latin America.

The main countries are specified below:

| | Sweden | | Brazil | |
|---|---|---|---|---|
| SEK m. | 2022 | 2021 | 2022 | 2021 |
| **Vehicles and Services** | | | | |
| Revenue, January–December | 8,796 | 7,406 | 20,383 | 13,630 |
| Non-current assets | 45,966 | 38,133 | 8,846 | 6,360 |
| **Financial Services** | | | | |
| Revenue, January–December | 516 | 376 | 1,728 | 878 |
| Non-current assets | 7,808 | 5,651 | 11,672 | 6,953 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 4 – OPERATING EXPENSES

| Scania Group | 2022 | 2021 |
|---|---|---|
| **Cost of goods sold and services rendered** | | |
| Cost of goods | 80,988 | 71,772 |
| Staff | 23,670 | 20,838 |
| Depreciation/amortisation [1] | 10,088 | 9,325 |
| Other | 13,633 | 7,936 |
| **Total** | **128,379** | **109,871** |

1 Of which an impairment loss of SEK 18 m. (–).

| Research and development expenses | | |
|---|---|---|
| Staff | 3,922 | 2,971 |
| Depreciation/amortisation | 1,483 | 1,196 |
| Other [1] | 3,394 | 2,244 |
| **Total** | **8,799** | **6,411** |

1 Of which an impairment loss of SEK 0 m. (0).

| Selling expenses | | |
|---|---|---|
| Staff | 8,379 | 7,222 |
| Depreciation/amortisation [1] | 706 | 692 |
| Other | 5,360 | 3,354 |
| **Total** | **14,445** | **11,268** |

1 Of which an impairment loss of SEK 0 m. (0).

| Administrative expenses | 2022 | 2021 |
|---|---|---|
| Staff | 1,479 | 1,399 |
| Depreciation/amortisation | 22 | 26 |
| Other | 1,134 | 719 |
| **Total** | **2,635** | **2,144** |

Cost of goods sold and services rendered includes new trucks, buses, engines, parts, used vehicles, bodywork and cars. The cost of goods may vary, depending on the degree of integration in different markets. Capitalised product development expenditures have reduced the expense categories “Staff” and “Other.”

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 5 – FINANCIAL SERVICES

Financial Services offers various forms of financing solutions, ordinarily with maturities of between 3–5 years, with the vehicle as underlying collateral. Market conditions as well as civil law and tax rules in each country often determine what financing solution is offered. Financing consists mainly of financial leases, in which the right of ownership of the vehicle remains with Scania during the lease term, but material risks and rewards have been transferred to the lessee. If hire purchase contracts are offered, the right of ownership is transferred to the customer on the date of sale, but Financial Services receives collateral in the form of a lien on the vehicle. If Financial Services offers a lease when delivering vehicles for which substantial risks remain with Scania, primarily attributable to guaranteed residual values, the contract is recognised as an operating lease.

| **Financial Services operating income** | 2022 | 2021 |
|---|---|---|
| Interest income | 5,910 | 4,056 |
| Lease income | 4,578 | 4,383 |
| Depreciation | –4,022 | –3,864 |
| Interest expenses | –3,018 | –1,502 |
| Insurance commission | 335 | 322 |
| **Gross income** | **3,783** | **3,395** |
| Other income and expenses | 402 | 71 |
| Selling and administrative expenses | –1,612 | –1,402 |
| Credit losses, realised and expected [1] | –376 | 130 |
| Items affecting comparability | –2,294 | – |
| **Operating income** | **–97** | **2,194** |

1 These expenses were equivalent to 0.32 percent (–0.13) of the average credit portfolio.

The Financial Services' financing portfolio is shown in the table below. Operating leases are included in tangible assets in the balance sheet of the Financial Services segment. See "Note 3 Operating segments".

| **Operating leases** | 2022 | 2021 |
|---|---|---|
| 1 January | 16,730 | 17,675 |
| New contracts | 5,805 | 6,595 |
| Depreciation | –4,022 | –3,864 |
| Terminated contracts | –4,394 | –4,336 |
| Change in value adjustments | 40 | 117 |
| Exchange rate differences | 1,097 | 543 |
| **Carrying amount, 31 December [2]** | **15,255** | **16,730** |

2 The consolidated balance sheet also includes elimination of deferred profit of SEK 2,002 m. (2,351).

| **Financial receivables (Hire purchase contracts and financial leases)** | 2022 | 2021 |
|---|---|---|
| 1 January | 92,129 | 77,758 |
| New receivables | 58,269 | 49,822 |
| Loan principal payments/terminated contracts | –44,897 | –38,317 |
| Change in value adjustments | –631 | 88 |
| Acquisitions | 2,559 | – |
| Exchange rate differences | 8,792 | 2,778 |
| Items affecting comparability | –3,274 | – |
| **Carrying amount, 31 December** | **112,947** | **92,129** |
| | | |
| **Total receivables and lease assets [3]** | **128,202** | **108,859** |

3 The number of contracts in the portfolio on 31 December 2022 totalled approximately 189,000 (192,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 5 – FINANCIAL SERVICES, CONTINUED

| Net investments in financial leases | 2022 | 2021 |
|---|---|---|
| Receivables related to future minimum lease payments | 54,403 | 52,620 |
| Imputed interest | –4,260 | –3,586 |
| **Net investment [4]** | **50,143** | **49,034** |
| Loss allowance for expected credit losses | –1,179 | –876 |
| **Total** | **48,964** | **48,158** |

4 Included in the consolidated financial statements under “current” and “non-current interest-bearing receivables.”

| Future minimum lease payments [5] | Operating leases | Financial leases |
|---|---|---|
| 2023 | 3,347 | 18,862 |
| 2024 | 1,850 | 14,352 |
| 2025 | 1,258 | 10,219 |
| 2026 | 650 | 6,250 |
| 2027 | 233 | 2,958 |
| 2028 and later | 127 | 1,761 |
| **Total** | **7,466** | **54,403** |

5 “Minimum lease payments” refers to the future flows of incoming payments related to the contract portfolio, including interest. For operating leases, the residual value is not included since this is not a minimum lease payment for these contracts.

## NOTE 6 – FINANCIAL INCOME AND EXPENSES

| | 2022 | 2021 |
|---|---|---|
| **Interest income** | | |
| Bank balances and financial investments | 427 | 262 |
| Derivatives [1] | 1,040 | 410 |
| Total interest income | 1,467 | 673 |
| **Interest expenses** | | |
| Borrowings | –1,153 | –676 |
| Derivatives [1] | –1,163 | –960 |
| Total borrowings and derivatives | –2,316 | –1,636 |
| Less interest expenses recognised in Financial Services [2] | 2,030 | 1,014 |
| Pension liability | –271 | –171 |
| Total interest expenses | –557 | –794 |
| **Total net interest** | **910** | **–121** |
| | | |
| Net income from associated companies and joint ventures | –76 | –19 |
| | | |
| Other financial income [3] | 978 | 632 |
| Other financial expenses [3] | –1,788 | –655 |
| Total other financial income and expenses | –810 | –23 |
| Items affecting comparability | 0 | –315 |
| **Net financial items** | **24** | **–478** |

1 Refers to interest on derivatives that is used to match interest on borrowings and lending as well as the interest component in derivatives that is used to convert borrowing currencies to lending currencies.

2 Recognised in the operating income of Financial Services.

3 Refers to SEK 359 m. (474) in market valuation of financial instruments for which hedge accounting is not applied as well as exchange rate differences and unrealised/realised gains of SEK 43,808 m. (16,348) and unrealised/realised losses of SEK 40,903 m. (16,509) attributable to derivatives, bank balances, liabilities and interest expenses on lease liabilities (IFRS 16).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 7 – TAXES

| Tax expense/Income for the year | 2022 | 2021 |
|---|---|---|
| Current tax [1] | –6,803 | –4,208 |
| Deferred tax | 2,262 | 568 |
| **Total** | **–4,541** | **–3,640** |
| | | |
| 1 Of which, taxes paid | –5,693 | –4,613 |

| Deferred tax is attributable to the following: | 2022 | 2021 |
|---|---|---|
| Tax related to temporary differences | 395 | 90 |
| Tax due to changes in tax rates and tax rules | 4 | –30 |
| Tax income due to tax value of loss carry-forwards recognised during the year | 1,771 | 135 |
| Tax expense due to utilisation/revaluation of previously recognised tax value of tax loss carry-forwards | –27 | –42 |
| Tax related to change in provision to tax allocation reserve | 240 | 157 |
| Other deferred tax liabilities/assets [2] | –121 | 258 |
| **Total** | **2,262** | **568** |

2 A temporary tax reduction for investments in inventories was introduced in Sweden in 2021, and was applicable to the income year 2022. The effect on deferred tax income is SEK 114 m. (247).

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **Reconciliation of effective tax** | Amount | % | Amount | % |
| Income before tax | 12,399 | | 10,816 | |
| Tax calculated using Swedish tax rate | –2,554 | 20.6 | –2,228 | 20.6 |
| Tax effect and percentage influence: | | | | |
| Difference between Swedish and foreign tax rates | –1,316 | 10.6 | –890 | 8.2 |
| Non-taxable income | 483 | –3.9 | 575 | –5.3 |
| Non-deductible expenses [3] | –224 | 1.8 | –1,278 | 11.9 |
| Valuation of tax value in loss carry-forwards not previously capitalised | 0 | 0.0 | 16 | –0.2 |
| Not recognised tax loss carry-forward | –44 | 0.4 | –83 | 0.8 |
| Adjustment for taxes pertaining to previous years | –211 | 1.7 | 31 | –0.3 |
| Changed tax rates | 2 | 0.0 | –30 | 0.3 |
| Other | –677 | 5.5 | 247 | –2.3 |
| **Tax recognised** | **–4,541** | **36.6** | **–3,640** | **33.7** |

3 The tax effect of non-deductible expenses includes the effect of the EU Truck case provision with SEK 36 m (1,077).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 7 – TAXES, CONTINUED

| Deferred tax assets and liabilities are attributable to the following: | 2022 | 2021 |
|---|---|---|
| **Deferred tax assets** | | |
| Provisions and other liabilities | 9,455 | 8,830 |
| Provisions for pensions | 1,375 | 2,542 |
| Non-current assets | 1,397 | 1,364 |
| Inventories | 1,214 | 1,026 |
| Tax loss carry-forwards [4] | 1,829 | 436 |
| Offset within tax jurisdictions | –8,763 | –8,628 |
| **Total deferred tax assets** | **6,507** | **5,570** |
| | | |
| **Deferred tax liabilities** | | |
| Provisions and other liabilities | 942 | 884 |
| Non-current assets | 10,543 | 10,838 |
| Tax allocation reserve [5] | – | 189 |
| Other | 148 | 126 |
| Offset within tax jurisdictions | –8,763 | –8,628 |
| **Total deferred tax liabilities** | **2,870** | **3,409** |
| | | |
| **Deferred tax assets (–)/tax liabilities (+), net amount** | **–3,637** | **–2,161** |

4 Deferred tax assets related to tax loss carry-forwards are recognised to the extent that it is likely that the loss carry-forwards can be utilised to offset profits in future tax returns. The tax effect that refers to recognised tax loss carry-forwards amounts to SEK 1,829 m. (436), and can be utilised without time limit. The tax value that refers to tax loss carry-forwards that have not been recognised amounts to SEK 525 (497) m.

5 In Sweden, tax laws permit provisions to an untaxed reserve called a tax allocation reserve. Deductions for provisions to this reserve are allowed up to a maximum of 25 percent of taxable profits. Each provision to this reserve may be freely withdrawn and face taxation, and must be withdrawn no later than the sixth year after the provision was made.

| Reconciliation of deferred tax assets (–)/liabilities (+), net amount | 2022 | 2021 |
|---|---|---|
| Carrying value on 1 January | –2,161 | –1,679 |
| Deferred taxes recognised in the year's income | –2,262 | –568 |
| Exchange rate differences | –174 | –39 |
| Acquired/divested operations | 87 | 2 |
| Recognised in "Other comprehensive income," changes attributable to: | | |
| – remeasurements of defined-benefit plans | 886 | 23 |
| – fair value adjustment, equity instruments | –13 | 100 |
| **Deferred tax assets (–)/tax liabilities (+), net amount** | **–3,637** | **–2,161** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 8 – DEPRECIATION/AMORTISATION

| | Vehicles and Services | | Financial Services | | Elimination [1] | | Scania Group | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Intangible assets** | | | | | | | | |
| Research and development expenses | 1,230 | 956 | – | – | – | – | 1,230 | 956 |
| Selling expenses | 139 | 126 | 15 | 16 | – | – | 154 | 142 |
| **Total** | **1,369** | **1,082** | **15** | **16** | **–** | **–** | **1,384** | **1,098** |
| | | | | | | | | |
| **Tangible non-current assets** | | | | | | | | |
| Cost of goods sold and services rendered | 10,072 | 9,316 | 4,022 | 3,864 | –4,013 | –3,855 | 10,081 | 9,325 |
| Research and development expenses | 253 | 240 | – | – | – | – | 253 | 240 |
| Selling expenses | 526 | 527 | 52 | 50 | –26 | –27 | 552 | 550 |
| Administrative expenses | 22 | 26 | – | – | – | – | 22 | 26 |
| Items affecting comparability [3] | – | – | 7 | – | – | – | 7 | – |
| **Total** | **10,873** | **10,109** | **4,081** | **3,914** | **–4,039** | **–3,882** | **10,915** | **10,141** |
| | | | | | | | | |
| **Total depreciation/amortisation [2]** | **12,242** | **11,191** | **4,096** | **3,930** | **–4,039** | **–3,882** | **12,299** | **11,239** |

1 Elimination relates to depreciation on right of use assets for Scania Group internal leases.
2 Whereof SEK 18 m. (15) is an impairment loss.
3 Impairment loss related to the disposal of the Russian entities.

## NOTE 9 – INTANGIBLE ASSETS

| | Goodwill | | Development | | Other intangibles [1] | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Accumulated cost** | | | | | | | | |
| 1 January | 1,412 | 1,334 | 19,226 | 17,239 | 1,509 | 1,525 | 22,147 | 20,098 |
| Additions | – | – | 2,314 | 1,986 | 35 | 73 | 2,349 | 2,059 |
| Acquisition/divestments of subsidiaries | 145 | 36 | – | – | 35 | 16 | 180 | 52 |
| Divestments and disposals | – | – | – | – | –87 | –144 | –87 | –144 |
| Reclassifications | – | – | – | – | 90 | 12 | 90 | 12 |
| Exchange rate differences | 132 | 42 | 8 | 1 | 63 | 27 | 203 | 70 |
| **Total** | **1,689** | **1,412** | **21,548** | **19,226** | **1,645** | **1,509** | **24,882** | **22,147** |
| | | | | | | | | |
| **Accumulated amortisation and impairment losses** | | | | | | | | |
| 1 January | 36 | 35 | 7,438 | 6,498 | 1,086 | 1,052 | 8,560 | 7,585 |
| Amortisation for the year | – | – | 1,204 | 939 | 169 | 159 | 1,373 | 1,098 |
| Impairment loss of the year | 11 | – | – | – | – | – | 11 | – |
| Divestments and disposals | – | – | – | – | –63 | –144 | –63 | –144 |
| Reclassifications | – | – | – | – | –50 | –2 | –50 | –2 |
| Exchange rate differences | 2 | 1 | 3 | 1 | 51 | 21 | 56 | 23 |
| **Total** | **49** | **36** | **8,645** | **7,438** | **1,193** | **1,086** | **9,887** | **8,560** |
| | | | | | | | | |
| **Carrying amount, 31 December** | **1,640** | **1,376** | **12,903** | **11,788** | **452** | **423** | **14,995** | **13,587** |
| | | | | | | | | |
| – of which capitalised expenditures for projects that have been placed in service | – | – | 8,823 | 7,241 | – | – | 8,823 | 7,241 |
| – of which capitalised expenditures for projects under development | – | – | 4,080 | 4,547 | – | – | 4,080 | 4,547 |

1 Refers mainly to software, which is purchased externally in its entirety, customer relationships capitalised upon acquisitions of subsidiaries and common supplier tools.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 10 – TANGIBLE ASSETS

| | Buildings and land | | Machinery and equipment | | Construction in progress and advance payments | | Lease assets [1] | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Accumulated cost** | | | | | | | | | | |
| 1 January | 31,599 | 28,377 | 49,740 | 45,791 | 7,608 | 7,397 | 37,957 | 37,415 | 126,904 | 118,980 |
| Acquisitions/divestment of subsidiaries [2] | –121 | – | 75 | 12 | –1 | – | –9 | – | –56 | 12 |
| Additions | 1,208 | 1,707 | 1,444 | 923 | 4,546 | 5,400 | 6,407 | 7,645 | 13,605 | 15,675 |
| Divestments and disposals | –662 | –623 | –1,956 | –1,411 | –6 | –15 | –8,289 | –7,411 | –10,913 | –9,460 |
| Reclassifications | 1,090 | 1,380 | 4,075 | 3,827 | –5,253 | –5,235 | –1,509 | –1,267 | –1,597 | –1,295 |
| Exchange rate differences | 1,866 | 758 | 1,799 | 598 | 416 | 61 | 3,047 | 1,575 | 7,128 | 2,992 |
| **Total** | **34,980** | **31,599** | **55,177** | **49,740** | **7,310** | **7,608** | **37,604** | **37,957** | **135,071** | **126,904** |
| | | | | | | | | | | |
| **Accumulated depreciation and impairment losses** | | | | | | | | | | |
| 1 January | 13,173 | 11,909 | 34,309 | 31,402 | – | – | 11,298 | 9,955 | 58,780 | 53,266 |
| Acquisition/divestment of subsidiaries [2] | –127 | – | –20 | –19 | – | – | –8 | – | –155 | –19 |
| Depreciation for the year | 1,469 | 1,308 | 4,283 | 3,908 | – | – | 5,156 | 4,910 | 10,908 | 10,126 |
| Impairment loss for the year | 5 | 15 | 2 | – | – | – | – | – | 7 | 15 |
| Divestments and disposals | –304 | –352 | –1,759 | –1,375 | – | – | –4,275 | –3,767 | –6,338 | –5,494 |
| Reclassifications | 5 | 7 | 39 | –5 | – | – | –585 | –332 | –541 | –330 |
| Exchange rate differences | 760 | 286 | 1,176 | 398 | – | – | 1,092 | 532 | 3,028 | 1,216 |
| **Total** | **14,981** | **13,173** | **38,030** | **34,309** | **–** | **–** | **12,678** | **11,298** | **65,689** | **58,780** |
| | | | | | | | | | | |
| **Carrying amount, 31 December** | **19,999** | **18,426** | **17,147** | **15,431** | **7,310** | **7,608** | **24,926** | **26,659** | **69,382** | **68,124** |
| | | | | | | | | | | |
| – of which Buildings | 11,775 | 10,830 | – | – | – | – | – | – | 11,775 | 10,830 |
| – of which Land | 3,589 | 3,239 | – | – | – | – | – | – | 3,589 | 3,239 |
| – of which Right-of-use assets | 4,635 | 4,357 | 839 | 900 | – | – | – | – | 5,474 | 5,257 |
| – of which Financial Services | 156 | 150 | 58 | 59 | 3 | 2 | 82 | 81 | 299 | 292 |

1 Including assets for short-term rentals and assets capitalised due to repurchase obligations.
2 Whereof increase from acquisition of subsidiary of SEK 451 m.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 11 – LEASES

### Scania as a lessee

The Scania Group acts as a lessee in many areas of the company. These transactions relate primarily to leases of office equipment, real estate, and other production facilities. The leases are individually negotiated and contain a large number of contractual terms and conditions. Right-of-use assets arising from leases are reported in the following balance sheet items within tangible assets:

**Right-of-use assets**

| | Buildings and land | | Machinery and equipment | | Total | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Accumulated cost** | | | | | | |
| 1 January | 5,888 | 4,698 | 1,804 | 1,650 | 7,692 | 6,348 |
| Acquisitions/divestments of subsidiaries | – | – | –1 | –13 | –1 | –13 |
| Additions | 1,011 | 1,419 | 396 | 440 | 1,407 | 1,859 |
| Divestments and disposals | –613 | –432 | –326 | –302 | –939 | –734 |
| Transfers | 109 | –1 | –1 | 0 | 108 | –1 |
| Exchange rate differences | 397 | 204 | 81 | 29 | 478 | 233 |
| **Total** | **6,792** | **5,888** | **1,953** | **1,804** | **8,745** | **7,692** |
| | | | | | | |
| **Accumulated depreciation and impairment losses** | | | | | | |
| 1 January | 1,531 | 1,061 | 904 | 698 | 2,435 | 1,759 |
| Acquisitions/divestments of subsidiaries | – | – | –1 | –6 | –1 | –6 |
| Depreciation for the year | 754 | 681 | 475 | 484 | 1,229 | 1,165 |
| Impairment loss for the year | 5 | – | – | – | 5 | – |
| Divestments and disposals | –250 | –256 | –307 | –286 | –557 | –542 |
| Transfers | 8 | –1 | – | 0 | 8 | –1 |
| Exchange rate differences | 108 | 46 | 43 | 14 | 151 | 60 |
| **Total** | **2,156** | **1,531** | **1,114** | **904** | **3,270** | **2,435** |
| | | | | | | |
| **Carrying amount, 31 December** | **4,636** | **4,357** | **839** | **900** | **5,475** | **5,257** |

| **Amounts recognised in profit and loss** | 2022 | 2021 |
|---|---|---|
| Depreciation expense on right-of-use assets | –1,229 | –1,166 |
| Interest expense on lease liabilities | –158 | –148 |
| Expense relating to short-term leases | –79 | –71 |
| Expense relating to leases of low value assets | –173 | –150 |
| **Total** | **–1,639** | **–1,535** |

At 31 December 2022, the Group is committed to SEK 92 m. (62) for short-term leases. The total cash outflow for leases amount to SEK 1,698 m. (1,327).

The following table shows an overview of potential future cash outflows from leases that were not included in the measurement of lease liabilities:

| **Potential exposure to future cash outflows from** | 2022 | 2021 |
|---|---|---|
| Extension options | –642 | –424 |
| Termination options | –6 | –6 |
| Leases not yet commenced (contractual commitment) | –2 | –2 |

### Lease liabilities

| | 2022 | 2021 |
|---|---|---|
| Interest-bearing liabilities – non-current | 4,378 | 4,439 |
| Interest-bearing liabilities – current | 1,160 | 1,103 |
| **Total** | **5,539** | **5,542** |

| | 2022 | 2021 |
|---|---|---|
| **Maturity analysis** | | |
| Not later than 1 year | 1,321 | 1,239 |
| Later than 1 year and not later than 5 years | 4,074 | 3,846 |
| Later than 5 years | 1,073 | 1,394 |

The Group does not face a significant liquidity risk with regard to its lease liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 12– HOLDINGS IN ASSOCIATED COMPANIES AND JOINT VENTURES

| | 2022 | 2021 |
|---|---|---|
| **Carrying amount, 1 January** | 1,074 | 840 |
| Acquisitions, capital contributions, divestments and impairment losses during the year[1] | 0 | 180 |
| Exchange rate differences | 128 | 78 |
| Share of income for the year[2] | –76 | –19 |
| Dividend | –5 | –5 |
| **Carrying amount, 31 December** | **1,121** | **1,074** |
| Contingent liabilities | – | – |

1 In 2021 Scania made an additional investment of SEK 180 m. in sennder GmbH.
2 In 2021 SEK 60 m. was attributable to a dilution of ownership in sennder GmbH. Sennder made directed new share issues, which resulted in a decrease of Scania's shareholding from 14.64 to 13.69 percent.

| Associated companies | | | Value of Scania's share in consolidated financial statements | |
|---|---|---|---|---|
| **Corporate ID number/ Country of registration** | Ownership, % | Carrying amount in the parent company | 2022 | 2021 |
| BITS DATA i Södertälje AB, 556121-2613, Sweden | 33 | 2 | 9 | 8 |
| ScaValencia S.A., A46332995, Spain | 26 | 17 | 34 | 31 |
| Telematics GmbH, HRB 203799 B, Germany | 46.73 | 16 | 1 | 15 |
| Sennder GmbH, HRB 170455 B, Germany | 13.69 | 307 | 244 | 321 |
| **Holdings in associated companies** | | **342** | **288** | **375** |
| Share of: | | | | |
| – Net income | | | –109 | –44 |
| – Total comprehensive income | | | –109 | –44 |

| Joint ventures | | | Value of Scania's share in consolidated financial statements | |
|---|---|---|---|---|
| **Corporate ID number/ Country of registration** | Ownership, % | Carrying amount in the parent company | 2022 | 2021 |
| Cummins-Scania XPI Manufacturing LLC, 20-3394999, USA | 50 | 575 | 825 | 691 |
| Oppland Tungbilservice A/S, 982 787 602, Norway | 50 | 1 | 4 | 5 |
| Tynset Diesel A/S, 982 787 580, Norway | 50 | 1 | 4 | 3 |
| **Holdings in joint ventures** | | **577** | **833** | **699** |
| Share of: | | | | |
| – Net income | | | 34 | 25 |
| – Total comprehensive income | | | 34 | 25 |
| | | | | |
| **Carrying amount holdings in associated companies and joint ventures, 31 December** | | | **1,121** | **1,074** |

Cummins-Scania XPI Manufacturing LLC is a joint venture with Scania and Cummins as partners. The joint venture manufactures fuel injection systems with extra-high pressure injection (XPI). Summarised financial information regarding Scania's holdings in the joint venture Cummins-Scania XPI Manufacturing LLC is set out below:

| **Income statement, condensed** | 2022 | 2021 |
|---|---|---|
| Net sales | 3,094 | 2,561 |
| Operating income[1] | 34 | 51 |
| Interest income/expenses and Other financial expenses | 30 | 14 |
| Taxes | –1 | –6 |
| **Net income for the year** | **63** | **59** |
| **Other comprehensive income for the year** | **–** | **–** |
| **Total comprehensive income for the year** | **63** | **59** |
| Scania Group's share (50%) | 32 | 30 |

1 Depreciation amounting to SEK 115 m. (115) is included in Operating income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 12 – HOLDINGS IN ASSOCIATED COMPANIES AND JOINT VENTURES, CONTINUED

| **Balance sheet, condensed** | 2022 | 2021 |
|---|---|---|
| Non-current assets | 839 | 731 |
| Current investments and cash and cash equivalents | 118 | 79 |
| Other current assets | 1,876 | 1,295 |
| **Total assets** | **2,833** | **2,105** |
| | | |
| Equity | 1,650 | 1,383 |
| Other current liabilities | 1,183 | 722 |
| **Total equity and liabilities** | **2,833** | **2,105** |
| Scania Group's share of equity (50%) | 825 | 692 |
| **Carrying amount** | **825** | **692** |

## NOTE 13 – INVENTORIES

| | 2022 | 2021 |
|---|---|---|
| Raw materials, components and supplies | 6,529 | 4,703 |
| Work in progress | 2,854 | 1,919 |
| Finished goods [1] | 21,290 | 17,321 |
| **Total [2]** | **30,673** | **23,943** |

1 Whereof used vehicles SEK 1,062 m. (822).
2 Whereof value adjustment reserve SEK –764 m. (–1,011).

## NOTE 14 – OTHER RECEIVABLES

| | 2022 | 2021 |
|---|---|---|
| Prepaid expenses and accrued income | 442 | 339 |
| Derivatives with positive market value | 2,158 | 845 |
| Advance payments | 78 | 41 |
| Pension asset | 160 | 292 |
| Other receivables | 1,165 | 834 |
| **Total other non-current receivables** | **4,003** | **2,351** |
| | | |
| Prepaid expenses and accrued income | 2,260 | 1,717 |
| Derivatives with positive market value | 639 | 863 |
| Value-added tax | 2,404 | 2,553 |
| Advance payments | 875 | 586 |
| Other receivables | 3,137 | 2,324 |
| **Total other current receivables** | **9,315** | **8,043** |
| | | |
| **Total other receivables** | **13,318** | **10,394** |

## NOTE 15 – EQUITY

The consolidated statements of changes in equity shows a complete reconciliation of all changes in equity.

**The share capital** of Scania AB consists of 400,000,000 Series A shares outstanding with voting rights of one vote per share and 400,000,000 Series B shares outstanding with voting rights of 1/10 vote per share. A and B shares carry the same right to a portion of the company's assets and profit. The nominal value of both A and B shares is SEK 2.50 per share. All shares are fully paid and no shares are reserved for transfer of ownership. No shares are held by the company itself or its subsidiaries.

**Other contributed capital** consists of a statutory reserve contributed by the owners of Scania AB when it became a limited company in 1995 and capital contributions from the owners.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 15 – EQUITY, CONTINUED

**The currency translation reserve** arises when translating net assets outside Sweden according to the current method of accounting. The currency translation reserve also includes currency rate differences related to monetary items for businesses outside Sweden deemed to be a part of the company's net investment. The exchange rate difference of SEK 3,740 m. (1,545) arose as a result of the Swedish krona's weakening against currencies important to Scania. The exchange rate differences were mainly due to that the krona has weakened against the BRL, EUR and USD.

**Retained earnings** consist not only of accrued profits but also of the change in pension liability attributable to remeasurements of defined-benefit plans etc. recognised in "Total other comprehensive income." Regarding changes in actuarial assumptions, see also Note 16, "Provisions for pensions and similar commitments."

The Board of Directors proposes to the 2023 Annual General Meeting that a total amount of SEK 15,700 m. is distributed to the shareholders which of SEK 9,500 m dividend in kind and SEK 6,200 m as cash dividend.

**Non-controlling interests** refer to the share of equity held by external owners outside of Scania in certain subsidiaries in the Group. Scania Group has only a few non-wholly owned subsidiaries of which none is considered to have a substantial non-controlling interest. In 2022, net income attributable to non-controlling interests amounted to SEK 0 m. (4) and accumulated non-controlling interests in the company amounted to SEK 59 m. (24) as of 31 December 2022.

| Reconciliation of change in number of shares outstanding | 2022 | 2021 |
|---|---|---|
| Number of A shares outstanding, 1 January | 400,000,000 | 400,000,000 |
| **Number of A shares outstanding, 31 December** | **400,000,000** | **400,000,000** |
| | | |
| Number of B shares outstanding, 1 January | 400,000,000 | 400,000,000 |
| **Number of B shares outstanding, 31 December** | **400,000,000** | **400,000,000** |
| **Total number of shares, 31 December** | **800,000,000** | **800,000,000** |

The equity of the Scania Group consists of the sum of equity attributable to Scania's shareholders and equity attributable to non-controlling interests. At year-end 2022, the Group's equity totalled SEK 79,625 m. (68,213). According to the Group's Financial Policy, the Group's financial position shall meet the requirements of the business objectives it has established. At present, this is deemed to presuppose a financial position equivalent to the requirements for obtaining a Standard & Poor's Investment Grade Stand Alone Rating of BBB.

In order to maintain the necessary capital structure, the Group may adjust the amount of its dividend to shareholders, distribute capital to the shareholders or sell assets and thereby reduce debt.

Financial Services includes companies subject to varying degrees of regulation and supervision by local financial supervisory authorities in line with local regulations. The regulatory levels and supervision is generally increasing and may cover an entity's entire operation or only certain areas. 22 companies were under more broad licensing and supervisory schemes in 2022. Some licenses include local capital adequacy requirements and these were met in 2022.

The Group's Financial Policy contains targets for key ratios related to the Group's financial position. These coincide with the ratios used by Standard & Poor's. At the end of 2022 Scania's Issuer Credit Rating according to Standard and Poor's was:

- long-term borrowing: BBB
- outlook: Stable
- short-term borrowing: A-2
- short-term borrowing, Sweden: K-2

### NOTE 16 – PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

The Group's employees, former employees and their survivors may be included in both defined-contribution and defined-benefit plans related to post-employment compensation. The plans include retirement pensions, early retirement pensions, survivor pensions, health care and severance pay. For defined-contribution plans, Scania makes continuous payments to public authorities and independent organisations, which thus take over obligations towards employees.

The Group's expenses for defined-contribution plans amounted to SEK 2,266 m. (1,649) during 2022. The commitment that is recognised in the balance sheet stems from the defined benefit plans. The plans are secured through reinsured provisions in the balance sheet, foundations and funds. Calculations are performed according to the Projected Unit Credit Method, using the assumptions presented under each country below.

Scania's forecast pension payments related to defined benefit plans, both funded and unfunded plans, is SEK 703 m. for 2023.

The benefits listed in the plans are available to all employees if not stated otherwise.

The largest plans are described in more detail below.

**Sweden**
Blue-collar workers are covered by the Avtalspension SAF-LO plan, which is a defined-contribution multiemployer plan based on collective agreements, covering a number of different sectors.

Salaried employees are covered by the ITP plan, which is also a multiemployer plan based on collective agreements, covering a number of different sectors. The ITP plan has two parts, firstly, ITP1, which is a defined-contribution pension plan applying to employees born in 1979 or later, and secondly, ITP2, which is a defined-benefit pension plan applying to employees born before 1979.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 16 – PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS, CONTINUED

Most of the ITP2 plan is managed internally by Scania in the PRI system. Financing occurs partly through provisions to an account in the balance sheet and partly through provisions to a pension foundation, both safeguarded by credit insurance from the mutual insurance company Försäkringsbolaget PRI Pensionsgaranti. However, a portion of the ITP2 plan is safeguarded via premiums to the retirement insurance company Alecta. These obligations are recognised under the heading “Multiemployer defined-benefit plans.”

Aside from these obligations, there are early retirement defined benefit obligations in Scania CV relating to blue-collar workers who at the age of 62 have worked for 30 years or who at the age of 63 have worked for 25 years in the company, as well as to a limited number of persons in managerial positions.

Special payroll tax is included in the provision for pension provisions.

**Switzerland**
The Pensionskasse and the Wohlfahrtsstiftung are the legal carriers of the pension plans and they review early retirement pension. There are two pension plans:

1. A basic pension plan for employees and management, covering retirement pension, disability pension, spouse pension, children’s pension and life insurance.
2. A supplementary plan for members of the management, covering retirement pension, disability pension, spouse pension, children’s pension and life insurance. This plan also includes early retirement pension, which covers employees with at least five years of service or who have retired prematurely at the request of the company.

Contributions are split between employer and employees for the basic pension plan and in the supplementary plan for members of the management.

**Brazil**
Employees at Scania Latin America Ltda are covered by four post-employment defined-benefit plans. Three health care plans cover medical, dental and pharmaceutical expenses as well as the cost of a life insurance plan. The health care plans became unfunded in February 2018. The plans are open to personnel retiring at a minimum age of 55 with at least 10 years’ of service.

**Great Britain**
Employees at Scania Great Britain (SGB) are covered by a premium based occupational pension. Both the company and employees contribute to the plan. There are defined-benefit plans, which are closed for future accruals since 31 May 2003. The defined-benefit plans operated by SGB include the following:

1. The Scania Staff Pension Plan
2. The Scania Executive Pension Plan
3. The Scania Reliable Vehicles Staff Pension Plan

All plans are administered by trustees who are responsible for ensuring that SGB has sufficient financing to fully meet all vested/earned benefits for all members.

The normal retirement age in the schemes is 65.

#### Multiemployer defined benefit plans

**Sweden**
A portion of the ITP2 plan is safeguarded by premiums to Alecta. These obligations are also defined benefit plans, but since Alecta cannot present information necessary to account for the plan as a defined-benefit plan, it is accounted for as a defined-contribution plan.

At year-end 2022, Alecta’s surplus, in the form of a collective consolidation level (assets in relation to the insurance obligation), amounted to 189 percent (169). If the consolidation level falls below or exceeds the normal range (125–175), Alecta shall take measures, for example raise agreed subscription prices and extension of existing benefits, or introduce premium reductions.

Alecta’s insurance obligation is calculated according to Alecta’s actuarial methods and assumptions, which deviate from the methods and assumptions applied in measurement of defined-benefit pensions according to IAS 19.

Premiums to Alecta amounted to SEK 106 m. (122).

**The Netherlands**
Employees at Scania’s Dutch companies are covered by the Dutch collectively agreed pension plans, which are multiemployer defined benefit plans. The plans Pensioenfonds Metaal en Techniek (PMT) and Bedrijfstakpensioenfonds Metalektro (PME) are administered by MN Services. PMT and PME do not have information about allocation and therefore these obligations are recognised as a defined-contribution plan. In the Dutch plans, both companies and employees contribute to the plan. Companies’ premiums to MN Services totalled SEK 187 m. (153). The consolidation level of PMT was 106 percent (103) and for PME 109 percent (105).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 16 – PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS, CONTINUED

| Information regarding the largest plans during 2022 | Sweden | Switzerland | Brazil | Great Britain |
|---|---|---|---|---|
| Present value of defined benefit obligations | 9,162 | 1,133 | 570 | 641 |
| Fair value of plan assets | –2,653 | –1,514 | –73 | –752 |
| Net assets not fully valued due to curtailment rule | – | 332 | 13 | – |
| **Recognised as pension liability (+)/(asset (–)) in the balance sheet, SEK m.** | **6,509** | **–49** | **510** | **–111** |
| | | | | |
| **Breakdown into categories** | | | | |
| Present value of defined benefit obligations for persons in active employment, SEK m. | 5,443 | 654 | –182 | – |
| Persons in active employment, number | 10,777 | 273 | 2,209 | – |
| Present value of defined benefit obligations for paid-up policy holders, SEK m. | 1,374 | – | – | 306 |
| Paid–up policy holders, number | 3,085 | – | – | 332 |
| Present value of defined benefit obligations for retired employees, SEK m. | 2,345 | 479 | 752 | 335 |
| Retired employees, number | 2,835 | 115 | 1,498 | 271 |
| | | | | |
| **Assumptions/Conditions** | | | | |
| Discount rate, % | 4.0 | 2.2 | 10.2 | 4.8 |
| Average life expectancy, women/men, years | 88 | 88 | 86 | 88 |
| Average duration of obligations, years | 17.2 | 13.4 | 9.8 | 17.0 |
| | | | | |
| **Sensitivity analysis concerning change in present value of obligations, SEK m.** | | | | |
| 0.5% increase in discount rate | –1,000 | –72 | –1 | –47 |
| 0.5% decrease in discount rate | 1,132 | 80 | 19 | 52 |
| 1 year increase in life expectancy | 340 | 29 | 19 | 30 |

| Information regarding the largest plans during 2021 | Sweden | Switzerland | Brazil | Great Britain |
|---|---|---|---|---|
| Present value of defined benefit obligations | 13,271 | 1,227 | 427 | 991 |
| Fair value of plan assets | –2,215 | –1,510 | –57 | –971 |
| Net assets not fully valued due to curtailment rule | – | – | 7 | – |
| **Recognised as pension liability (+)/(asset (–)) in the balance sheet, SEK m.** | **11,056** | **–283** | **377** | **20** |
| | | | | |
| **Breakdown into categories** | | | | |
| Present value of defined benefit obligations for persons in active employment, SEK m. | 8,481 | 700 | –166 | – |
| Persons in active employment, number | 11,915 | 271 | 2,544 | – |
| Present value of defined benefit obligations for paid-up policy holders, SEK m. | 2,125 | – | – | 540 |
| Paid–up policy holders, number | 2,968 | – | – | 332 |
| Present value of defined benefit obligations for retired employees, SEK m. | 2,664 | 527 | 593 | 451 |
| Retired employees, number | 2,727 | 114 | 1,316 | 271 |
| | | | | |
| **Assumptions/Conditions** | | | | |
| Discount rate, % | 2.0 | 0.2 | 8.9 | 2.0 |
| Average life expectancy, women/men, years | 88 | 88 | 86 | 88 |
| Average duration of obligations, years | 22.4 | 15.7 | 9.5 | 18.0 |
| | | | | |
| **Sensitivity analysis concerning change in present value of obligations, SEK m.** | | | | |
| 0.5% increase in discount rate | –1,356 | –89 | –9 | –80 |
| 0.5% decrease in discount rate | 1,555 | 102 | 4 | 94 |
| 1 year increase in life expectancy | 571 | 39 | 46 | 55 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 16 – PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS, CONTINUED

| | Expenses for pensions and similar commitments | |
|---|---|---|
| **Expenses for pensions and other defined-benefit payments recognised in the income statement** | 2022 | 2021 |
| Current service expenses | –407 | –611 |
| Net Interest income/expenses | –271 | –171 |
| Past service expenses | 1 | –2 |
| Net gains (+) and losses (–) due to curtailments and settlements | 16 | 16 |
| **Total expense for defined-benefit payments recognised in the income statement** | **–661** | **–768** |

Pension expenses and other defined benefit payments are found in the income statement under the headings "Research and development expenses," SEK 90 m. (146), "Cost of goods sold," SEK 171 m. (291), "Selling expenses," SEK 91 m. (113) and "Administrative expenses," SEK 38 m. (47). The interest portion of the net liability is recognised as an interest expense and the interest portion in net assets is recognised as interest income.

| | Expenses related to pensions and similar commitments | |
|---|---|---|
| **Expenses/revenues for pensions and other defined-benefit payments recognised in "Other comprehensive income"** | 2022 | 2021 |
| Experience-based adjustments in net liabilities | –1,257 | –514 |
| Effects of changes in demographic assumptions | 125 | 39 |
| Effects of changes in financial assumptions | 6,354 | 353 |
| Actual return on plan assets excluding amount included in interest income | –663 | 366 |
| Changes in present value of asset ceiling not included in interest expense | –315 | –7 |
| **Total expense/revenue for defined-benefit payments recognised in "Other comprehensive income"** | **4,244** | **237** |

| | Pension commitments | |
|---|---|---|
| **Recognised as provision for pensions in the balance sheet** | 2022 | 2021 |
| Present value of defined benefit obligations, wholly or partly funded | 10,474 | 14,912 |
| Present value of defined benefit obligations, unfunded | 2,272 | 2,402 |
| Present value of defined-benefit obligations | 12,746 | 17,314 |
| Fair value of plan assets | –5,400 | –5,159 |
| Net assets not fully valued due to curtailment rule | 347 | 8 |
| **Recognised in the balance sheet** | **7,693** | **12,163** |
| – of which, pension liabilities recognised under the heading "Provisions for pensions" | 7,853 | 12,455 |
| – of which, pension assets recognised under the heading "Other long-term receivables" | –160 | –292 |

| | Liabilities related to pensions and similar commitments | |
|---|---|---|
| **Present value of defined-benefit obligations changed during the year as follows:** | 2022 | 2021 |
| Present value of defined benefit obligations, 1 January | 17,314 | 16,501 |
| Present value of reclassified obligations, 1 January | –12 | 12 |
| Current service expenses | 407 | 611 |
| Interest expenses | 344 | 209 |
| Payments made by pension plan participants | 23 | 18 |
| Experience-based actuarial gains and losses | 1,257 | 529 |
| Adjustment effects from changes in demographic assumptions | –125 | –39 |
| Adjustment effects from changes in financial assumptions | –6,354 | –353 |
| Exchange rate differences | 348 | 220 |
| Payments from the company's assets | –311 | –269 |
| Payments from plan assets | –128 | –111 |
| Past service expenses | –1 | 2 |
| Gains and losses depending on net adjustments for the year | –16 | –16 |
| **Present value of defined-benefit obligations, 31 December** | **12,746** | **17,314** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 16 – PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS, CONTINUED

| | Plan assets related to pensions and similar commitments | |
|---|---|---|
| **Fair value of plan assets changed as follows during the year:** | 2022 | 2021 |
| Fair value of plan assets, 1 January | 5,159 | 4,122 |
| Fair value of plan assets related to reclassified obligations, 1 January | – | 1 |
| Interest income on plan assets | 74 | 38 |
| Actual return on plan assets excluding amount included in interest income | –663 | 367 |
| Effects of changes in financial assumptions | – | – |
| Exchange rate differences | 251 | 191 |
| Payments made by employers | 684 | 533 |
| Payments made by pension plan participants | 23 | 18 |
| Payments from plan assets | –128 | –111 |
| Fair value of plan assets in acquired/divested companies | – | – |
| **Fair value of plan assets, 31 December** | **5,400** | **5,159** |

| | Asset ceiling | |
|---|---|---|
| **Present value of asset ceiling** | 2022 | 2021 |
| Present value of asset ceiling, 1 January | 7 | 0 |
| Interest expenses | 1 | – |
| Changes in present value of asset ceiling not included in interest expense | 315 | 7 |
| Exchange rate differences | 24 | – |
| **Present value of asset ceiling, 31 December** | **347** | **7** |

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **Allocation of fair value in plan assets** | Quoted price in an active market | Unquoted price | Quoted price in an active market | Unquoted price |
| Cash and cash equivalents | 158 | – | 140 | – |
| Equity instruments issued by others | 1,152 | – | 1,027 | – |
| Debt instruments issued by Scania | – | 52 | – | 47 |
| Debt instruments issued by others | 1,331 | – | 1,376 | – |
| Properties leased to Scania companies | – | 58 | – | 51 |
| Investment properties | – | – | – | – |
| Equity mutual funds | 684 | – | 729 | – |
| Fixed income mutual funds | 500 | – | 622 | – |
| Real estate funds | 316 | – | 170 | – |
| Other investment funds | 137 | – | 319 | – |
| Other plan assets | 559 | 453 | 227 | 451 |
| **Total** | **4,837** | **563** | **4,610** | **549** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 17 – OTHER PROVISIONS

| 2022 | Product obligations | Legal and tax risks [2] | Other provisions [1,3] | Total |
|---|---|---|---|---|
| 1 January | 1,725 | 9,792 | 5,417 | 16,934 |
| Provisions during the year | 1,517 | 393 | 3,031 | 4,941 |
| Provisions used during the year | –1,152 | –9,206 | –2,369 | –12,726 |
| Provisions reversed during the year | –160 | –11 | –385 | –556 |
| Exchange rate differences | –4 | 7 | 43 | 46 |
| **31 December** | **1,926** | **976** | **5,738** | **8,639** |
| | | | | |
| – of which, current provisions | 1,404 | 44 | 3,130 | 4,578 |
| – of which, non–current provisions | 522 | 932 | 2,608 | 4,061 |

| 2021 | Product obligations | Legal and tax risks [2] | Other provisions [1,2,3] | Total |
|---|---|---|---|---|
| 1 January | 1,682 | 4,465 | 4,680 | 10,827 |
| Provisions during the year | 1,019 | 5,420 | 2,408 | 8,847 |
| Provisions used during the year | –870 | –41 | –1,612 | –2,523 |
| Provisions reversed during the year | –108 | –54 | –68 | –230 |
| Exchange rate differences | 2 | 2 | 9 | 13 |
| **31 December** | **1,725** | **9,792** | **5,417** | **16,934** |
| | | | | |
| – of which, current provisions | 1,235 | 9,215 | 3,091 | 13,540 |
| – of which, non–current provisions | 490 | 577 | 2,326 | 3,394 |

1 "Other Provisions" include provisions for potential losses on service agreements. Total number of contracts decreased in 2022 by 2,100 contracts and amounted to 277,100 contracts (279,200) at year-end.

2 "Legal and tax risks" includes a provision for the EU Truck case of SEK 9,029 m., of which SEK 5,229 m. affected 2021 and SEK 3,800 m. affected 2016. The case was settled in April 2022.

3 "Other provisions" include provisions for interest expenses related to the EU Truck case of SEK 542 m., of which SEK 315 m. affected 2021. The interest was paid in April 2022.

## NOTE 18 – ACCRUED EXPENSES AND DEFERRED INCOME

| | 2022 | 2021 |
|---|---|---|
| Accrued employee-related expenses | 8,795 | 7,477 |
| Deferred income related to service and repair contracts | 7,355 | 6,866 |
| Deferred income related to repurchase obligations [1] | 5,183 | 5,905 |
| Other accrued expenses and deferred income | 5,782 | 4,668 |
| **Total** | **27,115** | **24,916** |
| | | |
| – of which, current | 19,730 | 18,014 |
| – of which, non-current | 7,385 | 6,902 |
| Of the above total, the following was attributable to Financial Services operations | 1,416 | 1,419 |

1 Of the above deferred income related to vehicles sold with repurchase obligations, SEK 1,799 m. (1,995) is expected to be recognised as revenue within 12 months. SEK 238 m. (313) is expected to be recognised as revenue after more than five years.

The following table provides an explanation of the changes of contract liabilities during the year.

| **SEK m.** | 2022 | 2021 |
|---|---|---|
| **Contract liabilities as of 1 January** | 6,866 | 6,439 |
| Additions and disposals | 78 | 99 |
| Currency translation adjustments | 411 | 328 |
| **Contract liabilities as of 31 December** | **7,355** | **6,866** |

Sales revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period totalled SEK 3,334 m. (2,649).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 19 – ASSETS PLEDGED AND CONTINGENT LIABILITIES

| **Assets pledged** | 2022 | 2021 |
|---|---|---|
| Financial receivables | 8,812 | 663 |
| **Total** [1] | **8,812** | **663** |
| | | |
| [1] of which, assets pledged for: | | |
| Long-term borrowing | 6,500 | 532 |
| Short-term borrowing | 2,312 | 131 |

| **Contingent liabilities** | 2022 | 2021 |
|---|---|---|
| Contingent liability related to FPG credit insurance | 129 | 100 |
| Other guarantees | 64 | 180 |
| Other contingent liability related to tax | 1,100 | 459 |
| **Total** | **1,293** | **739** |

In addition to the above contingent liabilities, the Group has issued vehicle repurchase guarantees worth SEK 10 m. (12) to customers' creditors.

## NOTE 20 – GOVERNMENT GRANTS AND ASSISTANCE

During 2022, the Scania Group received government grants amounting to SEK 80 m. (59) attributable to operating expenses of SEK 531 m. (5,516). Scania also received government grants of SEK 23 m. (9) attributable to investments with a gross cost of SEK 44 m. (40).

## NOTE 21 – CASH FLOW STATEMENT

In those cases a breakdown in segment is not done, the cash flow specification below refers to the Scania Group.

| | 2022 | 2021 |
|---|---|---|
| **a. Interest and dividends received/paid** | | |
| Dividends received from associated companies | 5 | 5 |
| Interest received | 7,112 | 4,617 |
| Interest paid | –3,650 | –2,370 |

| | 2022 | 2021 |
|---|---|---|
| **b. Items not affecting cash flow** | | |
| Depreciation/amortisation | 12,299 | 11,239 |
| Associated companies | 81 | 24 |
| Provision for pensions | –345 | –21 |
| Impairment/capital loss sale of operations in Russia [1] | 3,230 | – |
| Other | 265 | –266 |
| **Total** | **15,530** | **10,976** |

1 Recognised as items affecting comparability in the income statement, see Note 31, "Items affecting comparability".

| | 2022 | 2021 |
|---|---|---|
| **c. Financial Services: Net investments in credit portfolio etc.** | | |
| New financing [2] | –64,074 | –56,417 |
| Payments of principal and completed contracts | 50,984 | 44,726 |
| **Total** | **–13,090** | **–11,691** |

2 Refers mainly to financing of customers purchases of Scania vehicles.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 21 – CASH FLOW STATEMENT, CONTINUED

| | 2022 | 2021 |
|---|---|---|
| **d. Net investment through acquisitions/divestments of businesses [3]** | | |
| Divestments of businesses | 139 | 13 |
| Acquisitions of businesses | –907 | –58 |
| **Total** | **–768** | **–45** |

3 See Note 22, "Business acquired/divested."

| | 2022 | 2021 |
|---|---|---|
| **e. Acquisitions of non-current assets** | | |
| Investments in non-current assets [4] | –8,156 | –8,179 |
| Divestments of non-current assets | 72 | 146 |
| Investments in shares in other companies | –196 | –631 |
| **Total** | **–8,280** | **–8,664** |

4 Of which, SEK 2,314 m. (1,986) in capitalised research and development expenditures.

| | 2022 | 2021 |
|---|---|---|
| **f. Change in debt through financing activities** | | |
| Decrease in current liabilities | –41,240 | –49,795 |
| Increase in current liabilities | 22,888 | 24,530 |
| Decrease in non-current liabilities | –3,783 | –90 |
| Increase in non-current liabilities | 35,088 | 28,138 |
| Lease liabilities | –1,364 | –1,106 |
| **Total** | **11,589** | **1,677** |

#### Reconciliation of liabilities arising from financing activities

| | 2021 | | Cash flow | Non-cash changes | | | 2022 |
|---|---|---|---|---|---|---|---|
| | | Acquired loans during the year | | Foreign exchange movements | Re-classifications | New leases | |
| Non-current interest-bearing liabilities | 57,753 | – | 31,305 | 4,048 | –20,657 | – | 72,449 |
| Current interest-bearing liabilities | 36,466 | 2,504 | –18,352 | 3,778 | 20,657 | – | 45,053 |
| Lease liabilities | 5,542 | – | –1,364 | –44 | – | 1,405 | 5,539 |
| | **99,761** | **2,504** | **11,589** | **7,782** | **0** | **1,405** | **123,041** |
| Cash and cash equivalents | 29,262 | – | –7,570 | 797 | –3,364[5] | – | 19,125 |
| | **129,023** | **2,504** | **4,019** | **8,579** | **–3,364** | **1,405** | **142,166** |

| | 2020 | | Cash flow | Non-cash changes | | | 2021 |
|---|---|---|---|---|---|---|---|
| | | Acquired loans during the year | | Foreign exchange movements | Re-classifications | New leases | |
| Non-current interest-bearing liabilities | 49,697 | – | 28,048 | 350 | –20,342 | – | 57,753 |
| Current interest-bearing liabilities | 41,147 | – | –25,265 | 242 | 20,342 | – | 36,466 |
| Lease liabilities | 4,836 | – | –1,106 | –47 | – | 1,859 | 5,542 |
| | **95,680** | **–** | **1,677** | **545** | **0** | **1,859** | **99,761** |
| Cash and cash equivalents | 32,268 | – | –3,411 | 405 | – | – | 29,262 |
| | **127,948** | **–** | **–1,734** | **950** | **0** | **1,859** | **129,023** |

5 See Note 23, "Assets held for sale."

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 21 – CASH FLOW STATEMENT, CONTINUED

| | 2022 | 2021 |
|---|---|---|
| **g. Cash and cash equivalents** | | |
| Cash and bank balances | 8,380 | 8,830 |
| Short-term investments comprising cash and cash equivalents | 10,745 [1] | 20,432 |
| **Total** | **19,125** | **29,262** |

1 whereof SEK 3,364 m. is classified as assets held for sale.

## NOTE 22 – BUSINESSES ACQUIRED/DIVESTED

### Acquisitions
The acquisitions of business combinations executed during 2021 and 2022 are specified in the table below. All acquisitions were made through the purchase of 100 percent of shares and voting rights. Annual revenue and number of employees reflect the latest known information at the date of the respective transaction. No significant acquisitions were made during 2021.

| Company | Acquisition date | Annual revenue | No of employees |
|---|---|---|---|
| Bilmetro AB | 3 January 2022 | 3,894 | 614 |
| Uppsala Danmark-Säby 8:1 AB | 3 January 2022 | 4 | – |
| Metrobus Aktiebolag | 3 January 2022 | 1 | – |
| Bilmetro Lastbilar i Hudiksvall AB | 3 January 2022 | 3 | – |
| Arver Lastbilar Aktiebolag | 1 December 2022 | 749 | 174 |
| Fastighetsbolaget Bärgningsbilen 2 Örebro AB | 1 December 2022 | 8 | – |
| Vita Gjuteriets Fastighetsbolag AB | 1 December 2022 | – | – |
| Stop 134 AB | 1 December 2022 | 6 | – |
| Fastighetsbolaget Gilltuna Västerås AB | 1 December 2022 | 6 | – |
| Fastighetsbolaget Fluoret AB | 1 December 2022 | 8 | – |

Acquisitions with a significant effect on the income statement and balance sheet of the group are specified below. All acquired net assets have been accounted for at fair value.

### Bilmetro
On 3 January 2022, Scania Sverige AB acquired Bilmetro AB and three real estate companies. Bilmetro AB was an authorised dealer of Scania trucks as well as of the passenger car brands Volkswagen, Audi, Skoda, SEAT, CUPRA and Volkswagen Commercial Vehicles. The passenger car business was sold to Din Bil Sverige AB as of 3 January 2022. The acquired business contributed with SEK 1,241 m. in revenue and SEK 130 m. in net income. In June 2022 the acquired business was transferred to Scania Sverige AB.

| **Fair value recognised in 2022** | |
|---|---|
| Tangible assets | 42 |
| Inventories | 261 |
| Non-interest bearing trade receivables | 154 |
| Other current receivables | 3,063 |
| Cash and cash equivalents | 233 |
| Non-current interest-bearing liabilities | –2,631 |
| Trade payables | –194 |
| Other current liabilities | –247 |
| **Identifiable net assets** | **680** |
| Goodwill | 96 |
| Purchase price paid | –776 |
| Cash and cash equivalents in the acquired business | 233 |
| Purchase price paid, net | –543 |
| Acquired cash and cash equivalents | –233 |
| **Change in cash and cash equivalents due to acquisition** | **544** |

The acquisition costs amounted to SEK 20 m. and have been accounted for as an administrative cost.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 22 – BUSINESSES ACQUIRED/DIVESTED, CONTINUED

**Divestments**
The divestments of business combinations made during 2022 are specified in the table below. No material divestments were made in 2021.

| Company | Date of divestment |
|---|---|
| Passenger car business of Bilmetro AB | January 3 2022 |
| Traton AB | October 31 2022 |
| OOO Scania Service | December 14 2022 |
| OOO Scania-Rus | December 14 2022 |

On 13 September 2022 Scania announced its intention to dispose of the commercial and financial businesses in Russia and were classified as assets held for sale in the third quarter of 2022. On 14 December 2022 the commercial entities were divested. The loss from the divestment amounted to SEK –1,012 m., including translation differences of SEK 374 m. recycled from other comprehensive income, and has been reported as an item affecting comparability in the income statement, see Note 31 Items affecting comparability. For information regarding the financial business in Russia, see Note 23 Assets held for sale.

## NOTE 23 – ASSETS HELD FOR SALE

During quarter 3 2022, as a consequence of the war in Ukraine, Scania announced its intention to dispose of its business operations in Russia. On 14 December 2022, the sale of the commercial entities in Vehicles and Services was finalised.

As of the balance sheet date, the divestment of the Russian entities within the Financial Services segment had not yet been completed. The sale was finalised 17 January 2023. The buyers were companies within the Volkswagen Group. (see further information in Note 30, "Events after the reporting period" and Note 31, "Items affecting comparability").

**Assets and liabilities held for sale per 31 December 2022:**
Assets, and liabilities included in the operations in Russia are stated below:

| | Financial Services |
|---|---|
| Interest-bearing receivables | 1,208 |
| Other receivables | 96 |
| Cash and cash equivalents [1] | 3,364 |
| **Assets held for Sale** | **4,668** |
| | |
| **Non-current liabilities** | |
| Other liabilities [2] | 13 |
| **Current liabilities** | |
| Other liabilities [2] | 224 |
| **Liabilities directly attributable to assets held for sale** | **237** |
| **Net carrying amount of the disposal group** | **4,431** |

1 Cash and cash equivalents includes deposits with Volkswagen Bank of SEK 3,184 m.
2 Other liabilities consist of leasing receivables related to the customer financing portfolio.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 24 – WAGES, SALARIES AND OTHER REMUNERATION AND NUMBER OF EMPLOYEES

| Wages, salaries and other remuneration, pension expenses and other mandatory payroll fees (excluding personnel on hire) | 2022 | 2021 |
|---|---|---|
| Boards of Directors, Presidents and Executive Vice Presidents [1] | 484 | 511 |
| – of which bonuses | 181 | 178 |
| Other employees | 24,008 | 21,299 |
| **Subtotal** | **24,493** | **21,811** |
| Pension expenses and other mandatory payroll fees | 8,154 | 7,141 |
| – of which pension expenses [2] | 2,657 | 2,250 |
| **Total** | **32,647** | **28,952** |

1 The number of board members and executive officers was 726 (671).
2 Of the pension expense in the group, SEK 20 m. (32) was for Boards of Directors and executive officers in the Scania Group. At year-end, the total pension obligation was SEK 193 m. (205) for this category.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **Average number of employees** (excluding personnel on hire) | Total | Women | Total | Women |
| Sweden | 19,466 | 25% | 18,518 | 24% |
| Europe (excluding Sweden) | 17,095 | 15% | 16,486 | 15% |
| Eurasia | 597 | 26% | 646 | 27% |
| America | 10,053 | 15% | 8,847 | 13% |
| Asia | 1,975 | 23% | 1,899 | 22% |
| Africa and Oceania | 2,032 | 22% | 1,986 | 18% |
| **Total** | **51,219** | **20%** | **48,382** | **18%** |

| Gender distribution | 2022 | 2021 |
|---|---|---|
| Board members in subsidiaries and the Parent Company | 558 | 510 |
| – of whom, men | 493 | 474 |
| – of whom, women | 65 | 36 |
| Presidents/Managing Directors of subsidiaries and the Parent Company, plus the Group's Executive Board | 168 | 161 |
| – of whom, men | 148 | 151 |
| – of whom, women | 20 | 10 |

| Number of employees, 31 December | 2022 | 2021 |
|---|---|---|
| **Vehicles and Services** | | |
| Production and corporate units | 30,179 | 28,340 |
| Research and development | 5,857 | 5,249 |
| Sales and service companies | 19,648 | 19,205 |
| Subtotal | 55,684 | 52,794 |
| Financial Services | 1,243 | 1,206 |
| **Total** | **56,927** | **54,000** |
| – of whom, on temporary contracts and on hire | 7,239 | 7,274 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 25 – RELATED PARTY TRANSACTIONS

| | Revenue | | Expenses | | Receivables | | Liabilities | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Volkswagen Group (excl. TRATON GROUP) | 17 | 20 | 1,238 | 1,132 | 4,294 | 155 | 631 | 608 |
| TRATON GROUP | 493 | 1,167 | 341 | 172 | 11,150 | 20,177 | 37,597 | 14,286 |
| Associated companies and joint ventures | 337 | 305 | 626 | 585 | 56 | 29 | 2 | 0 |

Disclosures of relationships with related parties that include a controlling influence are provided in the list of subsidiaries. See also the presentation of Scania's Board of Directors and Executive Board as well as Note 26, "Compensation to executive officers." Disclosures of dividends from, and capital contributions to, associated companies and joint ventures etc. are provided in Note 12, "Holdings in associated companies and joint ventures." Disclosures of pension plans are provided in Note 16, "Provisions for pensions and similar commitments" and Note 24, "Wages, salaries and other remuneration and number of employees." Purchases and leases of company cars are included in the transactions with the TRATON GROUP. TRATON GROUP receivables mainly refer to short-term investments which are included in the Scania Group's cash and cash equivalents. Receivables with the Volkswagen Group includes cash and cash equivalents related to assets held for sale of SEK 3,184 m. All related party transactions occur on market terms.

## NOTE 26 – COMPENSATION TO EXECUTIVE OFFICERS

### Principles for compensation to executive officers

The principles for compensation to Scania executive officers are adopted by Scania's Board of Directors. The purpose is to offer a market-related compensation package that will enable the company to recruit and retain executive officers. Compensation to executive officers consists of the following parts:

1. Fixed salary
2. Variable earnings-dependent salary
3. Pension

The fixed salary of executive officers shall be competitive in relation to position, individual qualifications and performance. The fixed salary is reviewed annually. The size of the variable salary is dependent on Scania Group´s operating income, TRATON GROUP´s return of sales and a Volkswagen long-term incentive index. For the CEO, part of the annual fixed salary is paid from TRATON SE. The CEO has variable earnings-dependent salary based on the TRATON GROUP's return on sales, return on invested capital and a share-related programme TRATON SE. Executive officers are covered under the ITP Plan. Executive officers covered under the defined benefit ITP Plan are also covered under a defined contribution pension plan that applies in addition to the public pension and the ITP Plan.

The share-related programme relates to a long-term incentive (LTI) bonus which is determined by the Supervisory Board of TRATON SE at its reasonable discretion. The LTI was introduced in January 2019. The terms and conditions for the LTI provide for a period of three years for calculating the target achievement, and may be amended from time to time. In this plan, a new performance period ("performance period") starts at the beginning of each fiscal year.

At the beginning of each new performance period the CEO is conditionally awarded a certain number of performance shares. The number of performance shares depends (i) on the individual target amounts and (ii) on the calculated price of Volkswagen AG preferred shares (in the pre-IPO phase) or the price of TRATON SE shares (in the post-IPO phase), with the arithmetic mean of the closing prices of the 30 trading days preceding the performance period being used to calculate the price.

If the employment contract begins or ends in the course of a year, the target amount for the LTI is calculated rateably for the period of service.

The number of performance shares at the end of a performance period ("final number of performance shares") depends on the number of performance shares conditionally awarded at the beginning of the performance period and the achievement of the "earnings per share" target amounts. These are determined at the beginning of the performance period. The payout amount depends on the final number of performance shares and the calculated price of Volkswagen AG preferred shares (in the pre-IPO phase) or the price of TRATON SE shares (in the post-IPO phase), using the arithmetic mean of the closing prices of the last 30 trading days of the performance period and including any dividends paid out during the performance period.

The amount paid out is capped at 200 percent of the target amount.

In the case of extraordinary events or developments, e.g. a business combination, significant changes in the shareholder structure, or certain corporate actions or structural measures implemented by the company, the company is entitled, under certain conditions, to modify the terms and conditions of the plan or the number of performance shares. In "bad leaver" cases, which are defined in the relevant performance share plan (in particular in the case of the extraordinary termination of an Executive Board member), all the performance shares of a current performance period are forfeited and not replaced or otherwise compensated.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 26 – COMPENSATION TO EXECUTIVE OFFICERS, CONTINUED

The terms and conditions of the LTI for each performance period are determined by the Supervisory Board of TRATON SE at its reasonable discretion. The Supervisory Board of TRATON SE has introduced provisions governing penalties and salary clawbacks in the event of misconduct (including breaches of oversight or organisational duties as a "cultural and integrity corrective"), which can lead to a reduction or the complete forfeiture of the LTI or to the clawback of an LTI that has already been paid out.

In the 2022 financial year, the following performance shares were awarded to the CEO:

A total of 36,719 performance shares were awarded to Mr. Christian Levin for the time period between 1 January 2022 and 31 December 2022, when he was both CEO of Scania and TRATON SE. The fair value of the performance shares obligation as of 31 December 2022, was SEK 3,801 thousand. The expenses under the plan amounted to SEK 2,173 thousand. If Mr. Christian Levin had left the company as of 31 December 2022, the obligation (intrinsic value) would have been SEK 0 thousand.

**Termination conditions for the executive board**
If the President and CEO resigns of his own volition, he is entitled to his salary during a 12-month notice period. Any variable salary during the year in question is disbursed according to conditions adopted by Scania's Board of Directors. In case of termination by the company, a 12-month notice period applies with retained benefits and severance pay equivalent to 24 months of salary is payable.

If the company terminates their employment, the other members of the Executive Board are entitled to severance pay equivalent to a maximum of 18 months of salary, in addition to their salary during the six-month notice period. If they obtain new employment within 18 months, counting from their termination date, the severance pay ceases.

**Retirement age**
The President and CEO is covered by the ITP plan and a defined contribution pension plan with premiums up to 65 years. Members of the Executive Board are covered by the ITP Plan with premiums up to 65 years. Members of the Executive Board covered under the defined benefit ITP Plan are also covered under defined contribution pension plan with premiums payments up to 65 years and, to a lesser extent, with premium payments up to 60 years.

| Compensation to executive officers | 2022 | | 2021 | |
|---|---|---|---|---|
| SEK thousand | President and CEO | Rest of Executive Board (7 persons) | President and CEO | Rest of Executive Board (7 persons) |
| Fixed salary | 6,489 | 21,329 | 6,257 | 23,215 |
| Variable salary | 5,150 | 27,528 | – | 34,335 |
| LTI | – | – | – | – |
| Other remuneration [1] | 348 | 1,521 | 15,973[2] | 1,760 |
| **Total salary and remuneration** | **11,987** | **50,378** | **22,230** | **59,310** |
| Pension expenses, defined contribution system [3] | 7,740 | 7,135 | 4,320 | 8,984 |
| Pension expenses, defined pension system [4] | 494 | 2,564 | 572 | 3,180 |
| **Total pension expenses** | **8,234** | **9,698** | **4,892** | **12,164** |
| **Pension obligations** | **5,024** | **25,257** | **7,399[5]** | **20,499** |

1 Includes the taxable portion of car allowance, newspaper subscriptions and other perquisites.
2 Includes loyalty bonus to the former CEO. SEK 855 thousand has been paid monthly during the period 1 May 2021 to 31 October 2022.
3 Annual premiums according to a defined contribution pension system and ITPK (defined contribution portion of the ITP occupational pension).
4 Risk insurance premiums and the increase of retirement pension liability according to the ITP occupational pension plan. 2021 presented as liability calculation and risk insurance. If presented in the same way in 2022 as in 2021, the CEO received SEK 1,595 thousand, and the Executive Board SEK 8,208 thousand.
5 Includes pension obligation to the former CEO of SEK 3,889,345.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 26 – COMPENSATION TO EXECUTIVE OFFICERS, CONTINUED

| Board remuneration, SEK thousand | 2022 | 2021 |
|---|---|---|
| **Chairman of the Board** | | |
| Annette Danielski [1] | – | – |
| **Board members** | | |
| Christian Levin | – | – |
| Lilian Fossum Biner | 700 | 700 |
| Gunnar Kilian | – | – |
| Julia Kuhn-Piëch | 550 | 550 |
| Nina Macpherson | 700 | 700 |
| Christian Porsche | 550 | 550 |
| Mark Philip Porsche | 550 | 550 |
| Stephanie Porsche-Schröder | 700 | 700 |
| Peter Wallenberg Jr. | 550 | 550 |
| Mattias Gründler [2] | – | – |
| Christian Schulz [2] | – | – |

1 Annette Danielski was elected on 25 November 2021.
2 Mattias Grûndler and Christian Schulz resigned 30 September 2021.

## NOTE 27 – FEES AND OTHER REMUNERATION TO AUDITORS

Fees and other remuneration to auditors that were expensed during the year are reported below. Remuneration for consultations is reported in cases where the same public accountancy firm has the assignment to audit an individual company. “Auditing assignments” refers to statutory examination of the annual accounts as well as the administration of the Board of Directors and the President and CEO. “Auditing activities beyond auditing assignments” refer to examination of administration or financial information that shall be performed in accordance with laws, articles of association, statutes or agreements that is also intended for parties other than the client, and which is not included in the auditing assignment. “Tax consultancy” is consultation on matters of tax law. “Other services” refers to consultancy that cannot be attributed to any of the other categories. Auditing expenses that have arisen because Scania is a subsidiary of Volkswagen have been reinvoiced.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **Auditing firm** | EY | Other auditors | EY | Other auditors |
| Auditing assignments | 48 | 4 | 43 | 3 |
| Auditing activities beyond auditing assignments | 1 | 0 | 3 | 0 |
| Tax consultancy | 1 | 4 | 2 | 2 |
| Other services | 1 | 0 | 2 | 1 |
| **Total** | **51** | **8** | **50** | **5** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 28 – FINANCIAL RISK MANAGEMENT

### Financial risk management in the Scania Group
In addition to business risks, Scania is exposed to various financial risks in its operations. The financial risks that are of the greatest importance are liquidity, currency, interest rate, credit and refinancing risk, which are regulated by Scania Group Policies adopted by Scania's Board of Directors.

Credit risk related to customer commitments is managed, within established limits, on a decentralised basis by means of local credit assessments. Decisions on major credit commitments are made in corporate credit committees. Other financial risks are managed primarily at corporate level by Scania's treasury unit. On a daily basis, the corporate treasury unit measures the risks of outstanding positions, which are managed within established limits in compliance with the Scania Group Policy – Treasury.

### Liquidity risk
Liquidity risk describes the risk that the Scania Group will have difficulty in meeting its obligations associated with financial liabilities or that it can only procure liquidity at a higher price.

To counter this risk, cash inflows and outflows and due dates are continuously monitored and managed. Cash requirements are primarily met by our operating business and by external financing arrangements. As a result, there are no material concentrations of risk.

The solvency and liquidity of Scania are ensured at all times by rolling liquidity planning, a liquidity reserve in the form of cash, confirmed credit lines and the issuance of securities on the international money and capital markets. For Scania Financial Services, there shall be dedicated funding covering the net of the next coming three months of maturing debt less 50 percent of maturing customer contracts. There shall also always be borrowings and/or dedicated equity that safeguard the existing portfolio.

Local cash funds in certain countries (e.g. Brazil, China, India, Russia and South Korea) are only available to the Group for cross-border transactions subject to exchange controls. There are no significant restrictions over and above these.

### Currency risk
Currency risk is the risk of negative effects on earnings and balance sheet items denominated in foreign currency, due to currency movements. Changes in exchange rates also affect Scania's income statement and balance sheet as follows:

- An individual company may have monetary assets and liabilities in a currency other than its functional currency, which are translated to the functional currency using the exchange rate on the balance sheet date. When settling monetary assets and liabilities, an exchange rate difference arises between the exchange rate on the balance sheet date and on the payment date. All changes in exchange rates attributable to translation or settlement of monetary items are recognised in the income statement (transaction effect).
- Revenue, expenses, assets and liabilities in a functional currency other than the reporting currency of the Parent Company (SEK) are translated at the average exchange rate during the year and the exchange rate on the balance sheet date, respectively. The effect that arises because the exchange rate on the balance sheet date is changed from the beginning of the year and the average exchange rate of the year deviates from the balance sheet rate is recognised in the translation reserve in other comprehensive income (translation effect).

During 2022, 95 (95) percent of Scania's sales occurred in countries outside Sweden. Since a large proportion of production occurs in Sweden, at costs denominated in Swedish kronor, this means that Scania has large net inflows of foreign currencies.

During 2022, total currency exposure in Scania's operating income amounted to about SEK 57,300 m. (52,400). The largest currencies in this flow were EUR, USD and GBP. The table below shows currency exposure in Scania's operating income in the most commonly occurring currencies.

| Currency exposure in operating income, Vehicles and Services | 2022 | 2021 |
|---|---|---|
| Euro (EUR) | 12,300 | 12,100 |
| US dollar (USD) | 10,000 | 6,100 |
| British pound (GBP) | 9,400 | 6,200 |
| Norwegian krone (NOK) | 3,700 | 3,500 |
| Korean won (KRW) | 3,300 | 2,700 |
| Danish krone (DKK) | 2,700 | 2,100 |
| Australian dollar (AUD) | 2,200 | 2,000 |
| Taiwan dollar (TWD) | 2,100 | 1,600 |
| South African rand (ZAR) | 1,900 | 1,600 |
| Swiss franc (CHF) | 1,900 | 1,600 |
| Other currencies | 5,300 | 10,500 |
| **Total currency exposure in operating income** | **54,800** | **50,000** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 28 – FINANCIAL RISK MANAGEMENT, CONTINUED

| Currency exposure in operating income, Financial Services | 2022 | 2021 |
|---|---|---|
| Euro (EUR) | 600 | 800 |
| Brazilian real (BRL) | 600 | 300 |
| Other currencies | 1,300 | 1,300 |
| **Total currency exposure in operating income** | **2,500** | **2,400** |
| | | |
| **Total currency exposure in operating income, Scania Group** | **57,300** | **52,400** |

Based on revenue and expenses in foreign currencies during 2022, a ten percentage point change in the Swedish krona against other currencies, excluding currency hedges, has an impact on operating income of about SEK 5,730 m. (5,240) on an annual basis. In Vehicles and Services, compared to 2021, the total currency rate effects amounted to SEK 4,687 m. (–1,409).

| Sensitivity analysis per currency, Scania Group | Operating income | | Net assets | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| SEK m. | +/-10% | +/-10% | +/-10% | +/-10% |
| SEK/EUR | 1,290 | 1,290 | 840 | 750 |
| SEK/USD | 1,000 | 610 | 200 | 210 |
| SEK/GBP | 970 | 650 | 140 | 110 |
| SEK/BRL | 150 | 180 | 890 | 830 |
| SEK/Other | 2,320 | 2,510 | 2,090 | 1,420 |

According to Scania Group Policy – Treasury, the CFO has a mandate to approve hedging of up to 75 percent of anticipated exposure by currency up to six months. The CEO has a mandate to approve hedging of up to 50 percent of anticipated exposure by currency for a period from above six months up to 12 months. When currency risks are hedged, currencies are mainly sold by means of forward contracts, but currency options may also be used.

To ensure efficiency and risk control, borrowings in Scania's subsidiaries largely occur through the corporate treasury unit, mainly in EUR and SEK, and are then transferred to subsidiaries in the form of internal loans in their local currencies.

By means of derivative contracts, corporate-level borrowings are converted to lending currencies. In Financial Services, assets should be financed by liabilities in the same currency. Scania's borrowings in various currencies excluding and including currency derivatives can be seen in the table "Borrowings" in the section on interest rate risk.

At the end of 2022, Scania's net assets in foreign currencies amounted to SEK 41,600 m. (33,200). The net foreign assets of subsidiaries are normally not hedged. To the extent subsidiaries have significant net monetary assets in functional currencies, however, they may be hedged. At year-end 2022 no foreign net assets were hedged (–).

| Net assets, Vehicles and Services | 2022 | 2021 |
|---|---|---|
| Brazilian real (BRL) | 6,800 | 6,800 |
| US dollar (USD) | 2,000 | 2,100 |
| Euro (EUR) | 2,000 | 1,800 |
| Chinese yuan renminbi (CNY) | 1,200 | 1,200 |
| Swiss franc (CHF) | 1,000 | 1,000 |
| Taiwandollar (TWD) | 900 | 900 |
| Korean won (KRW) | 700 | 700 |
| South African rand (ZAR) | 600 | 600 |
| Other currencies | 4,500 | 4,800 |
| **Total net assets in foreign currencies, Vehicles and Services** | **19,700** | **19,900** |

| Net assets, Financial Services | 2022 | 2021 |
|---|---|---|
| Euro (EUR) | 6,400 | 5,700 |
| Brazilian real (BRL) | 2,100 | 1,500 |
| British Pound (GBP) | 1,700 | 1,400 |
| Other currencies | 11,700 | 4,700 |
| **Total net assets in foreign currencies, Financial Services** | **21,900** | **13,300** |
| | | |
| **Total net assets in foreign currencies, Scania Group** | **41,600** | **33,200** |

## NOTE 28 – FINANCIAL RISK MANAGEMENT, CONTINUED

### Effect on exchange rate differences on net income

Net income for the year was affected by exchange rate differences as shown in the following table:

| | 2022 | 2021 |
|---|---|---|
| Operating income | –207 | 179 |
| Financial income and expenses | –596 | –161 |
| Taxes | 294 | –4 |
| **Effect on net income for the year** | **–509** | **14** |

### Interest rate risk

Interest rate risk is the risk of negative effects on interest income and expenses due to movements in interest rates. For Scania's assets and liabilities that carry variable interest rates, a change in market interest rates has a direct effect on cash flow, while for fixed-interest assets and liabilities, the fair value of the portfolio is affected instead. To manage interest rate risks, Scania primarily uses interest rate derivatives in the form of interest rate swap agreements.

At year-end 2022, Scania's interest-bearing assets mainly consisted of assets in Financial Services and of short-term investments and cash and cash equivalents. Interest-bearing liabilities consisted mainly of loans, to a great extent intended to fund lending in Financial Services operations and to a lesser extent to fund working capital in Vehicles and Services.

#### Interest rate risk in Vehicles and Services

Borrowings in Vehicles and Services are mainly used for funding of working capital. To match the turnover rate of working capital, a short interest rate refixing period is used in the borrowing portfolio. Scania's Group policy – Treasury concerning interest rate risks in the Vehicles and Services segment is that the interest rate refixing period on its net debt should normally be within 0–6 month range, but that divergences are allowed up to 24 months. The Board of Directors approves maturities of more than 24 months.

Net cash in Vehicles and Services was SEK 11,607 m. (25,520) at year-end 2022. The borrowing portfolio amounted to SEK 11,732 m. (5,526). Short-term investments and cash and cash equivalents amounted to SEK 23,339 m. (31,046) and the average interest rate refixing period on these assets was less than 2 (2) months.

Given the same loan liabilities, short-term investments, cash and cash equivalents and interest rate refixing periods as at year-end 2022, a change in market interest rates of 100 basis points (1 percentage point) would change the interest expenses by approximately SEK 98 (41) m. and interest income in Vehicles and Services by approximately SEK 170 m. (260) on an annual basis.

#### Interest rate risk in Financial Services

In accordance with Scania Group Policy – Treasury interest rate risks in the Financial Services segment is that assets and liabilities should match in terms of interest rates and maturity periods. Interest rate refixing related to the credit portfolio and borrowing in Financial Services had the following structure as of 31 December 2022:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **Interest rate refixing in Financial Services, 31 December** | Interest-bearing portfolio[1] | Interest-bearing liabilities[2] | Interest-bearing portfolio[1] | Interest-bearing liabilities[2] |
| 2022 | 67,250 | 65,795 | 52,744 | 51,324 |
| 2023 | 25,873 | 24,155 | 23,523 | 22,284 |
| 2024 | 17,343 | 16,075 | 16,795 | 15,941 |
| 2025 | 10,544 | 7,048 | 9,728 | 5,789 |
| 2026 | 5,055 | 1,536 | 4,334 | 1,106 |
| 2027 and later | 2,137 | 1,009 | 1,735 | 656 |
| **Total** | **128,202** | **115,618** | **108,859** | **97,100** |

1 Including operating leases.
2 Including the effect of interest rate derivatives. Other funding consists mostly of equity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 28 – FINANCIAL RISK MANAGEMENT, CONTINUED

Given the same lending and borrowing structure as at year-end 2022, a change in market interest rate of 50 basis points (0.5 percent point) would change the interest in Financial Services by about SEK 9.8 m. (9.1) on an annual basis.

Scania's total borrowing portfolio amounted to SEK 118,151 m. (94,604) at year-end 2022.

| Borrowings, 31 December 2022 | Borrowings incl. currency swap agreements | Borrowings excl. currency swap agreements |
|---|---|---|
| EUR | 61,411 | 62,583 |
| GBP | 6,095 | 4,995 |
| BRL | 5,886 | 4,345 |
| CLP | 5,023 | 3,393 |
| USD | 3,794 | 1,430 |
| KRW | 3,756 | 179 |
| ZAR | 3,102 | 2,837 |
| DKK | 2,064 | – |
| NOK | 2,035 | 3,915 |
| AUD | 1,861 | – |
| MXN | 1,515 | – |
| CHF | 1,369 | 52 |
| NZD | 859 | – |
| THB | 801 | – |
| SEK | 13,560 | 31,073 |
| Other currencies | 4,413 | 2,742 |
| **Total [1]** | **117,544** | **117,544** |
| Accrued interest | 607 | 607 |
| **Total** | **118,151** | **118,151** |

1 Total borrowings excluded SEK 607 m. (384) related to accrued interest.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 28 – FINANCIAL RISK MANAGEMENT, CONTINUED

#### Credit risk

Credit risk is the risk that the counterparty in a transaction will not fulfil its contractual obligations and that any collateral will not cover the company's claim. An overwhelming share of the credit risk for Scania is related to receivables from customers. Scania sales are distributed among a large number of end customers with a large geographic dispersion, which limits the concentration of credit risk.

**Reconciliation of loss allowance for financial assets measured at amortised cost, including lease receivables**

| | 2022 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | General approach | | | Simplified approach | Total | General approach | | | Simplified approach | Total |
| | 12 month expected credit loss (Stage 1) | Life time expected credit loss – not impaired (Stage 2) | Life time expected credit loss – impaired (Stage 3) | | | 12 month expected credit loss (Stage 1) | Life time expected credit loss – not impaired (Stage 2) | Life time expected credit loss – impaired (Stage 3) | | |
| **Loss allowance as at 1 January** | 88 | 42 | 222 | 1,139 | 1,851[1] | 117 | 34 | 208 | 1,292 | 2,011[1] |
| Changes due to financial instruments recognised as at 1 January | | | | | | | | | | |
| Transfer to stage 1 | 1 | –17 | –3 | | –19 | 0 | –9 | –2 | | –11 |
| Transfer to stage 2 | –42 | 79 | –19 | | 18 | –21 | 38 | –2 | | 15 |
| Transfer to stage 3 | –48 | –7 | 107 | | 52 | –37 | –12 | 85 | | 36 |
| Write-offs (Utilisation) | | | –60 | –86 | –146 | | | –55 | –80 | –135 |
| Financial assets acquired/issued | 151 | | | 869 | 1,020 | 84 | | | 267 | 351 |
| Changes to models or risk parameters | – | – | – | – | – | | | | | –225[2] |
| Reversals | –139 | –12 | –43 | –335 | –529 | –60 | –11 | –62 | –489 | –397[2] |
| Foreign exchange movements | 5 | 8 | 38 | 70 | 121 | 3 | 1 | 4 | 27 | 35 |
| Other changes within a stage | 2 | 3 | 29 | 113 | 147 | 2 | 1 | 46 | 122 | 171 |
| **Loss allowance as at 31 December** | **18** | **96** | **271** | **1,770** | **2,515**[1] | **88** | **42** | **222** | **1,139** | **1,851**[1] |

1 The total amount includes a manual overlay of SEK 360 m. added in 2020 . For more information see Note 2.
2 During 2021 SEK 225 m. of the manual overlay was allocated to offset reversals of loss allowance.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 28 – FINANCIAL RISK MANAGEMENT, CONTINUED

**Reconciliation of gross carrying amount for financial assets measured at amortised cost, including lease receivables**

| | 2022 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | General approach | | | Simplified approach | Total | General approach | | | Simplified approach | Total |
| SEK m. | 12 month expected credit loss (Stage 1) | Life time expected credit loss – not impaired (Stage 2) | Life time expected credit loss – impaired (Stage 3) | | | 12 month expected credit loss (Stage 1) | Life time expected credit loss – not impaired (Stage 2) | Life time expected credit loss – impaired (Stage 3) | | |
| **Gross carrying amount as at 1 January** | 74,652 | 1,394 | 704 | 59,102 | 135,852 | 68,950 | 898 | 718 | 51,480 | 122,046 |
| Transfer to stage 1 | 331 | –318 | –13 | | – | 201 | –183 | –18 | | |
| Transfer to stage 2 | –925 | 985 | –60 | | – | –628 | 644 | –16 | | |
| Transfer to stage 3 | –149 | –178 | 326 | | – | –136 | –113 | 249 | | |
| Changes in gross carrying amount (due to additions and disposals, significant modifications) | 7,532 | 153 | –66 | 2,323 | 9,942 | 4,647 | 104 | –244 | 5,863 | 10,370 |
| Foreign exchange movements | 4,159 | 228 | 107 | 5,367 | 9,860 | 1,618 | 44 | 15 | 1,759 | 3,426 |
| **Gross carrying amount as at 31 December** | **85,600** | **2,264** | **998** | **66,792** | **155,654** | **74,652** | **1,394** | **704** | **59,102** | **135,852** |

Gross carrying amount of Scania´s irrevocable credit commitments related to lending at 31 December 2022 amounts to SEK 8,529 m. (7,186) with a loss allowance of SEK 1.7 m. (2.0).

**Gross carrying amounts of financial assets by rating category**

| | 2022 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| SEK m. | 12 month expected credit loss (Stage 1) | Life time expected credit loss – not impaired (Stage 2) | Life time expected credit loss – impaired (Stage 3) | Financial assets – simplified approach | Total | 12 month expected credit loss (Stage 1) | Life time expected credit loss – not impaired (Stage 2) | Life time expected credit loss – impaired (Stage 3) | Financial assets – simplified approach | Total |
| **Rating Grade** | | | | | | | | | | |
| Credit Risk Rating Grade 1 | 85,600 | | | 60,173 | 145,773 | 74,652 | | | 54,444 | 129,096 |
| Credit Risk Rating Grade 2 | | 2,264 | | 4,948 | 7,212 | | 1,394 | | 3,459 | 4,853 |
| Credit Risk Rating Grade 3 | | | 998 | 1,671 | 2,669 | | | 704 | 1,199 | 1,903 |
| **Total** | **85,600** | **2,264** | **998** | **66,792** | **155,654** | **74,652** | **1,394** | **704** | **59,102** | **135,852** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 28 – FINANCIAL RISK MANAGEMENT, CONTINUED

### Credit risk in Vehicles and Services
In the Vehicles and Services segment, carried receivables before loss allowance for expected credit losses from customers totalled SEK 12,178 m. (10,166), most of which consisted of receivables from independent dealerships and end customers. The total estimated fair value of collateral was SEK 809 m. Most of the collateral consisted of bank guarantees, mortgages and similar securities. During the year, collateral corresponding to SEK 4 m. was obtained.

| | Past-due payments | |
|---|---|---|
| **Timing analysis of portfolio assets past due but not recognised as impairment losses** | 2022 | 2021 |
| < 30 days | 1,110 | 723 |
| 30–90 days | 705 | 235 |
| 91–365 days | 231 | 195 |
| > 180 days | 209 | 206 |
| **Total** | **2,255** | **1,359** |

Loss allowance for expected credit losses amounted to SEK 617 m. (508), equivalent to 5.4 (5.4) percent of total receivables. The year's expected credit losses amounted to SEK 222 m. (54).

Expected credit losses changed as follows:

| **Loss allowance for expected credit losses** | 2022 | 2021 |
|---|---|---|
| Loss allowance for expected credit losses, 1 January | 508 | 492 |
| Loss allowance | 221 | 126 |
| Withdrawals due to actual loss allowance | –136 | –114 |
| Currency rate effects | 25 | 10 |
| Other | –1 | –6 |
| **Loss allowance, 31 December** | **617** | **508** |

### Credit risk in Financial Services
The credit portfolio including operating leases in the Financial Services segment can be seen in the table below:

| **Credit portfolio** | 2022 | 2021 |
|---|---|---|
| Exposure | 129,944 | 110,198 |
| – of which, operating leases | 15,430 | 16,977 |
| Credit risk reserve | –1,764 | 1,339 |
| **Carrying amount** | **128,202** | **108,859** |
| – of which, operating leases | 15,255 | 16,730 |

To maintain a controlled level of credit risk in the segment, the process of issuing credit is supported by a credit policy as well as credit instructions. Credit risks are limited by active credit assessment, management of the loan portfolio and its underlying assets as well as an intensive focus and constructive dialogue with those customers who do not follow the agreed payment plan. Collateral in Financial Services operations mainly exist in the form of the possibility of repossessing the financed assets.

The portfolio mainly consists of financing of trucks, buses and trailers for small and medium-sized companies. The credit risk concentration in 2022 was equal to that of 2021.

### Timing analysis of portfolio assets

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| **Past due receivables** | Past-due payments | Total exposure[1] | Estimated fair value of collateral | Past-due payments | Total exposure[1] | Estimated fair value of collateral |
| < 30 days | 119 | 5,718 | 5,356 | 104 | 3,658 | 3,629 |
| 30–90 days | 128 | 2,041 | 2,105 | 95 | 1,648 | 1,592 |
| 91–180 days | 71 | 691 | 588 | 39 | 498 | 405 |
| > 180 days | 185 | 860 | 506 | 122 | 383 | 375 |
| Inactive contracts | 258 | 669 | 365 | 220 | 521 | 342 |
| **Total** | **761** | **9,979** | **8,920** | **580** | **6,708** | **6,343** |

1 Exposure is defined as maximum potential loss, without regard to the value of any collateral.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 28 – FINANCIAL RISK MANAGEMENT, CONTINUED

A description of credit risk exposure can be seen in the table below.

| | 31 December 2022 | | | 31 December 2021 | | |
|---|---|---|---|---|---|---|
| **Concentration of credit risk** | Number of customers | Percentage of total number of customers | Percentage of portfolio value | Number of customers | Percentage of total number of customers | Percentage of portfolio value |
| Exposure < SEK 15 m. | 44,681 | 97.5 | 64.6 | 45,051 | 97.8 | 67.1 |
| Exposure SEK 15–50 m. | 849 | 1.9 | 17.5 | 774 | 1.7 | 16.2 |
| Exposure > SEK 50 m. | 281 | 0.6 | 17.9 | 250 | 0.5 | 16.7 |
| **Total** | **45,811** | **100.0** | **100.0** | **46,075** | **100.0** | **100.0** |

Accounts with past-due receivables normally lead to quick repossession of the financed vehicle. Reschedulings only occur in those cases where, after a new credit evaluation, Financial Services deems the customer's payment problems to be of a short-term and temporary nature and where rescheduling can take place without greatly worsening the risk position.

For Scania's customers, the need for renegotiation steadily decreased during the year. The number of customers whose contracts where renegotiated in 2022 was 40 % lower than in 2021. The carrying amount of the financial assets, whose terms had been rescheduled at any time, amounted to SEK 10,663 m. (16,312) at year-end. This is primarily a lingering effect of Covid-19 and the sharp increase in renegotiated contracts that occurred in the first half of 2020 as a result of the pandemic and its effects on communities and transport systems.

The market for used vehicles has been well-functioning throughout 2022. The demand for used trucks remains strong. During the year, 989 (955) financed vehicles were repossessed. At year-end, the number of repossessed but not yet sold vehicles amounted to 179 (141), with a total carrying amount of SEK 122 m. (66). Financial Services sell the majority of repossessed vehicles to the Scania dealer network, who in turn sell the vehicles to new end customers."

Loss allowance for expected credit losses changed as follows:

| **Loss allowance for expected credit losses** | 2022 | 2021 |
|---|---|---|
| Loss allowance, 1 January | 1,339 | 1,519 |
| Loss allowance | 736 | –71 |
| Utilisation due to actual loss allowance | –146 | –134 |
| Exchange rate differences | 96 | 25 |
| Impairment items affecting comparability | –261 | – |
| **Loss allowance, 31 December** | **1,764** | **1,339** |
| Loss allowance for expected credit losses as percentage of gross portfolio | 1.4 | 1.2 |

The year's expenses for actual and potential credit losses amounted to SEK 376 m. (–130).

### Asset-Backed Securities Transaction

As of the reporting date, financial liabilities included asset-backed securities transactions implemented to refinance the Financial Services segment with a carrying amount of SEK 4,462 m. (782). The corresponding carrying amount of financial services receivables is SEK 4,562 m. (1,116). Collateral totalling SEK 4,562 m. (1,116) was provided in connection with asset-backed securities transactions. The expected payments to structured entities are assigned in this process and ownership of the financed vehicles pledged as collateral is transferred. These asset-backed securities transactions did not lead to the derecognition of financial services receivables in the balance sheet because the Scania Group retains the bad debt and payment date risk. The difference between the amount of receivables assigned and the associated liabilities is the result of different terms and conditions and the proportion of bonds held by Scania itself.

Under certain conditions, the asset-backed securities transactions implemented by the Scania Group may be repaid early (clean-up call). The assigned receivables cannot be assigned a second time or used as collateral in any other way. The bondholders' claims are limited to the assigned receivables, the cash inflows arising from these receivables are intended for the settlement of the corresponding liability.

As of 31 December 2022, the fair value of assigned receivables that continue to be recognised in the balance sheet was SEK 4,562 m. (1,116). The fair value of the associated liabilities amounted to SEK 4,462 m. (782) as of that date. The resulting net position is SEK 100 m. (334).

### Other credit risks at Scania

The administration of the financial credit risks that arise primarily in corporate treasury operations, among other things when investing liquidity and in derivatives trading, is regulated in Scania Group Policy – Treasury. Transactions occur only within established limits and with selected, creditworthy counterparties. To reduce credit risk, the volume of exposure allowed per counterparty is limited, depending on the counterparty's credit rating. To further limit credit risk, Scania has entered into International Swaps and Derivatives Association (ISDA) netting contracts with all of its counterparties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 28 – FINANCIAL RISK MANAGEMENT, CONTINUED

The corporate treasury unit is responsible for ensuring compliance with the rules of Scania Group Policy – Treasury.

Net exposure to counterparty risk related to derivatives trading amounted to SEK –886 m. (978) at the end of 2022. Estimated gross exposure to counterparty risks related to derivatives trading totalled SEK 2,679 m. (1,661). Estimated gross exposure to cash and cash equivalents and short-term investments amounted to SEK 24,365 m. (29,636). Short-term investments are mainly deposited with TRATON.

Scania had short-term investments worth SEK 12,610 m. (20,804), of which SEK 10,795 m. (20,482) consists of investments with a maturity of less than 90 days and SEK 1,815 m. (322) consisted of investments with a maturity of 91–365 days. In addition to short-term investments, Scania had bank balances worth SEK 8,380 m. (8,830).

### Refinancing risk

Refinancing risk is the risk of not being able to meet the need for future funding. Scania applies a conservative policy concerning refinancing risk. For Vehicles and Services, there shall be a liquidity reserve consisting of available cash and cash equivalents as well as unutilised credit facilities which exceeds the funding needs over a two-year period.

For Financial Services, there shall be dedicated funding covering the net of the next coming three months of maturing debt less 50 percent of maturing customer contracts. There shall also always be borrowings and/or dedicated equity that safeguard the refinancing of the existing portfolio.

At the end of 2022, Scania's liquidity reserve, consisting of guaranteed credit facilities, cash and cash equivalents and short-term investments, amounted to SEK 49,289 m. (52,721). Scania's credit facilities include customary Change of Control clauses, which means that the counterparty could demand early payment in case of significant changes in ownership involving a change in control of the company.

At year-end, Scania had borrowings, in some cases with related ceilings, as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **Borrowings** | Total borrowings | Ceiling | Total borrowings | Ceiling |
| European Medium Term Note Programme | 44,287 | 79,389 | 50,796 | 92,293 |
| Other bonds | 4,995 | 5,622 | – | – |
| Credit facility (EUR, SEK) | 5,539 | 24,927 | – | 23,073 |
| Commercial paper, Sweden | – | 10,000 | – | 10,000 |
| Commercial paper, Belgium | 8,686 | 16,618 | 10,203 | 15,382 |
| Bank loans and Other loans | 54,037 | – | 33,221 | – |
| **Total [1,2]** | **117,544** | **136,556** | **94,220** | **140,748** |

1 Of the total ceiling, SEK 24,927 m. (23,073) consisted of guaranteed revolving credit facilities.
2 Total borrowings excluded SEK 607 m. (384) related to accrued interest and fair value adjustments on bonds where hedge accounting was previously applied.

Controlling Scania's refinancing risk includes safeguarding access to credit facilities and ensuring that the maturity structure of borrowings is diversified. At year-end, Scania's total borrowings had the following maturity structure:

| **Maturity structure of Scania's borrowings** | 2022 | 2021 |
|---|---|---|
| 2021 | – | 36,467 |
| 2022 | 45,095 | 27,981 |
| 2023 | 33,029 | 17,060 |
| 2024 | 29,634 | 10,759 |
| 2025 | 4,523 | 1,426 |
| 2026 | 1,940 | 188 |
| 2027 and later | 3,323 | 339 |
| **Total [1]** | **117,544 [1]** | **94,220** |

1 Total borrowings excluded SEK 607 m. (384) related to accrued interest and lease liabilities. Maturity structure for lease liabilities, see Note 11.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **Maturity structure of derivatives attributable to borrowings** | Derivatives with positive value | Derivatives with negative value | Derivatives with positive value | Derivatives with negative value |
| 2022 | – | – | 22 | –11 |
| 2023 | – | –185 | 5 | –19 |
| 2024 | – | –708 | – | –32 |
| 2025 | – | –872 | – | –44 |
| 2026 | – | –16 | – | – |
| 2027 and later | – | – | – | – |
| **Total [2]** | **–** | **–1,781** | **27** | **–106** |

2 Does not include accrued interest.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
Continued

## NOTE 29 – FINANCIAL INSTRUMENTS

Financial assets in the Scania Group mainly consist of financial leases and hire purchase receivables that have arisen in the Financial Services segment due to financing of customers' vehicle purchases. Other financial assets of significance are trade receivables from independent dealerships and end customers in the Vehicles and Services segment plus short-term investments and cash and cash equivalents. Scania's financial liabilities consist largely of loans, mainly taken out to fund Financial Services' lending and leasing to customers and, to a lesser extent, to fund capital employed in Vehicles and Services. Financial assets and liabilities give rise to various kinds of risks, which are largely managed by means of various derivative instruments. Scania uses derivative instruments, mainly for the purpose of:

- Transforming corporate-level borrowings in a limited number of currencies to the currencies in which the financed assets are denominated.
- Transforming the interest rate refixing period for borrowings in Financial Services as well as achieving the desired interest rate refixing period for other borrowings.
- Converting future commercial payments to functional currency.
- To a lesser extent, converting surplus liquidity in foreign currencies to SEK.

### Fair value of financial instruments

In Scania's balance sheet, items carried at fair value are mainly derivatives, current investments and equity instruments. For derivatives for which hedge accounting is not applied, fair value adjustment is carried at fair value via the income statement. Fair value is established according to various levels, defined in IFRS 13, that reflect the extent to which market values have been utilised. Current investments and cash and cash equivalents are carried according to Level 1, i.e. quoted prices in active markets for identical assets, and amounted to SEK 203 m. (136). Other assets that are carried at fair value refer to derivatives. These assets are carried according to Level 2, which is based on data other than the quoted prices that are part of Level 1 and refer to directly or indirectly observable market data. Scania applies a valuation technique that consists of estimating the present value of future cash flows based on observable yield curves. The yield curve applied is derived from relevant listed yields for the respective period during which cash flows are received or paid. The derivatives are recognised under other non-current assets, other current assets, other non-current liabilities and other current liabilities and amounted to SEK –950 m. (942) net.

For financial instruments that are carried at amortised cost, fair value disclosures are provided in the table below. The carrying amounts of interest-bearing assets and liabilities in the balance sheet may diverge from their fair value, among other things as a consequence of changes in market interest rates. To establish the fair value of financial assets and liabilities, official market quotations have been used for those assets and liabilities that are traded in an active market.

In those cases where assets and liabilities are not traded in an active market, fair value has been established by discounting future payment flows at current market interest rates and then converting to SEK at the current exchange rate.

Fair value of financial instruments such as trade receivables, trade payables and other non-interest-bearing financial assets and liabilities that are recognised at accrued cost minus any impairment losses, is regarded as coinciding with the carrying amount.

Impairment losses on assets occur only when there is reason to believe that the counterparty will not fulfil its contractual obligations, not as a consequence of changes in market interest rates.

Financial assets and liabilities that can be offset against each other consist of derivatives covered by legally binding master netting agreements. Carrying amounts of assets and liabilities amounted to SEK 2,679 m. (1,661) and SEK –3,565 m. (–684). The amount that can be offset from each amount was SEK 1,946 m. (564).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

### NOTE 29 – FINANCIAL INSTRUMENTS, CONTINUED

| Scania Group, SEK m. | 2022 Measured at fair value | 2022 Measured at amortised cost | 2022 Financial liabilities measured at amortised cost | 2022 Total carrying amount | 2022 Total fair value | 2021 Measured at fair value | 2021 Measured at amortised cost | 2021 Financial liabilities measured at amortised cost | 2021 Total carrying amount | 2021 Total fair value |
|---|---|---|---|---|---|---|---|---|---|---|
| Equity instruments | 1,312 | | | 1,312 | 1,312 | 1,144 | | | 1,144 | 1,144 |
| Non-current interest-bearing receivables | | 69,690 | | 69,690 | 67,688 | | 57,507 | | 57,507 | 56,378 |
| Current interest-bearing receivables | | 45,387 | | 45,387 | 45,195 | | 35,643 | | 35,643 | 36,147 |
| Non-interest-bearing trade receivables | | 11,363 | | 11,363 | 11,363 | | 8,859 | | 8,859 | 8,859 |
| Current investments and cash and cash equivalents | 203 | 24,159 | | 24,362 | 24,359 | 136 | 29,512 | | 29,648 | 29,598 |
| Other non-current receivables [1] | 2,157 | 180 | | 2,337 | 2,337 | 845 | 203 | | 1,048 | 1,048 |
| Other current receivables [2] | 639 | 799 | | 1,437 | 1,437 | 863 | 94 | | 956 | 956 |
| **Total assets** | **4,310** | **151,578** | | **155,888** | **153,690** | **2,988** | **131,818** | **–** | **134,805** | **134,130** |
| Non-current interest-bearing liabilities | | | 72,450 | 72,450 | 71,414 | | | 57,753 | 57,753 | 58,154 |
| Current interest-bearing liabilities | | | 45,702 | 45,702 | 45,486 | | | 36,850 | 36,850 | 36,882 |
| Trade payables | | | 20,441 | 20,441 | 20,441 | | | 15,301 | 15,301 | 15,301 |
| Other non-current liabilities [3] | 2,614 | | | 2,614 | 2,614 | 384 | | | 384 | 384 |
| Other current liabilities [4] | 1,131 | | 4,845 | 5,976 | 5,976 | 381 | | 3,976 | 4,357 | 4,357 |
| **Total liabilities** | **3,745** | | **143,437** | **147,182** | **145,931** | **765** | **–** | **113,880** | **114,645** | **115,078** |

1 Financial instruments included in the balance sheet under "Other non-current receivables," SEK 4,003 m. (2,351).
2 Financial instruments included in the balance sheet under "Trade receivables and Other current receivables," SEK 20,678 m. (16,904).
3 Financial instruments included in the balance sheet under "Other non-current liabilities," SEK 6,524 m. (4,866).
4 Financial instruments included in the balance sheet under "Other current liabilities," SEK 8,713 m. (7,417).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 29 – FINANCIAL INSTRUMENTS, CONTINUED

### Hedge accounting
During 2022 Scania has not applied hedge accounting.

Scania considers that it is hedged economically, and risk management follows the financial policy approved by the Board. For more detailed information on accounting for hedging instruments and hedged items, see Note 1,"Accounting principles."

### Net gains/losses on financial instruments recognised in the income statement
The table below shows the following items that are recognised in the income statement:

- Gains and losses related to currency rate differences, including gains and losses attributable to derivatives.

| Net gains/losses | 2022 | 2021 |
|---|---|---|
| Financial assets and liabilities carried at fair value | 499 | 451 |
| Financial assets measured at amortised cost[1] | 147 | 568 |
| Financial liabilities measured at amortised cost | –897 | –555 |
| **Total** | **–251** | **464** |

1 Also includes operating leases.

Gains and losses due to currency rate differences related to derivatives, loan receivables and borrowings mainly arise in Scania's treasury unit. Most of the loan receivables that give rise to currency rate differences comprise the treasury unit's receivables from Group companies.

### Interest income and expenses on financial instruments
The table below shows interest income and interest expenses for all of Scania's financial assets and financial liabilities:

| | 2022 | 2021 |
|---|---|---|
| Interest income on financial assets [1] | 7,202 | 5,067 |
| Interest expenses on financial liabilities [2, 3] | –3,455 | –2,110 |
| **Total** | **3,747** | **2,957** |

1 SEK 1,137 m. (440) consists of interest income generated from financial assets carried at fair value.

2 Also includes interest expenses related to lease liabilities and interest expenses related to Financial Services that were recognised in the operating income.

3 SEK –1,165 m. (–958) consists of interest expenses generated from financial liabilities carried at fair value.

The reason why income diverges from recognised interest income in net financial items is largely that Financial Services is included in the table and that interest income and interest expenses attributable to pensions are excluded.

## NOTE 30 – EVENTS AFTER THE REPORTING PERIOD

### Sale of Russian operations
In September 2022, Scania took the decision to divest its business operations in Russia as a result of the Russian war in Ukraine. The sale of the commercial operations was completed on 14 December, whilst the divestment of the financial operations was finalised on 17 January. The impairment loss in the Financial Services segment amounted to SEK 2,294 m. in 2022 and was treated as an item affecting comparability. In addition, currency translation effects of SEK –1,012 m. related to the Russian Financial Services subsidiaries has affected the operating income in 2023.

### Planned restructuring within the TRATON GROUP
On 16 February the Scania Board of Directors took the decision to dispose of Scania's Financial Services segment to TRATON Sweden AB, as a part of the ongoing transformation of the TRATON Financial Services business area. The transaction is estimated to be performed in the beginning of April 2023.

TRATON Financial Services is to become a global, brand-independent finance company in the future by combining existing structures of the Scania and Navistar brands to expand customer financing options within a common foundation. A group structure is to be created to leverage customer interfaces and synergies. The aim of the group-wide and integrated financial services business unit is to meet customer requirements in the best possible way and to support the group's future growth and business models.

The transaction imply that all legal entities within the Scania Financial Services will be sold to TRATON Sweden AB.

## NOTE 31 – ITEMS AFFECTING COMPARABILITY

| | 2022 | 2021 |
|---|---|---|
| EU truck case [1] | –176 | –5,229 |
| Impairment and capital loss in Russia, Vehicles and Services [2] | –1,126 | – |
| Impairment in Russia, Financial Services | –2,294 | – |
| Total items affecting comparability within Operating income | –3,596 | –5,229 |
| Tax effect Russia | 433 | – |
| **Total items affecting comparability within Net income** | **–3,163** | **–5,229** |

1 Currency translation effect related to the provision for the EU Truck case.

2 Includes impairment of SEK 114 m. in industrial operations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 32 – SHARES AND PARTICIPATIONS IN SUBSIDIARIES

The following listing shows shareholdings owned directly and indirectly by the Parent Company as of 31 December 2022:

| Company | Corporate ID no. | Registered office | Country | % Ownership |
|---|---|---|---|---|
| **Vehicles and services** | | | | |
| Arver Lastbilar Aktiebolag | 556557-9678 | Örebro | Sweden | 100 |
| Bilmetro AB | 556061-2789 | Gävle | Sweden | 100 |
| Bilmetro Lastbilar i Hudiksvall AB | 556564-2377 | Gävle | Sweden | 100 |
| Fastighetsbolaget Bärgningsbilen 2 Örebro AB | 556600-6416 | Stockholm | Sweden | 100 |
| Vita Gjuteriets Fastighetsbolag AB | 559348-5773 | Stockholm | Sweden | 100 |
| Stop 134 AB | 559129-4516 | Stockholm | Sweden | 100 |
| Fastighetsbolaget Gilltuna Västerås AB | 556810-1942 | Stockholm | Sweden | 100 |
| Fastighetsbolaget Fluoret AB | 559072-7698 | Stockholm | Sweden | 100 |
| Fastighetsaktiebolaget Flygmotorn | 556528-9112 | Södertälje | Sweden | 100 |
| Fastighetsaktiebolaget Hjulnavet | 556084-1198 | Södertälje | Sweden | 100 |
| Fastighetaktiebolaget Vindbron | 556040-0938 | Södertälje | Sweden | 100 |
| HTD i Oskarshamn AB | 556707-3472 | Södertälje | Sweden | 100 |
| Kai Tak Holding AB | 556548-4739 | Södertälje | Sweden | 100 |
| LOTS Group AB | 556593-3057 | Södertälje | Sweden | 100 |
| Metrobus Aktiebolag | 556328-8165 | Gävle | Sweden | 100 |
| MW-hallen Restaurang AB | 556616-7747 | Södertälje | Sweden | 100 |
| Mälardalens Tekniska Gymnasium AB | 556548-4754 | Södertälje | Sweden | 80 |
| Scania Bus Financing AB | 556728-9433 | Södertälje | Sweden | 100 |
| Scania CV AB | 556084-0976 | Södertälje | Sweden | 100 |
| Scania Delivery Center AB | 556593-2976 | Södertälje | Sweden | 100 |
| Scania Growth Capital AB | 559090-6524 | Södertälje | Sweden | 90.10 |
| Scania Growth Capital II AB | 559337-6626 | Södertälje | Sweden | 90.10 |
| Scania Industrial Maintenance AB | 556070-4818 | Södertälje | Sweden | 100 |
| Scania IT AB | 556084-1206 | Södertälje | Sweden | 100 |
| Scania Overseas AB | 556593-2984 | Södertälje | Sweden | 100 |
| Scania Real Estate Lund AB | 556791-9823 | Södertälje | Sweden | 100 |
| Scania Real Estate Services AB | 556593-3024 | Södertälje | Sweden | 100 |
| Scania Sales and Services AB | 556593-3073 | Södertälje | Sweden | 100 |
| Scania Sverige AB | 556051-4621 | Södertälje | Sweden | 100 |
| Scania Transportlaboratorium AB | 556528-9294 | Södertälje | Sweden | 100 |
| Scania Treasury AB | 556528-9351 | Södertälje | Sweden | 100 |
| Scania Trucks & Buses AB | 556267-1585 | Södertälje | Sweden | 100 |
| Sågverket 6 AB | 556528-9062 | Södertälje | Sweden | 100 |
| Uppsala Danmark-Säby 8:1 AB | 556763-6880 | Gävle | Sweden | 100 |
| Vabis Försäkringsaktiebolag | 516401-7856 | Södertälje | Sweden | 100 |
| Vindbron Arendal AB | 556822-2367 | Södertälje | Sweden | 100 |
| Laxå Specialvehicles AB | 556548-4705 | Laxå | Sweden | 100 |
| Ferruform AB | 556528-9120 | Luleå | Sweden | 100 |

| Company | Corporate ID no. | Registered office | Country | % Ownership |
|---|---|---|---|---|
| Scania Vabis 118 AB | 556387-4659 | Värnamo | Sweden | 100 |
| Scania Argentina S.A. | 30-51742430-3 | Buenos Aires | Argentina | 100 |
| Scania Australia Pty Ltd. | 000537333 | Melbourne | Australia | 100 |
| Scania Real Estate Österreich GmbH | FN95419y | Brunn am Gebirge | Austria | 100 |
| Scania Österreich GmbH | FN366024x | Brunn am Gebirge | Austria | 100 |
| Scania Belgium N.V. | BE0402.607.507 | Neder-Over-Heembeek | Belgium | 100 |
| Scania Real Estate Belgium N.V. | BE0423.251.481 | Neder-Over-Heembeek | Belgium | 100 |
| Scania BH d.o.o. | 4200363460007 | Sarajevo | Bosnia-Herzegovina | 100 |
| Scania Botswana (Pty) Ltd. | CO.2000/6045 | Gaborone | Botswana | 100 |
| Codema Comercial e Importadora Ltda. | 60.849.197/0001-60 | Guarulhos | Brazil | 99.98 |
| LOTS Latin América Logística de Transportes Ltda. | 29.094.173/0001-06 | São Bernardo do Campo | Brazil | 100 |
| Scania Latin America Ltda. | 59.104.901/0001-76 | São Bernardo do Campo | Brazil | 100 |
| Scania Bulgaria EOOD | BG121796861 | Sofia | Bulgaria | 100 |
| Scania Real Estate Bulgaria EOOD | BG201589120 | Sofia | Bulgaria | 100 |
| LOTS Ventures Canada Inc. | BC1306486 | Victoria British Columbia | Canada | 80 |
| Scania Chile S.A. | 96.538.460-K | Santiago de Chile | Chile | 100 |
| LOTS Chile S.p.A | 77.418.964-5 | Santiago de Chile | Chile | 100 |
| Lots Logistics (Guangxi) Co.Ltd. | 32956526-9 | Beihai, Guangxi Province | China | 100 |
| Scania Sales (China) Co.Ltd | 110000450001661 | Beijing | China | 100 |
| Scania Sales and Service (Guangzhou) Co., Ltd. | 440101400126397 | Guangzhou | China | 100 |
| Scania (Hong Kong) Ltd. | 1205987 | Hong Kong | China | 100 |
| Scania Production (China) Co., Ltd. | 91360924754233361N | Rugao City | China | 100 |
| Scania Colombia S.A.S. | 900.353.873-2 | Bogotá | Colombia | 100 |
| Scania Hrvatska d.o.o. | 080213913 | Zagreb | Croatia | 100 |
| Scania Czech Republic s.r.o. | CZ61251186 | Praha | Czech Republic | 100 |
| Scania Real Estate Czech Republic s.r.o. | 24196746 | Praha | Czech Republic | 100 |
| Scania Danmark A/S | DK17045210 | Ishøj | Denmark | 100 |
| Scania Danmark Ejendom Aps | 33156332 | Ishøj | Denmark | 100 |
| Scania Eesti AS | 10238872 | Tallinn | Estonia | 100 |
| Scania Real Estate Finland Oy | 2559582-1 | Helsinki | Finland | 100 |
| Scania Real Estate Holding Oy | 2566377-5 | Helsinki | Finland | 100 |
| Scania Suomi Oy | 0202014-4 | Helsinki | Finland | 100 |
| SOE Busproduction Finland Oy | 26121679 | Lahti | Finland | 100 |
| Scania France S.A.S. | 307166934 | Angers | France | 100 |
| Scania Holding France S.A.S. | 403092786 | Angers | France | 100 |
| Scania IT France S.A.S. | 412282626 | Angers | France | 100 |
| Scania Production Angers S.A.S. | 378442982 | Angers | France | 100 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 32 – SHARES AND PARTICIPATIONS IN SUBSIDIARIES, CONTINUED

| Company | Corporate ID no. | Registered office | Country | % Ownership |
|---|---|---|---|---|
| Scania Real Estate France S.A.S. | 78961241300011 | Angers | France | 100 |
| Tachy Experts S.A.S | 824579163 | Angers | France | 100 |
| LOTS Germany GmbH | HRB 29133 | Koblenz | Germany | 100 |
| Scania CV Deutschland Holding GmbH | HRB 6077 | Koblenz | Germany | 100 |
| SCANIA DEUTSCHLAND GmbH | HRB 532 | Koblenz | Germany | 100 |
| SCANIA Real Estate Deutschland Holding GmbH | HRB 23798 | Koblenz | Germany | 100 |
| SCANIA Vertrieb und Service GmbH | HRB 20490 | Koblenz | Germany | 100 |
| Scania West Africa Ltd. | CS450862014 | Accra | Ghana | 100 |
| Scania Great Britain Ltd. | 831017 | Milton Keynes | Great Britain | 100 |
| Scania Real Estate (UK) Ltd. | 7648886 | Milton Keynes | Great Britain | 100 |
| Griffin Automotive Ltd. | 27922106 | Road Town | Great Britain | 100 |
| Scania Hungaria Kft. | 10415577 | Biatorbágy | Hungary | 100 |
| Scania Real Estate Hungaria Kft. | 13-09-159119 | Biatorbágy | Hungary | 100 |
| Scania Commercial Vehicles India Pvt. Ltd. | U35999KA2011FTC05698 | Bangalore | India | 100 |
| SST Sustainable Transport Solutions India Private Ltd | U74999MH2017PTC29098 | Nagpur | India | 99,99 |
| PT Scania Parts Indonesia | AHU-09655.40.10.2014 | Balikpapan | Indonesia | 100 |
| Italscania S.p.A. | 11749110158 | Trento | Italy | 100 |
| Scania Commerciale S.p.A. | IT 01184460226 | Trento | Italy | 100 |
| Scania Milano S.p.A. | IT 02170120220 | Trento | Italy | 100 |
| N.W.S. S.r.L. | IT 1541500227 | Trento | Italy | 52,50 |
| Scania Japan Ltd. | 0104-01-083452 | Tokyo | Japan | 100 |
| Scania Central Asia LLP | 84931-1910-TOO | Almaty | Kazakhstan | 100 |
| Scania East Africa Ltd. | PO51426902Z | Nairobi | Kenya | 100 |
| Scania Real Estate Kenya Ltd. | PVT-XYUME96 | Nairobi | Kenya | 100 |
| Scania Latvia SIA | 50003118401 | Riga | Latvia | 100 |
| UAB Scania Lietuva | 123873025 | Vilnius | Lithuania | 100 |
| Scania Luxembourg S.A. | B53.044 | Münsbach | Luxembourg | 100 |
| Scania Real Estate Holding Luxembourg S.àr.l | B160795 | Münsbach | Luxembourg | 100 |
| Scania (Malaysia) Sdn. Bhd. | 518606-D | Shah Alam | Malaysia | 100 |
| Scania Comercial, S.A. de C.V. | SCO031124MF5 | Queretaro | Mexico | 100 |
| Scania Servicios, S.A. de C.V. | SSE031124MF5 | Queretaro | Mexico | 100 |
| Scania Maroc S.A. | 06100472 | Casablanca | Morocco | 100 |
| Scania Moçambique, S.A. | 100453150 | Beira | Mozambique | 100 |
| Scania Crna Gora d.o.o | 50950351 | Danilovgrad | Montenegro | 100 |
| Scania Namibia (Pty) Ltd. | 2004/438 | Windhoek | Namibia | 100 |
| Scania New Zealand Limited | 9429047066823 | Wellington | New Zealand | 100 |
| Scania Makedonija d.o.o.e.l | 7027532 | Ilinden | North Macedonia | 100 |
| Norsk Scania A/S | 879263662 | Oslo | Norway | 100 |
| Norsk Scania Eiendom A/S | 996036545 | Oslo | Norway | 100 |
| Scania del Perú S.A. | 20101363008 | Lima | Peru | 100 |
| Scania Polska S.A. | KRS0000091840 | Nadarzyn | Poland | 100 |

| Company | Corporate ID no. | Registered office | Country | % Ownership |
|---|---|---|---|---|
| Scania Real Estate Polska Sp.z o.o. | 435941 | Nadarzyn | Poland | 100 |
| Scania Production Slupsk S.A. | KRS0000083601 | Slupsk | Poland | 100 |
| Scania Power Polska Sp. z o.o. | 517301 | Warszawa | Poland | 100 |
| Scania Portugal Unipessoal Lda. | PT502929995 | Santa Iria de Azóia | Portugal | 100 |
| Scania Investimentos Imobiliários S.A. | PT508948118 | Vialonga | Portugal | 100 |
| Scania Real Estate Romania S.R.L. | J23/2019/29.07.2011 | Ciorogârla | Romania | 100 |
| Scania Romania S.R.L. | J23/588/27.04.2004 | Ciorogârla | Romania | 100 |
| OOO Scania Peter | 1027804908372 | St. Petersburg | Russia | 100 |
| Scania Senegal SUARL | SN.DKR.2018.B.25840 | Dakar | Senegal | 100 |
| Scania Srbija d.o.o. | 17333321 | Krnjesevci | Serbia | 100 |
| Scania Singapore Pte. Ltd. | 200309593R | Singapore | Singapore | 100 |
| Scania Real Estate Slovakia s.r.o. | 44767668 | Senec | Slovakia | 100 |
| Scania Slovakia s.r.o. | 35826649 | Senec | Slovakia | 100 |
| Scania Slovenija d.o.o. | 1124773 | Ljubljana | Slovenia | 100 |
| Scania South Africa Pty Ltd. | 1995/001275/07 | Aeroton | South Africa | 100 |
| Scania Korea Group Ltd. | 110111-5304681 | Seoul | South Korea | 100 |
| Scania Hispania Holding S.L. | B82853938 | San Fernando de Henares | Spain | 100 |
| Scania Hispania S.A. | A59596734 | San Fernando de Henares | Spain | 100 |
| Scania Real Estate Hispania, S.L.U. | B36682003 | San Fernando de Henares | Spain | 100 |
| SLA Treasury Spain S.L.U | B67626788 | Barcelona | Spain | 100 |
| Scania Schweiz AG | CH-020.3.926.624-8 | Kloten | Switzerland | 100 |
| Scania Real Estate Schweiz AG | CH-020.3.035.714-4 | Kloten | Switzerland | 100 |
| Scania Tanzania Ltd. | 39320 | Dar es Salaam | Tanzania | 100 |
| Power Vehicle Co. Ltd. | 01055547132895 | Bangkok | Thailand | 100 |
| Scan Siam Service Co. Ltd. | 0105545023525 | Bangkok | Thailand | 100 |
| Scania Siam Co Ltd. | 0105543060121 | Bangkok | Thailand | 100 |
| Scania Thailand Co Ltd. | 0105534098031 | Bangkok | Thailand | 100 |
| Scania Group (Thailand) Co., Ltd. | 0115560001383 | Smutprakarn | Thailand | 100 |
| Scania Manufacturing (Thailand) Co., Ltd. | 0115560001375 | Smutprakarn | Thailand | 100 |
| Scania Nederland B.V. | 27136821 | Breda | The Netherlands | 100 |
| Scania Real Estate The Netherlands B.V. | 50687921 | Breda | The Netherlands | 100 |
| Scania Production Meppel B.V. | 05046846 | Meppel | The Netherlands | 100 |
| Scania IT Nederland B.V. | 05062402 | Zwolle | The Netherlands | 100 |
| Scania Logistics Netherlands B.V. | 56552793 | Zwolle | The Netherlands | 100 |
| Scania Production Zwolle B.V. | 05020370 | Zwolle | The Netherlands | 100 |
| Scania Middle East FZE | 150175 | Dubai | The United Arab Emirates | 100 |
| TOV Kyiv-Scan | 35706433 | Kyiv | Ukraine | 100 |
| TOV Scania Ukraine | 30107866 | Kyiv | Ukraine | 100 |
| TOV Scania-Lviv | 37497108 | Lviv | Ukraine | 100 |
| TOV Donbas-Scan-Service | 34516735 | Makijivka | Ukraine | 100 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

## NOTE 32 – SHARES AND PARTICIPATIONS IN SUBSIDIARIES, CONTINUED

| Company | Corporate ID no. | Registered office | Country | % Ownership |
|---|---|---|---|---|
| LOTS Ventures USA Inc. | 87-3364676 | Wilmington/DE | United States | 100 |
| LOTS SPV USA LLC | 87-3375105 | Wilmington/DE | United States | 70 |
| Bellwether Forest Products LLC | 81-336588 | Camden/ SC | United States | 70 |
| Scania USA Inc. | 06-1288161 | San Antonio/TX | United States | 100 |
| Scania Holding Inc. | 4019619 | Wilmington/DE | United States | 100 |
| Scanexpo International S.A. | 21.490591.0012 | Montevideo | Uruguay | 100 |
| Scania de Venezuela S.A. | J-30532829-3 | Valencia | Venezuela | 100 |
| **Financial Services** | | | | |
| Scania Credit AB | 556062-7373 | Södertälje | Sweden | 100 |
| Scania Finance Holding AB | 556548-4697 | Södertälje | Sweden | 100 |
| Scania Finans AB | 556049-2570 | Södertälje | Sweden | 100 |
| Scania Credit Argentina S.A.U | 30717023990 | Buenos Aires | Argentina | 100 |
| Scania Finance Australia Pty Ltd. | 609637596 | Melbourne | Australia | 100 |
| Scania Leasing Österreich GmbH | FN246699v | Brunn am Gebirge | Austria | 100 |
| Scania Österreich Holding GmbH | FN 316321 d | Brunn am Gebirge | Austria | 100 |
| Scania Finance Belgium N.V. | BE0413.545.048 | Neder-Over-Heembeek | Belgium | 100 |
| Scania Leasing BH d.o.o. | 4202996650002 | Sarajevo | Bosnia-Herzegovina | 100 |
| Scania Administradora de Consórcios Ltda. | 96.479.258/0001-91 | Cotia | Brazil | 99.99 |
| Scania Banco S.A. | CNPJ11.417.016/00011 | São Bernardo do Campo | Brazil | 100 |
| Scania Corretora de Seguros Ltda. | CNPJ11.513.179/00105 | São Bernardo do Campo | Brazil | 100 |
| SCANIA LOCAÇÃO LTDA | CNPJ47.371.595/0001-55 | São Bernardo do Campo | Brazil | 100 |
| Scania Finance Bulgaria EOOD | BG175108126 | Sofia | Bulgaria | 100 |
| Scania Finance Chile S.A. | 76.574.810-0 | Santiago de Chile | Chile | 100 |
| Scania Financial Leasing (China) Co Ltd. | 41000002201903280018 | Shanghai | China | 100 |
| Scania Finance Colombia S.A.S. | 901197448 | Bogotá | Colombia | 100 |
| Scania Credit Hrvatska d.o.o. | 80516047 | Lucko | Croatia | 100 |
| Scania Finance Czech Republic spol. s r.o. | CZ25657496 | Prague | Czech Republic | 100 |
| Scania Finance France S.A.S. | 350890661 | Angers | France | 100 |
| Scania Location S.A.S. | 402496442 | Angers | France | 100 |
| Scania Finance Deutschland GmbH | HRB 3917 | Koblenz | Germany | 100 |
| Scania Versicherungsvermittlung GmbH | HRB 22831 | Koblenz | Germany | 100 |
| Scania Finance Great Britain Ltd. | 2173954 | London | Great Britain | 100 |
| Scania Finance Magyarország Zrt. | 13-10-040959 | Biatorbágy | Hungary | 100 |
| Scania Lízing Kft. | 13-09-107823 | Biatorbágy | Hungary | 100 |
| Scania Finance Ireland Ltd. | 482137 | Dublin | Ireland | 100 |
| Scania Finance Israel Ltd | 515988814 | Ashdod | Israel | 100 |
| Scania Finance Italy S.p.A. | 03333020158 | Milano | Italy | 100 |
| Scania Finance Luxembourg S.A. | B0082907 | Münsbach | Luxembourg | 100 |
| Scania Credit (Malaysia) Sdn. Bhd. | 1011611-H | Shah Alam | Malaysia | 100 |
| Scania Finance Mexico, S.A. de C.V. SOFOM, E.N.R. | NPR19158-4 | Querétaro | Mexico | 100 |

| Company | Corporate ID no. | Registered office | Country | % Ownership |
|---|---|---|---|---|
| Scania Finance New Zealand Limited | 7857037 | Auckland | New Zealand | 100 |
| Scania Services del Perú S.A. | 20392923277 | Lima | Peru | 100 |
| Scania Finance Polska Sp.z.o.o. | 0000036594 | Stara Wies | Poland | 100 |
| Scania Insurance Polska Sp.z o.o. | 0000478529 | Stara Wies | Poland | 100 |
| Scanrent – Alguer de Viaturas sem Condutor, S.A. | 502631910 | Santa Iria de Azóia | Portugal | 100 |
| Scania Credit Romania IFN S.A. | J23/1818/2005 | Ciorogârla | Romania | 100 |
| Scania Regional Agent de Asigurare S.R.L. | J23/534/2011 | Ciorogârla | Romania | 100 |
| Scania Rent Romania S.R.L. | J23/1669/2008 | Ciorogârla | Romania | 100 |
| OOO Scania Finance | 1045005504774 | Moscow | Russia | 100 |
| OOO Scania Leasing | 1027700203970 | Moscow | Russia | 100 |
| OOO Scania Strachovanie | 1127747003097 | Moscow | Russia | 100 |
| Scania Leasing RS d.o.o. | 21401625 | Krnjesevci | Serbia | 100 |
| Scania Credit Singapore Pte. Ltd. | 201816765C | Singapore | Singapore | 100 |
| Scania Finance Slovak Republic s.r.o. | 43874746 | Senec | Slovakia | 100 |
| Scania Leasing d.o.o. | 356417700 | Ljubljana | Slovenia | 100 |
| Scania Credit Solutions Pty Ltd. | 2009/016998/07 | Aeroton, Gauteng | South Africa | 100 |
| Scania Finance Southern Africa (Pty) Ltd. | 2000/025215/07 | Aeroton, Guateng | South Africa | 100 |
| Scania Finance Korea Ltd. | 195411-0007994 | Chung-Ang | South Korea | 100 |
| Scania Commercial Vehicles Renting S.A. | A82853995 | San Fernando de Henares | Spain | 100 |
| Scania Finance Hispania EFC S.A. | A82853987 | San Fernando de Henares | Spain | 100 |
| Scania Finance Schweiz AG | CH-020.3.029.627-6 | Kloten | Switzerland | 100 |
| Scania Credit Taiwan Ltd. | 54330725 | Taipeh | Taiwan | 100 |
| Scania Credit Solutions Tanzania | 113768 | Dar-Es-Salaam | Tanzania | 100 |
| Scania Siam Leasing Co. Ltd. | 0105550082925 | Bangkok | Thailand | 100 |
| Scania Finance Nederland B.V. | 3446773 | Breda | The Netherlands | 100 |
| Scania Insurance Nederland B.V. | 1745773 | Middelharnis | The Netherlands | 100 |
| TOV Scania Credit Ukraine | 33052443 | Kyiv | Ukraine | 100 |

Dormant companies are not included.

# PARENT COMPANY FINANCIAL STATEMENTS, SCANIA AB

## Income statement

| January–December, SEK m. | Note | 2022 | 2021 |
|---|---|---|---|
| Administrative expenses | | – | – |
| Operating income | | – | – |
| Financial income and expenses | 1 | 9,540 | 6,000 |
| Income after financial items | | 9,540 | 6,000 |
| Group contributions | | –40 | – |
| Taxes | | – | – |
| **Net income** | | **9,500** | **6,000** |

## Statement of other comprehensive income

| January–December, SEK m. | 2022 | 2021 |
|---|---|---|
| Net income | 9,500 | 6,000 |
| Other comprehensive income | – | – |
| **Total comprehensive income** | **9,500** | **6,000** |

## Balance sheet

| 31 December, SEK m. | Note | 2022 | 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Financial non-current assets** | | | |
| Shares in subsidiaries | 2 | 8,435 | 8,435 |
| **Current assets** | | | |
| Due from subsidiaries | 3 | 15,621 | 9,501 |
| Due from parent company | | 1,014 | 208 |
| **Total assets** | | **25,070** | **18,144** |
| | | | |
| **Shareholders' equity** | 4 | | |
| **Restricted equity** | | | |
| Share capital | | 2,000 | 2,000 |
| Statutory reserve | | 1,120 | 1,120 |
| Unrestricted shareholders' equity | | | |
| Retained earnings | | 12,450 | 9,024 |
| Net income | | 9,500 | 6,000 |
| **Total shareholders' equity** | | **25,070** | **18,144** |
| **Current liabilities** | | | |
| Interest-bearing liabilities | | – | – |
| **Total equity and liabilities** | | **25,070** | **18,144** |

# PARENT COMPANY FINANCIAL STATEMENTS, SCANIA AB
Continued

## Statement of changes in equity

| 2022 (SEK m.) | Restricted equity: Share capital | Restricted equity: Statutory reserve | Unrestricted shareholders' equity | Total |
|---|---|---|---|---|
| Equity, 1 January | 2,000 | 1,120 | 15,024 | 18,144 |
| Total comprehensive income for the year | – | – | 9,500 | 9,500 |
| Capital contribution | – | – | 1,014 | 1,014 |
| Dividend | – | – | –3,588 | –3,588 |
| **Equity, 31 December 2021** | **2,000** | **1,120** | **21,950** | **25,070** |

| 2021 (SEK m.) | Restricted equity: Share capital | Restricted equity: Statutory reserve | Unrestricted shareholders' equity | Total |
|---|---|---|---|---|
| Equity, 1 January | 2,000 | 1,120 | 11,516 | 14,636 |
| Total comprehensive income for the year | – | – | 6,000 | 6,000 |
| Capital contribution | – | – | 208 | 208 |
| Dividend | – | – | –2,700 | –2,700 |
| **Equity, 31 December 2021** | **2,000** | **1,120** | **15,024** | **18,144** |

## Cash flow statement

| January–December, SEK m. | Note | 2022 | 2021 |
|---|---|---|---|
| **Operating activities** | | | |
| Income after financial items | | 9,540 | 6,000 |
| Items not affecting cash flow | | –40 | – |
| Taxes paid | | – | – |
| **Cash flow from operating activities before change in working capital** | | **9,500** | **6,000** |
| **Cash flow from change in working capital** | | | |
| Receivable subsidiaries | | –6,120 | –3,300 |
| Receivable parent company | | –806 | –208 |
| **Cash flow from operating activities** | | **2,574** | **2,492** |
| **Investing activities** | | | |
| Shareholders' contribution paid | | – | – |
| **Cash flow from investing activities** | | **–** | **–** |
| **Total cash flow before financing activities** | | **–** | **–** |
| **Financing activities** | | **–** | **–** |
| Shareholders' contribution received | | 1,014 | 208 |
| Dividend paid | | –3,588 | –2,700 |
| **Cash flow from financing activities** | | **–2,574** | **–2,492** |
| **Cash flow for the year** | | **0** | **0** |
| **Cash and cash equivalents, 1 January** | | **0** | **0** |
| **Cash and cash equivalents, 31 December** | | **0** | **0** |

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Amounts in the tables are reported in millions of Swedish kronor (SEK m.), unless otherwise stated. A presentation of the Parent Company's accounting principles is found in Note 1 to the consolidated financial statements. Taking into account that the operations of the Parent Company consists exclusively of share ownership in Group companies, aside from the notes below, the Scania Group's Report of the Directors and notes otherwise apply where appropriate.

## Parent company

### Parent Company accounting principles

The Parent Company has prepared its Annual Report in compliance with Sweden's Annual Accounts Act and Recommendation RFR 2, "Accounting for Legal Entities" of the Swedish Financial Reporting Board. RFR 2 implies that the Parent Company in the Annual Report of a legal entity shall apply all International Financial Reporting Standards and interpretations approved by the EU as far as this is possible within the framework of the Annual Accounts Act and taking into account the relationship between accounting and taxation. The recommendation states what exceptions to IFRS and additions shall or may be made.

### Financial Instruments

The Parent Company does not apply IFRS 9 Financial instruments, but instead applies a cost-based method in accordance with the Annual Accounts Act.

The scope of financial instruments in the accounts of the Parent Company is limited. The reader is thus referred to the Group's disclosures related to IFRS 7, "Financial instruments – Disclosures".

### Leases

The Parent Company does not apply IFRS 16 Leases, instead expenses relating to lease contracts for which the parent company is the lessee are expensed as incurred.

### Subsidiaries

Holdings in subsidiaries are recognised in the Parent Company financial statements according to the cost method of accounting. Testing of the carrying value of subsidiaries occurs when there is an indication of a decline in value. Dividends received from subsidiaries are recognised as income.

### Anticipated dividends

Anticipated dividends from subsidiaries are recognised when the Parent Company has the exclusive right to decide on the size of the dividend and the Parent Company has made a decision on the size of the dividend before having published its financial reports.

### Taxes

The Parent Company financial statements recognise untaxed reserves including deferred tax liability. The consolidated financial statements, however, reclassify untaxed reserves to deferred tax liability and equity. Correspondingly, no allocation of part of the appropriations is made to deferred tax expense in the Parent Company's income statement.

### Group contributions

The Parent Company recognises Group contributions received and provided as appropriations in the income statement.

## NOTE 1 – FINANCIAL INCOME AND EXPENSES

| | 2022 | 2021 |
|---|---|---|
| Interest income from subsidiaries | 33 | – |
| Dividend | 9,500 | 6,000 |
| Other | 7 | – |
| **Total** | **9,540** | **6,000** |

## NOTE 2 – SHARES IN SUBSIDIARIES

| | | | Carrying amount | |
|---|---|---|---|---|
| **Subsidiary / Corporate ID number/registered office** | Ownership, % | Thousands of shares | 2022 | 2021 |
| Scania CV AB, 556084-0976, Södertälje | 100.0 | 1,000 | 8,435 | 8,435 |
| **Total** | | | **8,435** | **8,435** |

Scania CV AB is a public company and parent company of the Scania CV Group, which includes all production, sales and service and finance companies in the Scania AB Group.

## NOTE 3 – DUE FROM SUBSIDIARIES

| | 2022 | 2021 |
|---|---|---|
| Current interest-bearing receivable from Scania CV AB | 15,621 | 9,501 |
| **Total** | **15,621** | **9,501** |

The receivables are in SEK, so there is no currency risk.

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
Continued

## NOTE 4 – EQUITY

For changes in equity, see the equity report.

Under Swedish law, equity shall be allocated between non-distributable (restricted) and distributable (unrestricted) funds.

Restricted equity consists of share capital plus statutory reserve. Scania AB has 400,000,000 Series A shares outstanding with voting rights of one vote per share and 400,000,000 Series B shares outstanding with voting rights of 1/10 vote per share. A and B shares carry the same right to a portion of the company's assets and profit. The nominal value of both A and B shares is SEK 2.50 per share. All shares are fully paid and no shares are reserved for transfer of ownership. No shares are held by the company itself or its subsidiaries.

## NOTE 5 – CONTINGENT LIABILITIES

| | 2022 | 2021 |
|---|---|---|
| Loan guarantees on behalf of borrowings in Scania CV AB | 54,561 | 64,332 |
| **Total** | **54,561** | **64,332** |

## NOTE 6 – SALARIES AND REMUNERATION TO BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND AUDITORS

The Board of Directors, the President and CEO of Scania AB and the other executive officers hold identical positions in Scania CV AB. Wages, salaries and other remuneration are paid by Scania CV AB. The reader is therefore referred to the notes to the consolidated financial statements: Note 24, "Wages, salaries and other remuneration and number of employees" and Note 26, "Compensation to executive officers."

Compensation of SEK – (–) m. .was paid to EY as auditors with respect to the Parent Company.

## NOTE 7 – TRANSACTIONS WITH RELATED PARTIES

As of 30 June 2022, Scania AB is a wholly owned subsidiary of TRATON Sweden AB, Corp. Reg. No. 559321-4629, Reg. office Södertälje. The previous owner was TRATON SE, Corp. Reg. No. HRB241814, Reg. office Münich.

The Annual and Sustainability Report of the TRATON group can be found at www.volkswagenag.com

Transactions with related parties consist of dividends paid and shareholders contribution received to and from TRATON Sweden AB. Dividends paid in 2022 amounted to SEK 3,588 m. (2,700 to TRATON SE). Received shareholders contribution in 2022 amounted to SEK 1,014 (208 from TRATON SE).

# PROPOSED DISTRIBUTION OF EARNINGS

The Board of Directors proposes to the 2023 Annual General Meeting that a total amount of SEK 15,700 m. is distributed to the shareholders which of SEK 9,500 m dividend in kind and SEK 6,200 m as cash dividend.

| **Amounts in SEK m.** | |
|---|---|
| Retained earnings | 12,450 |
| Net income for the year | 9,500 |
| Other comprehensive income for the year | – |
| **Total** | **21,950** |
| | |
| Shall be distributed as follows: | |
| To the shareholders, a dividend of SEK m. | 15,700 |
| To be carried forward | 6,250 |
| **Total** | **21,950** |

After implementing the proposed distribution of earnings, the equity of the Parent Company, Scania AB, is as follows:

| **Amounts in SEK m.** | |
|---|---|
| Share capital | 2,000 |
| Statutory reserve | 1,120 |
| Retained earnings | 6,250 |
| **Total** | **9,370** |

The undersigned certify that the consolidated accounts and the annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted for use in the European Union, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the Parent Company, and that the Report of the Directors for the Group and the Parent Company gives a true and fair review of the development of the operations, financial positions and results of the Group and the Parent Company and describes substantial risks and uncertainties faced by the companies in the Group. The Annual Report also contains the Group's and Parent Company's sustainability reporting in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, see page 67, and the Sustainability Report in accordance with the Global Reporting Initiative, GRI, see the GRI index on pages 161–163. The annual accounts and the consolidated financial statements and the Group's and Parent Company's sustainability reporting were approved for issuance by the Board of Directors on 6 March 2023. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting on 4 May 2023.

Södertälje, 6 March 2023

Christian Levin
Board member
President and CEO

Annette Danielski
Chairman of the Board

Gunnar Kilian
Board member

Julia Kuhn-Piëch
Board member

Nina Macpherson
Board member

Christian Porsche
Board member

Mark Philipp Porsche
Board member

Stephanie Porsche-Schröder
Board member

Lilian Fossum Biner
Board member

Peter Wallenberg Jr
Board member

Mari Carlquist
Board member
Employee Representative

Lisa Lorentzon
Board member
Employee Representative

Mikael Johansson
Board member
Employee Representative

Michael Lyngsie
Board Member
Employee Representative

Our Audit Report was submitted on 7 March 2023
Ernst & Young AB

Heléne Siberg Wendin
Authorised Public Accountant

# AUDITOR'S REPORT

## THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

To the general meeting of the shareholders of Scania AB (publ), corporate identity number 556184-8564

### Report on the annual accounts and consolidated accounts

**Opinions**

We have audited the annual accounts and consolidated accounts of Scania AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 55–132 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

**Basis for Opinions**

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Key Audit Matters**

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor´s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

# AUDITOR'S REPORT
Continued

## Key Audit Matters, the Group

### Revenue recognition for vehicles delivered with residual value commitment and allocation of revenue for service contracts

**Description of the matter**

Scania is a global group operating in several geographic markets and with multiple different customer offerings, which include sales with repurchase commitments as well as service contracts.

For vehicles that Scania deliver with repurchase commitments revenues are recognized as operational leasing over the contracted duration of the commitment since the control is assessed to remain with Scania. Assessments and estimates are required for Scania to determine the value of the repurchase commitment and thus also the revenue to be recognized over time.

For service and repair contracts, revenues are recognized as the work is performed, based on costs incurred in relation to total estimated costs. This requires management's assessment and estimate in terms of the time of completion and the total estimated cost.

Scania has in its accounting manual developed instructions and models for how revenues should be recognized over time and is followed by the whole group.

Disclosure of Accounting policies are set out in Note 1, Key judgements and estimates in Note 2, Other provisions in Note 17 and Accrued expenses and deferred income in Note 18.

Due to the need for significant estimates and assessments by the company to evaluate and account for repurchase commitments and service and repair contracts, we have assessed this as a Key Audit Matter in our audit.

**How this matter has been reflected in the audit**

In our audit, we have assessed the company's processes for revenue recognition. Furthermore, we have evaluated the accounting principles applied based on current accounting standards and reviewed whether the accounting policies have been applied consistently throughout the Group.

We have reviewed the company's material assumptions and assessments in the calculation models applied within the Group. Our work includes, but is not limited to, the following audit procedures:

- Tested the models for clerical accuracy and assessed the assumptions/estimates used to recognize revenues over time.
- Tested input data to the models against underlying contracts and tested the completeness of the models.
- Reconciliation of models to carrying amounts in the income statement and balance sheet.

We have also assessed the appropriateness of the disclosures made in the annual report.

# AUDITOR'S REPORT
Continued

**Other Information than the annual accounts and consolidated accounts**
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–54 and 137–174. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the Managing Director**
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

**Auditor´s responsibility**
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# AUDITOR'S REPORT
Continued

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Scania AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

## Auditor´s responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Göteborg, 7 March 2023
Ernst & Young AB

**Heléne Siberg Wendin**
Authorized Public Accountant

# KEY FINANCIAL RATIOS AND FIGURES

Scania presents certain performance measures that are used to explain relevant trends and performance of the Group and its segments, of which not all are defined under IFRS. As these performance measures are not uniformly defined by all companies, these are not always comparable with the measures used by other companies. These performance measures should therefore not be viewed as substitutes for IFRS-defined measures.

In addition to the disclosure of key performance indicators required by the application of financial reporting standards,The Scania Group publishes alternative key performance indicators that are not defined by any generally applicable standards. Scania calculates these figures by making certain adjustments to balance sheet or income statement items. This is based on the understanding that they convey relevant information about Scania's business and are designed to enable comparability of the Scania Group performance over time compared to our peer group.

Some ratios such as operating margin, capital turnover, return on capital employed and return on operating capital are also presented with an additional calculation "excluding items affecting comparability". These ratios are present with adjustments made in order to ensure transparency of our business performance. The adjustments concern certain items in the financial statements that, in the opinion of Scania, should be presented separately to enable a more appropriate assessment of the financial performance. The items include, one-time events with a material impact on the Scania Group's earnings. See definitions of key performance indicators on page 140 and Note 31 Items affecting comparability.

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Scania Group** | | | | | | | | | | |
| Operating margin, % [3] | 7.3 | 7.7 | 7.1 | 11.5 | 10.1 | 10.1 | 6.1 | 10.2 | 9.5 | 9.7 |
| – excl. items affecting comparability [2,3] | 9.4 | 11.3 | 7.1 | 11.5 | 10.1 | 10.1 | 9.7 | 10.2 | 9.5 | 9.7 |
| Equity/assets ratio, % | 27.4 | 26.5 | 26.1 | 25.5 | 27.1 | 28.3 | 26.0 | 26.8 | 31.4 | 31.2 |
| Net debt, excl. provisions for pensions, SEK m. [1,4] | 98,718 | 70,125 | 63,356 | 75,799 | 63,351 | 51,581 | 49,788 | 42,183 | 35,780 | 34,696 |
| Net debt/equity ratio [1,4] | 1.24 | 1.03 | 1.03 | 1.24 | 1.17 | 1.03 | 1.18 | 1.11 | 0.86 | 0.93 |
| **Vehicles and Services** | | | | | | | | | | |
| Operating margin, % [3] | 7.7 | 6.4 | 6.4 | 10.8 | 9.3 | 9.3 | 5.2 | 9.1 | 8.4 | 8.9 |
| – excl. items affecting comparability [2,3] | 8.5 | 10.1 | 6.4 | 10.8 | 9.3 | 9.3 | 8.8 | 9.1 | 8.4 | 8.9 |
| Capital turnover rate, times | 2.05 | 1.90 | 1.71 | 2.24 | 2.44 | 2.45 | 2.31 | 1.99 | 2.18 | 2.15 |
| – excl. items affecting comparability [2] | 1.97 | 1.80 | 1.62 | 2.11 | 2.28 | 2.28 | 2.21 | 1.99 | 2.18 | 2.15 |
| Return on capital employed, % [3] | 18.9 | 14.0 | 12.9 | 25.4 | 24.1 | 24.4 | 14.0 | 19.3 | 19.9 | 20.9 |
| – excl. items affecting comparability [2,3] | 19.8 | 19.9 | 12.2 | 24.0 | 22.6 | 22.7 | 21.4 | 19.3 | 19.9 | 20.9 |
| Return on operating capital, % [3] | 22.8 | 20.3 | 17.3 | 33.2 | 31.3 | 32.5 | 15.6 | 25.6 | 24.5 | 26.0 |
| – excl. items affecting comparability [2,3] | 23.8 | 29.2 | 16.0 | 30.8 | 28.6 | 29.3 | 25.2 | 25.6 | 24.5 | 26.0 |
| Net debt, excl. provisions for pensions, SEK m. [1,4] | –11,607 | –25,520 | –21,824 | –17,057 | –16,926 | –17,058 | –10,954 | –7,579 | –12,139 | –8,019 |
| Net debt/equity ratio [1,4] | –0.16 | –0.43 | –0.39 | –0.32 | –0.34 | –0.29 | –0.31 | –0.24 | –0.35 | –0.25 |
| **Financial Services** | | | | | | | | | | |
| Operating margin, % | –0.1 | 2.1 | 1.1 | 1.6 | 1.7 | 1.8 | 1.6 | 1.9 | 1.9 | 1.5 |
| – excl. items affecting comparability [2] | 1.9 | – | – | – | – | – | – | – | – | – |
| Equity/assets ratio, % | 12.9 | 10.7 | 9.7 | 9.4 | 8.9 | 9.0 | 9.0 | 9.8 | 11.5 | 10.4 |
| – excl. items affecting comparability [2] | 10.1 | – | – | – | – | – | – | – | – | – |

1 Net debt (+) and net cash position (–).
2 Adjusted for the provision for the EU Truck case and Russia entities impairment, see Note 31 Items affecting comparability.
3 2017 years figures have been adjusted as a result of the changes in income statement made in 2018.
4 2018 years figures have been adjusted as a result of the changes due to alignment with Volkswagen regarding presentation of cash flow 2019.

# KEY FINANCIAL RATIOS AND FIGURES

Continued

## Scania Group

| Net debt, excluding provision for pensions [4] | 2022 | 2021 |
|---|---|---|
| **Assets** | | |
| Current investments | 1,873 | 386 |
| Cash and cash equivalents | 22,489 | 29,262 |
| Borrowing Volkswagen Group | 11 | 2 |
| Accrued interest current investments | –8 | –14 |
| | **24,365** | **29,636** |
| **Liabilities** | | |
| Interest-bearing liabilities, non-current | 76,828 | 62,192 |
| Interest-bearing liabilities, current | 46,862 | 37,953 |
| Accrued interest, Interest-bearing liabilities | –607 | –383 |
| | **123,083** | **99,762** |
| **Net debt** | **98,718** | **70,125** |

## Vehicles and Services

| Net debt, excluding provision for pensions [4] | 2022 | 2021 |
|---|---|---|
| **Assets** | | |
| Current investments | 5,455 | 2,779 |
| Cash and cash equivalents | 17,891 | 28,280 |
| Accrued interest current investment | –8 | –13 |
| | 23,338 | 31,046 |
| **Liabilities** | | |
| Interest-bearing liabilities, non-current | 10,534 | 4,430 |
| Interest-bearing liabilities, current | 1,197 | 1,096 |
| | 11,731 | 5,526 |
| **Net debt** | **–11,607** | **–25,520** |

| Capital Employed [2] | 2022 | 2021 |
|---|---|---|
| Total assets | 167,670 | 158,862 |
| – other non-current provisions + current provisions [2] | 8,269 | 7,440 |
| – other liabilities | 76,783 | 72,052 |
| – net derivatives | –312 | 823 |
| **Capital Employed** | **82,930** | **78,546** |

| Operating Capital [2] | 2022 | 2021 |
|---|---|---|
| Total assets | 167,670 | 158,862 |
| Cash and Cash equivalents | 24,377 | 29,517 |
| Operating liabilities | | |
| – other non-current provisions + current provisions [2] | 8,269 | 7,440 |
| – other liabilities | 76,783 | 72,052 |
| – net derivatives | –312 | 823 |
| **Operating Capital [2]** | **58,553** | **49,030** |

| Return on Capital Employed [2] | 2022 | 2021 |
|---|---|---|
| Operating income [2] | 13,951 | 14,329 |
| Financial income | 2,445 | 1,305 |
| Capital employed [2] | 82,930 | 78,546 |
| **Return on Capital Employed [2]** | **19.8** | **19.9** |

| Capital turnover | 2022 | 2021 |
|---|---|---|
| Net sales | 163,260 | 141,305 |
| Capital employed [2] | 82,930 | 78,546 |
| **Capital turnover** | **1.97** | **1.80** |

# KEY FINANCIAL RATIOS AND FIGURES
Continued

## VEHICLES AND SERVICES, CONTINUED

| Return on operating capital [2] | 2022 | 2021 |
|---|---|---|
| Operating income [2] | 13,951 | 14,329 |
| Operating capital [2] | 58,553 | 49,030 |
| **Return on operating capital [2]** | **23.8** | **29.2** |

## Financial Services

| Operating margin | 2022 | 2021 |
|---|---|---|
| Operating income [2] | 2,197 | 2,194 |
| Average portfolio | 118,531 | 102,146 |
| **Operating margin** | **1.9%** | **2.1%** |

| Equity/asset ratio % | 2022 | 2021 |
|---|---|---|
| Equity [2] | 13,575 | 12,166 |
| Assets [2] | 134,747 | 114,231 |
| **Equity/asset ratio %** | **10.1%** | **10.7%** |

# DEFINITIONS

**Operating margin**
Operating income as a percentage of net sales.

**Net margin**
Net profit for the year as a percentage of net sales.

**Equity/assets ratio**
Total equity as a percentage of total assets on each respective balance sheet date.

**Net debt, net cash excluding provision for pensions**
Current and non-current interest borrowings (excluding pension liabilities) less cash and cash equivalents, current investments and non-current intra-group loans to Volkswagen entities.

**Net debt/equity ratio**
Net debt, net cash as a percentage of total equity.

**Capital employed**
Total assets minus operating liabilities. [1]

**Operating capital**
Total assets minus cash, cash equivalents and operating liabilities. [1]

**Capital turnover**
Net sales divided by capital employed. [1]

**Return on capital employed**
Operating income plus financial income as a percentage of capital employed. [1]

**Return on operating capital**
Operating income as a percentage of operating capital. [1]

**Operating margin, Financial Services**
Operating income as a percentage of average portfolio.

1 Calculations are based on average capital employed and operating capital for the 13 most recent months.

## Geographic areas

**Europe:** Albania, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Montenegro, The Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom.

**Eurasia**[1]**:** Georgia, Kazakhstan, Ukraine.

**Asia:** Bahrain, Bangladesh, Brunei, China, Hong Kong, India, Indonesia, Iran, Iraq, Israel, Japan, Jordan, Kuwait, Laos, Lebanon, Malaysia, Oman, Pakistan, Philippines, Qatar, Saudi Arabia, Singapore, South Korea, Sri Lanka, Syria, Taiwan, Thailand, Turkey, the United Arab Emirates, Vietnam, Yemen.

**America:** Argentina, Barbados, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Trinidad and Tobago, the United States, Uruguay, Venezuela.

**Africa and Oceania:** Algeria, Angola, Australia, Botswana, Burkina Faso, Egypt, Ethiopia, Ghana, Guinea, Ivory Coast, Kenya, Mali, Morocco, Mozambique, Namibia, New Caledonia, New Zealand, Nigeria, Senegal, South Africa, Sudan, Tanzania, Tunisia, Uganda, Zambia, Zimbabwe.

1 During 2022 Scania decided to dispose of its operations in Russia and Belarus.

# MULTI-YEAR STATISTICAL REVIEW

| SEK m. unless otherwise stated | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Delivery value by market area** | | | | | | | | | | |
| Europe | 99,724 | 88,313 | 80,349 | 105,404 | 91,583 | 78,869 | 73,363 | 65,100 | 53,211 | 46,712 |
| Eurasia | 3,276 | 9,840 | 6,671 | 8,162 | 9,003 | 7,081 | 3,291 | 2,623 | 5,319 | 6,047 |
| America [1] | 36,635 | 23,712 | 17,216 | 22,267 | 17,357 | 14,348 | 10,746 | 11,799 | 17,648 | 23,552 |
| Asia | 16,223 | 13,863 | 13,556 | 12,813 | 14,922 | 16,708 | 13,187 | 13,044 | 12,155 | 7,758 |
| Africa and Oceania | 12,822 | 10,921 | 8,451 | 10,872 | 9,854 | 8,927 | 8,358 | 7,991 | 6,952 | 5,925 |
| Adjustment for lease income [2] | 1,324 | –503 | –1,118 | –7,099 | –5,593 | –2,567 | –5,018 | –5,660 | –3,234 | –3,146 |
| **Total** | **170,004** | **146,145** | **125,125** | **152,419** | **137,126** | **123,366** | **103,927** | **94,897** | **92,051** | **86,847** |
| | | | | | | | | | | |
| **Operating income** | | | | | | | | | | |
| Vehicles and Services | 12,649 | 9,100 | 7,764 | 15,977 | 12,392 | 11,160 | 5,309 | 8,601 | 7,705 | 7,736 |
| – adjusted for items affecting comparability [3] | 13,951 | 14,329 | 7,764 | 15,977 | 12,392 | 11,160 | 9,109 | 8,601 | 7,705 | 7,736 |
| Financial Services | –97 | 2,194 | 1,123 | 1,511 | 1,440 | 1,274 | 1,015 | 1,040 | 1,016 | 719 |
| – adjusted for items affecting comparability [3] | 2,197 | 2,194 | 1,123 | 1,511 | 1,440 | 1,274 | 1,016 | 1,040 | 1,016 | 719 |
| **Total** | **12,375** | **11,294** | **8,887** | **17,488** | **13,832** | **12,434** | **6,324** | **9,641** | **8,721** | **8,455** |
| | | | | | | | | | | |
| **Operating margin, %** | | | | | | | | | | |
| Vehicles and Services | 7.7 | 6.4 | 6.4 | 10.8 | 9.3 | 9.3 | 5.2 | 9.1 | 8.4 | 8.9 |
| – adjusted for items affecting comparability [3] | 8.5 | 10.1 | 6.4 | 10.8 | 9.3 | 9.3 | 8.8 | 9.1 | 8.4 | 8.9 |
| **Total** [4] | **7.3** | **7.7** | **7.1** | **11.5** | **10.1** | **10.1** | **6.1** | **10.2** | **9.5** | **9.7** |
| Net financial items | 24 | –478 | –1,060 | –1,012 | –513 | –352 | –361 | –532 | –399 | –47 |
| Net income | 7,858 | 7,176 | 5,400 | 12,384 | 9,734 | 8,705 | 3,243 | 6,753 | 6,009 | 6,194 |
| – adjusted for items affecting comparability [3] | 11,021 | 12,655 | 5,400 | 12,384 | 9,734 | 8,705 | 7,043 | 6,753 | 6,009 | 6,194 |

| SEK m. unless otherwise stated | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Specification of research and development expenses** | | | | | | | | | | |
| Expenditures | –9,909 | –7,458 | –6,528 | –7,245 | –7,602 | –6,682 | –7,199 | –7,043 | –6,401 | –5,854 |
| Capitalisation | 2,314 | 1,986 | 1,624 | 1,788 | 1,996 | 1,367 | 1,682 | 1,863 | 1,454 | 1,123 |
| Amortisation | –1,204 | –939 | –744 | –706 | –728 | –454 | –387 | –393 | –357 | –293 |
| **Research and development expenses** | **–8,799** | **–6,411** | **–5,648** | **–6,162** | **–6,334** | **–5,769** | **–5,904** | **–5,573** | **–5,304** | **–5,024** |
| | | | | | | | | | | |
| Net investments through acquisitions/ divestments of businesses | 768 | 45 | 27 | 0 | –2 | 32 | 0 | 125 | 154 | 26 |
| Net investments in non-current assets | 8,280 | 8,664 | 8,131 | 7,518 | 7,139 | 5,905 | 7,864 | 7,612 | 5,561 | 5,294 |
| Portfolio, Financial Services operations | 128,202 | 108,583 | 95,433 | 103,781 | 89,166 | 77,028 | 67,935 | 56,486 | 55,556 | 48,863 |
| Cash flow, Vehicles and Services | –4,516 | 5.688 | 9,180 | 10,994 | 3,718 | 5,696 | 3,427 | 4,376 | 4,690 | 3,231 |
| Inventory turnover rate, times [5] | 5.5 | 5.9 | 5.0 | 5.2 | 5.2 | 5.4 | 5.4 | 5.3 | 5.4 | 5.8 |

1 Refers mainly to Latin America.
2 The adjustment amount consists of the difference between sales value based on delivery and revenue recognised as income. This difference arises when a lease or delivery is combined with a residual value guarantee or a repurchase obligation. Significant risks remain, therefore recognition is based on an operating lease contract. This means that recognition of revenue and earnings is allocated based on the term of the obligation. See also Note 3.
3 Adjusted for the provision of SEK 3,800 m. recognised in 2016 relating to the EU investigation, see Note 2.
4 Includes Financial Services.
5 Calculated as net sales divided by average inventory.

# MULTI-YEAR STATISTICAL REVIEW
Continued

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Number of vehicles produced** | | | | | | | | | | |
| Trucks | 82,827 | 89,528 | 67,106 | 89,276 | 92,679 | 87,454 | 75,452 | 72,382 | 75,287 | 75,957 |
| Buses | 5,315 | 3,190 | 5,430 | 7,719 | 8,696 | 8,327 | 8,488 | 6,964 | 6,921 | 6,897 |
| **Total** | **88,142** | **92,718** | **72,536** | **96,995** | **101,375** | **95,781** | **83,940** | **79,346** | **82,208** | **82,854** |
| **Number of trucks delivered by market area** | | | | | | | | | | |
| Europe | 43,294 | 42,365 | 36,747 | 58,851 | 52,016 | 48,436 | 49,102 | 43,082 | 34,008 | 32,625 |
| Eurasia | 1,410 | 7,724 | 5,148 | 5,763 | 8,006 | 6,748 | 3,233 | 2,583 | 5,964 | 6,260 |
| America | 21,092 | 21,201 | 12,173 | 14,905 | 12,725 | 9,701 | 7,022 | 8,118 | 16,150 | 23,756 |
| Asia | 9,333 | 9,649 | 9,072 | 7,703 | 10,464 | 13,175 | 9,287 | 11,514 | 12,889 | 7,400 |
| Africa and Oceania | 5,109 | 4,991 | 3,759 | 4,458 | 4,784 | 4,412 | 4,449 | 4,465 | 4,004 | 3,570 |
| **Total** | **80,238** | **85,930** | **66,899** | **91,680** | **87,995** | **82,472** | **73,093** | **69,762** | **73,015** | **73,611** |
| **Number of buses and coaches delivered by market area** | | | | | | | | | | |
| Europe | 1,344 | 1,606 | 1,827 | 2,099 | 2,212 | 2,009 | 2,094 | 1,917 | 1,361 | 1,000 |
| Eurasia | 6 | 40 | 84 | 109 | 344 | 365 | 62 | 94 | 105 | 850 |
| America [6] | 2,328 | 1,526 | 2,182 | 3,422 | 2,805 | 2,302 | 2,350 | 2,123 | 2,542 | 2,778 |
| Asia | 526 | 350 | 582 | 1,062 | 2,058 | 2,821 | 2,568 | 1,806 | 1,620 | 1,388 |
| Africa and Oceania | 790 | 914 | 511 | 1,085 | 1,063 | 808 | 1,179 | 859 | 1,139 | 837 |
| **Total** | **4,994** | **4,436** | **5,186** | **7,777** | **8,482** | **8,305** | **8,253** | **6,799** | **6,767** | **6,853** |
| **Total number of vehicles delivered** | **85,232** | **90,366** | **72,085** | **99,457** | **96,477** | **90,777** | **81,346** | **76,561** | **79,782** | **80,464** |

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Number of industrial and marine engines delivered by market area** | | | | | | | | | | |
| Europe | 6,305 | 4,846 | 3,807 | 4,150 | 5,968 | 3,938 | 3,272 | 2,664 | 2,823 | 2,719 |
| America | 3,788 | 2,719 | 2,439 | 2,874 | 2,667 | 1,368 | 1,727 | 3,180 | 3,176 | 2,925 |
| Other markets | 3,307 | 4,221 | 4,745 | 3,128 | 4,174 | 3,215 | 2,801 | 2,641 | 2,288 | 1,139 |
| **Total** | **13,400** | **11,786** | **10,991** | **10,152** | **12,809** | **8,521** | **7,800** | **8,485** | **8,287** | **6,783** |
| **Total market for heavy trucks and buses, units** | | | | | | | | | | |
| Europe (EU28) [7] | | | | | | | | | | |
| Trucks | 296,671 | 246,829 | 231,742 | 323,357 | 322,276 | 303,909 | 302,527 | 265,769 | 223,187 | 237,325 |
| Buses | 26,382 | 27,283 | 26,311 | 34,393 | 30,632 | 29,728 | 29,141 | 27,928 | 24,815 | 22,962 |
| **Number of employees December 31** [8] | | | | | | | | | | |
| Production and corporate units | 30,179 | 28,340 | 25,825 | 25,224 | 25,941 | 24,298 | 21,736 | 20,453 | 19,304 | 19,069 |
| Research and development | 5,857 | 5,249 | 4,229 | 4,651 | 4,203 | 3,908 | 3,900 | 3,801 | 3,671 | 3,596 |
| Sales and service companies | 19,648 | 19,205 | 18,896 | 20,345 | 20,966 | 20,166 | 19,718 | 19,331 | 18,395 | 17,549 |
| **Total Vehicles and Services** | **55,684** | **52,794** | **48,950** | **50,220** | **51,110** | **48,372** | **45,354** | **43,585** | **41,370** | **40,214** |
| **Financial Services companies** | **1,243** | **1,206** | **1,061** | **1,058** | **993** | **891** | **889** | **824** | **759** | **739** |
| **Total** | **56,927** | **54,000** | **50,011** | **51,278** | **52,103** | **49,263** | **46,243** | **44,409** | **42,129** | **40,953** |

6 Refers to Latin America.
7 27 of the European Union member countries (all EU countries except Malta plus Norway and Switzerland).
8 Including employees with temporary contracts and employees on hire.

In this section



# SUSTAINABILITY REPORT

# SUSTAINABILITY MANAGEMENT AND KPIs

**At Scania, there is no separate strategy for sustainability. Instead, sustainability is at the core of our business strategy aiming to align our targets and activities with sustainable development. Scania's overarching purpose is to drive the shift towards a sustainable transport system. To achieve this goal, Scania must both do the right things in terms of solutions for sustainable transport but also do things in the right way and act as a responsible business – environmentally, socially and ethically.**

**18**
**Sustainability KPIs**

Scania's corporate focus areas for sustainability in the coming decade are defined by our social and environmental impact and in dialogue with our stakeholders. Established in 2016, Scania Sustainability Board is Scania's forum for cross functional coordination of sustainability, bringing together all parts of the company. It plays a key role to track progress, follow up and act on deviations as part of the business strategy through four identified roadmaps: internal and supply chain decarbonisation, sustainable transport, people sustainability and circular business. We measure and follow up on our sustainability performance in relation to set targets. To track our performance, we have developed 18 sustainability indicators linked to our most material areas with connection to impact, risk and the life cycle of our products. The indicators included in this section therefore do not cover all external available Scania sustainability and ESG data. The section is complemented with a table of additional ESG disclosures including absolute numbers (read more on pages 156–157). On our webpage we also publish a complete scope reporting of green house gas emissions including all categories related to scope 3.

Risks and opportunities within sustainability are managed and integrated in Scania's ordinary risk process and in some cases supported by separated specific processes for example within purchasing.

Documents and policies related to sustainability is available externally on Scanias website. Corporate governance board reports directly to the executive board and approves all Scania policies (read more on page 46).

During 2020 Scania set science-based targets related to decarbonisation. The science-based targets are part of our corporate targets, and will impact on investment decisions across our business areas, from production and logistics to product development and sales priorities. During 2022 Scania set supply chain decarbonisation targets for 2030 for our European Production (read more on page 29).

Scania's ambition is to always measure the impact from our global operation with a life cycle perspective, including the impact of our products and the impact of our actions across the value chain. This means that we continuously assess and develop what we measure and how we measure. With this ambition, availability and quality of data can be challenging. Where the scope is limited we aim to expand the collection as the data quality improves. Scope for each KPI indicator is stated in Definitions. Definitions for the complementing ESG table (read more on pages 155–157) is stated in Reporting principles (read more on pages 158–159). Performance against all targets is monitored and followed up by Scania management regularly.

# SUSTAINABILITY MANAGEMENT AND KPIs
Continued

## Science-based target – use phase

Today more than 90 percent of the carbon emissions from our business is generated when our products are in use (scope 3 category 11). We are aiming to reach the science-based target for our products by:

- Improving the efficiency of our traditional products and services.
- Shifting to renewable sources of fuel for combustion engines.
- Increasing the share of electrified vehicles, while ensuring that the electricity used comes from renewable sources.

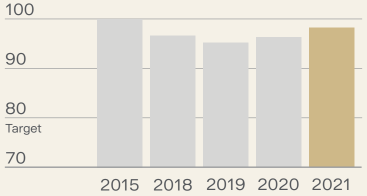
We are closely following up on the impact from the use phase including actions taken that is contributing to the journey. Scania measures the well-to-wheel emissions from fuel consumption during the use of its products, taking into account the emissions generated in the production of the fuel or electricity.

The graph shows the journey towards the target of 20 percent $CO_2$ reduction from products during the use phase. Starting on 100 percent in 2015, we are aiming to reach 80 percent by 2025 at the latest.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

### $CO_2e$ emissions from product use (Science-based target)[1]
%

**97.9**




| | % |
|---|---|
| **2021** | **97.9** |
| 2020 | 96.3 |
| 2019 | 95.2 |
| 2018 | 96.6 |
| 2015 | 100.0 |

On a global scale, a changed sales mix again led to a slight increase in emissions year-on-year. At a regional and segment level, our emissions remained stable. From next reporting year several factors will enable us to accelerate reductions. These include increasing volumes of battery electric vehicles, increased share of renewable fuels in our customers vehicles, further penetration of the Super powertrain with improved powertrain efficiency and more focus on energy efficiency-related services. Together these factors will enable an acceleration of $CO_2$ reductions. Currently we are on 97.9 percent, a reduction of just above 2 percent since 2015.

**20%**

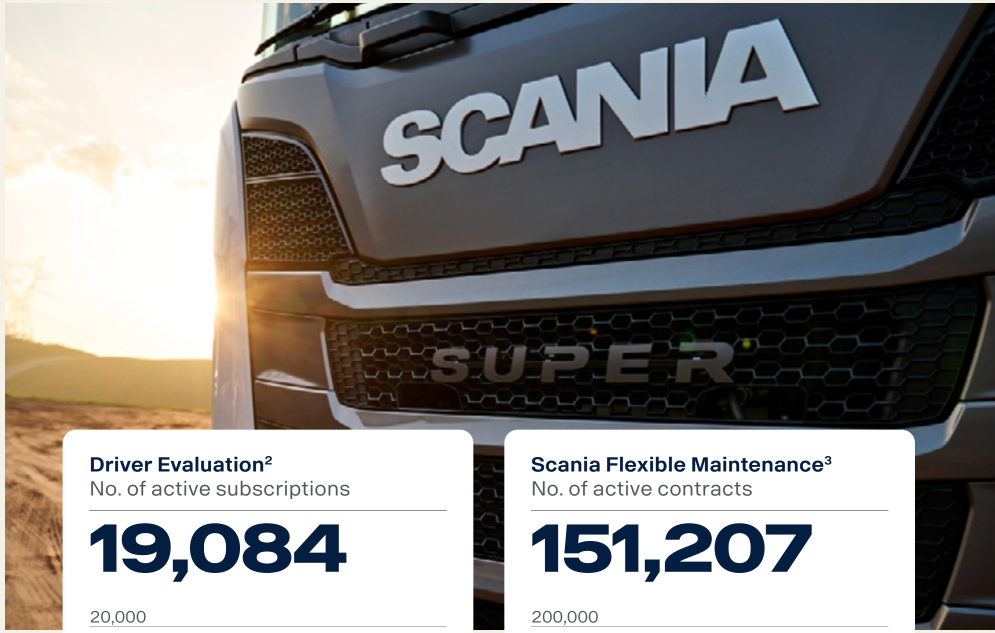
**$CO_2$ reduction 2015–2025 ($CO_2e$/km) WtW**

## Energy efficiency

Energy efficiency is a core priority for Scania, regardless of fuel type or energy source. Fuel consumption is an important factor for customers buying a truck or a bus today. Improving energy efficiency plays an important role in helping us reach our science-based target.

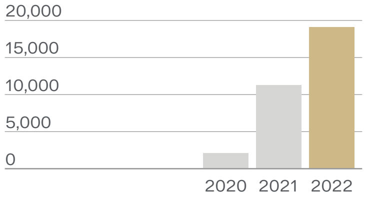
In 2021 we released a new powertrain (Super), with at least eight percent fuel reduction, a huge milestone in here and now reductions.

Driver performance has a major impact on fuel consumption and therefore on emission levels. We work relentlessly to improve the efficiency of our vehicles and to increase the sales of our related services such as driver evaluation, resulting in emission reduction and safer driving. As we grow the number of Scania Flexible Maintenance contracts, resource efficiency at our workshops is improved and our customers experience fewer standstills. With our concept Scania ProCare, a maintenance service using real-time data to predict and prevent breakdowns before they happen. We are taking the next step in increasing uptime for our customers, by improving service plannability and predictivity of their vehicles.




### Driver Evaluation[2]
No. of active subscriptions

**19,084**

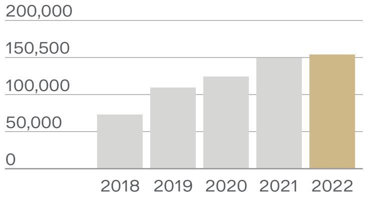



| | No. of subscriptions |
|---|---|
| **2022** | **19,084** |
| 2021 | 11,274 |
| 2020 | 2,074 |

Since the launch in 2020, the numbers have gone up dramatically and at the end of 2022 Scania landed on 19,084 active subscriptions. The Driver Evaluation service makes hauliers aware of their drivers' behaviours and supplies suggestions on improvement. The drivers can follow their performance in a mobile app.

### Scania Flexible Maintenance[3]
No. of active contracts

**151,207**




| | No. of active contracts |
|---|---|
| **2022** | **151,207** |
| 2021 | 146,189 |
| 2020 | 124,240 |
| 2019 | 106,322 |
| 2018 | 70,622 |

In 2022 we continued to grow our Scania Flexible Maintenance contracts, which support customers with service adapted to their vehicle and operations.

**Definitions:**
1. Climate emissions indicator, scope 3 category 11 use of sold products, for all trucks and buses produced by Scania globally in a calendar year, calculated in a well-to-wheel perspective as $CO_2e$/vehicle-km (intensity target). Input data is $CO_2e$/km from operative months within 12 months and starting after the month of production, causing reporting to lag one year. For absolute numbers see page 156.
2. Number of active subscriptions of Driver evaluation among Scania vehicles. Data is collected from DSI Dashboard Monthly Aggregated Tables and includes all markets.
3. Number of active contracts of Scania flexible maintenance, data from 59 markets. Real time data is collected from Fleet management database.

# SUSTAINABILITY MANAGEMENT AND KPIs
Continued

## Renewable fuels and electrification

Increasing the use of renewable fuels and sales of electrified vehicles will play a key role in achieving our science-based targets. In order to decrease the use of fossil fuels, renewable fuels must become more available. Scania offers the broadest range of renewable or alternative fuel solutions on the market. All Scania diesel vehicles can be fuelled with HVO Renewable diesel, without any modifications or limitations. The supply of biomethane – purified biogas is one of the major opportunities for the transport industry. Although both production and distribution networks are growing, natural gas will continue to contribute to the transition. We will help to accelerate the transition by working closely with partners in the transport ecosystem, including customers, transport buyers, infrastructure providers, fuel providers and decision makers such as regulators and policy makers. Electrification of the transport sector is growing fast. As of today, Scania's electric solutions include hybrid buses and trucks as well as battery powered electric trucks and buses. The portfolio as well as the share of sales is set to grow in the coming years. Scania is committed to introduce a broader offer of electrified vehicles every year this decade. We expect our electric solutions to make up 50 percent of our annual total vehicle sales volume by 2030.

### Sales of alternative fuels and electrified vehicles[4]

— No. of vehicles | %

**7,157** **8.3**

| | — No. of vehicles | Share % |
|---|---|---|
| **2022** | **7,157** | **8.3** |
| 2021 | 6,615 | 7.2 |
| 2020 | 6,280 | 8.8 |
| 2019 | 6,637 | 6.6 |
| 2018 | 4,319 | 4.3 |

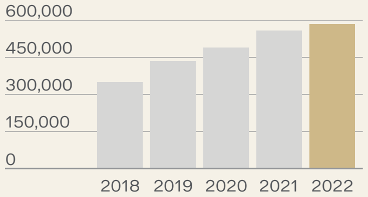
In 2022, we saw increases in BEV deliveries and steady sales for other options. Despite uncertainty in the natural gas market, sales of gas vehicles only decreased slightly. Focus on biomethane partnerships allowed many customers to avoid some exposure to price volatility of energy. Share of sales landed on 8.3 percent.

## Smart and safe transport

Digital technologies are key to making transport smarter, safer and more efficient. Since 2011, all Scania vehicles are equipped with the Scania Communicator as standard. The Communicator collects and analyses data in order for us to provide our customers, and in turn their customers, with insights on how to improve efficiency in the transport value chain. Connected vehicles are a prerequisite for us to be able to measure our user phase $CO_2$ impact, develop related services and to be able to understand the true impact of our actions which helps us in decision-making.

### Connected Products[5]
No. of units

**575,509**




| | No. of vehicles |
|---|---|
| **2022** | **575,509** |
| 2021 | 559,051 |
| 2020 | 489,113 |
| 2019 | 434,117 |
| 2018 | 349,396 |

The lower pace of growth in 2022 compared to previous years, refers to the disconnection of vehicles in Russia.

**Definitions:**
4. Number of invoiced products (from sales and marketing, trucks and buses) with gas, ethanol (ED95), FAME "With" (4275A), battery electric vehicles, fuel cell and hybrids. Update and correction applied also to earlier years where data for FAME was flawed.
5. Number of connected Scania products (accumulated). Data is collected from DSI dashboard Monthly Aggregated Tables. Connected trucks and buses are included and in the no. for 2022 connected engines as well.

# SUSTAINABILITY MANAGEMENT AND KPIs
Continued

## Environmental footprint

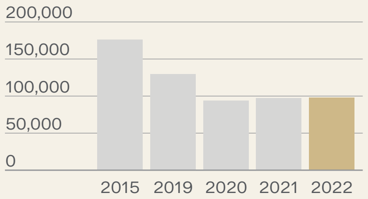
To proactively reducing the environmental footprint from the whole value chain by working actively with emission reduction, resource use and energy efficiency is central to Scania's daily operations. Scania's own environmental impact stems from our production processes, our global workshop facilities and our offices. However we also have an indirect environmental impact stemming from the materials that we source to build our products and the logistics required to be a manufacturer.

One part of Scania's strategic sustainability work is within the area of "internal footprint and supply chain decarbonisation", where we have a focus on reducing Scope 1 and 2 emissions in accordance with the Greenhouse Gas Protocol. During 2022 a pre-study to understand internal carbon pricing was conducted and Scania will pilot a shadow price for investments within scope 1 and 2 during 2023. Additional to this, to ensure further integration of sustainability in processes and decision making the Science-based target within scope 1 and 2 is from 2022 a part of the incentive programme for management which covers senior executives and key position holders.

There is also an active work within decarbonisation of our supply chain (category within scope 3) focusing on the materials with greatest impact as well as continuously improving the emission from our own logistics. The progress and deviations within the roadmap is continuously followed up and coordinated in the Scania Sustainability Board.

### $CO_2e$ from operations (Science-based target)[6]
Tonne $CO_2e$

**97,420**




| | Tonne $CO_2e$ |
|---|---|
| **2022** | **97,420** |
| 2021 | 96,448 |
| 2020 | 93,070 |
| 2019 | 128,597 |
| 2015 | 175,378 |

The rise in emissions during 2021 and 2022 is related to our operations returning to a more normal level of activity post-Covid-19. Despite this increase, emissions have fallen by 44 percent since 2015. By following our decarbonisation roadmap, Scania still sees a clear path towards reaching our targets for 2025. Important steps towards this goal will be growing the number of electrified vehicles in the company fleet, as well as switching to renewable fuels and fossil free electricity in our operations globally.

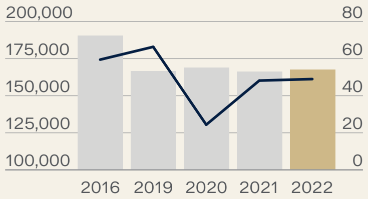
**50%**

**$CO_2$ reduction 2015–2025 ($CO_2e$)**

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

### $CO_2e$ emissions from land transport[7]
— Total tonnes $CO_2e$ | kg $CO_2e$/transported tonne

**161,209** **54**




| | — Total tonnes $CO_2e$ | kg $CO_2e$/ transported tonne |
|---|---|---|
| **2022** | **161,209** | **54** |
| 2021 | 159,938 | 53 |
| 2020 | 130,301 | 55 |
| 2019 | 183,021 | 53 |
| 2016 | 174,366 | 72 |

Emissions per transported tonne (part of scope 3) has decreased by 25 percent compared to 2016. A slight increase compared to previous year is seen, explained by lower fill rate and increased distance due to supply chain disturbances and production allocation. In 2022, land transports stood for 56 percent of the total transport emissions. In the coming years, land transport contracts for Central Europe will be renegotiated and the aim is to do a similar journey as for the Nordic/Baltic (read more on page 29).

**50%**

**reduction in $CO_2$ emissions between 2016 and 2025 ($CO_2e$)**


**Definitions:**

6. Absolute Scope 1 and 2 greenhouse gas (GHG) emissions are disclosed in accordance with the principles in the GHG Protocol. Due to delays in collection, parts of data are estimated (read more on page 158). Covers Scania's global operations including industrial operations as well as commercial operations.
7. Part of Scope 3 GHG emissions. Total emissions of WTW $CO_2$ equivalents in kg from Scania's land transport per transported tonne. Included transport are road, short sea and train transport of production material to our factories, our packaging network, transport of vehicles to the first address according to INCOTERM (International commercial terms) and transport of spare parts to our workshops.

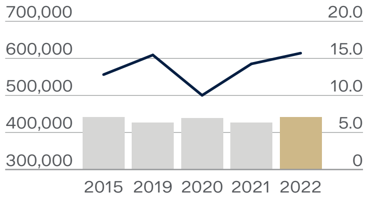
# SUSTAINABILITY MANAGEMENT AND KPIs

Continued

### Energy consumption[8]

— Total MWh    MWh/Vehicle

**614,928    7.0**




| | — Total MWh | MWh/Vehicle |
|---|---|---|
| **2022** | **614,928** | **7.0** |
| 2021 | 585,385 | 6.3 |
| 2020 | 500,667 | 6.9 |
| 2019 | 609,927 | 6.3 |
| 2015 | 556,323 | 7.0 |

There is a temporary increase in use of energy due to start of production in a new foundry while still operating the old foundry during a transition period (2022–2023). A significant reduction is expected after decommissioning of the old foundry.

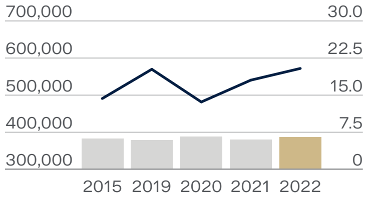
**25%**

**less energy per produced vehicle 2015–2025.**

### Water usage[9]

— Total m³    m³ per vehicle

**571,687    6.5**




| | — Total m³ | m³ per vehicle |
|---|---|---|
| **2022** | **571,687** | **6.5** |
| 2021 | 540,231 | 5.8 |
| 2020 | 481,551 | 6.6 |
| 2019 | 569,434 | 5.9 |
| 2015 | 490,812 | 6.2 |

Use of water per produced vehicle increased to a level of 6.5 cubic metres. The increased water volume is mainly related to a few significant water leakages on two production sites. During 2023 focus is to get back on track and initiate further actions towards water reduction.

**40%**

**reduction of water use per produced vehicle 2015–2025.**

## Environmental footprint

Continued

Scania's environmental management system builds on ISO 14001 and is regulated in a global environmental policy. The purpose of the policy is to ensure that Scania operates according to the highest global standard in all relevant environmental areas and lies the foundation for the environmental work. Our product development and all our production sites are certified according to ISO 14001. All production sites have permits that comply with national legislation. In addition to legal requirements and the conditions included in these permits, operations may also be subject to local requirements and rules. Our efforts are based on the precautionary principle and take a life cycle perspective. Our core value "elimination of waste" guides us in our work to continuously improve our processes in areas such as $CO_2$ emissions, energy, waste and water. The environmental work is integrated into daily operations through continues improvements with risk assessment in focus. We have set one strong $CO_2$ reduction target that apply to the whole company, approved by the Science Based Targets initiative. By 2025, Scania aims to achieve a 50 percent $CO_2$ reduction in both our industrial and commercial operations compared to 2015. This is complemented with $CO_2$ reduction targets related to our logistics, energy and water use as well as the amount of fossil-free electricity in our operations. Scania is also working on decarbonisation roadmaps for the impacts stemming from our most emitting material and components. During 2022 Scania set new ambitious targets for the European sourcing of steel, aluminium, batteries and iron that should be 100 percent green until 2030 (read more on page 29). All environmental indicators are closely followed up by Scania management.

**Definitions:**

8. Covers the use of electricity, heat and fuels in stationary systems at Scania premises including fuel consumed for engine testing. Energy used in vehicles is not included except for electric vehicles charged at Scania premises. Scope is production units and logistic centers globally.
9. Total amount of freshwater used divided with the number of produced vehicles. Scope is production units and logistic centers globally.

# SUSTAINABILITY MANAGEMENT AND KPIs

Continued

## Environmental footprint

Continued

To support the role out of the environmental policy and the employees in their work Scania has identified principles for environment within the areas of energy, waste, chemicals, water and emissions that guides on how to manage different challenges. The principles clarifies the background, ambition and how to act to take responsibility and reduce the environmental footprint for each area. During 2021 Scania released a new basic environmental e-learning course. It is translated into 29 languages and mandatory for all employees globally. During 2022 36,543 employees participated in the course. The training also includes a more comprehensive manager training which were completed by 1,178 managers during 2022.

Scania uses an internal audit programme to continuously evaluate our processes, methods and performance including management reviews to evaluate the environmental management system where data is excluded.

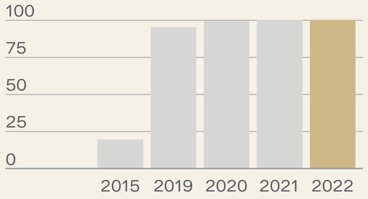
During 2022 several actions have been initiated to further contribute to the achievement of our targets. One example that will decrease emissions from our plant in Brazil in the coming years is the partnership with Brazilian bioenergy company Raízen to enable the supply of biomethane for use in industrial operations in São Paulo. From 2024 Raízen will supply Scania with biomethane derived from organic waste from local sugarcane crops. This will cover one hundred percent of the plant's fuel consumption needs and contribute significantly to the plant as well as Scania´s global carbon reduction targets.

During 2022, no accidents occurred that caused significant environmental impact or led to major clean-up expenses.

### Fossil-free electricity[10]

% of total MWh

**99.96**




| | % of total MWh |
|---|---|
| **2022** | **99.96** |
| 2021 | 99.96 |
| 2020 | 99.74 |
| 2019 | 95.53 |
| 2015 | 19.33 |

During 2022 Scania's facilities ended up on 99,96% percent fossil-free electricity. Scania will continuously follow the level of fossil-free electricity and always aim for the 100 percent target.

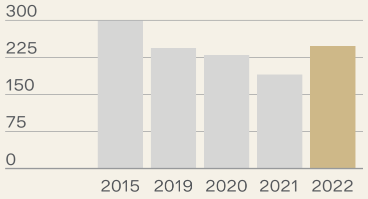
**100%**

**of our operations run on fossil-free electricity where the necessary prerequisites are in place.**

### Waste material that is not recycled[11]

Kg/Vehicle

**248**




| | Kg/Vehicle |
|---|---|
| **2022** | **248** |
| 2021 | 190 |
| 2020 | 229 |
| 2019 | 244 |
| 2015 | 299 |

The amount of waste not recycled have increased during 2022. This is mainly related to activities during the start-up period for production in the new foundry while still operating the old foundry during a transition period (2022–2023). During 2023 focus is to get back on track and initiate further actions towards the target.

**50%**

**reduction of waste not recycled per produced vehicle 2015–2025.**


**Definitions:**

10. Fossil-free electricity purchased and internally generated. Share of GWh for Scania CV's production units and regional product centers.
11. Sum of waste sent for energy recovery and waste sent for landfill divided by the total number of units produced. Scope is industrial operation. (Industrial operation sites located in Luleå, Södertälje, Oskarshamn, Słupsk, Angers, Zwolle, Meppel, São Bernardo, Tucumán, Taipei, Kuala Lumpur, Bangalore and Johannesburg).

# SUSTAINABILITY MANAGEMENT AND KPIs
Continued

## People sustainability

People Sustainability is a key priority in our sustainability focus and strategic development in the area is managed by a cross-functional working process. The work is developed in close partnership within the VW Group and TRATON GROUP and with external experts.

The People Sustainability Roadmap covers the prioritised areas where Scania impacts people across the life cycle, including Sustainable Transport (in line with the Agenda 2030) and Human Rights management.

Scania is committed to respect human rights in our operations and in our value chain in line with the UN's Guiding Principles on Business and Human Rights. Scania's Human Rights Policy is complemented by related policies such as the Employment policy.

Scania has identified its Salient Human Rights Issues, the areas where we need to focus, based on impact and risk. These includes issues that have been core to Scania's operations for decades, such as a commitment to safety and health and high standards for rights at work, social dialogue and diversity and inclusion. Scania addresses the salient issues either through topic specific efforts regarding, for example, occupational health and safety and a strategic approach to Road Safety or management systems with the purpose of managing human rights risk.

## Human rights management

Respect for human rights guides Scania's action across the value chain, contributing to an inclusive and sustainable transport system.

Building on the rapid developments in expectations and legislation in the human rights area, during 2022 Scania conducted a cross-functional assessment of the salient issues as well as a management review on the readiness in Scania's way of working to meet these standards.

With basis in the review, the salient issues have been updated and mapped across the Scania value chain, and Scania has created a new framework for tracking progress and deviations in the human rights area, as well as a roadmap for the work moving forward. The framework is organised around three pillars,

**Commit** – with clear actions planned to improve policies and guidelines, and developments of targets for training of prioritised staff groups (such as compliance officers and management in high risk markets).

**Know** – making sure that human rights is integrated into decision-making processes, such as the Scania corporate risk process which is an ongoing work.

**Show** – improving Scania's ability for grievance and remediation as well as in communication, with the aim to increase transparency regarding human rights related information and data.

With the German Supply Chain Act implemented in 2023, Volkswagen and TRATON are also active in building up a risk-based approach to human rights, and in the work described above lies opportunities for synergies and joint approaches within the Group. Scania is taking part in the work in the Group and has for 2022 published the TRATON Human Rights Statement.

Several of Scania's salient human rights issues relate to Scania's responsibility as an employer. Scania has a solid ground and experience to stand on within these areas, but has also identified improvement needs with regards to visibility and alignment of approaches at the global level.

In the area of working conditions, Scania has a global Group policy that regulates minimum standards such as working hours, weekly rest periods, vacation and sick leave for employees. The policy also contains requirements for recruitment and termination of employment. During 2021, Scania developed a human rights e-learning course that is available for all Scania employees. The e-learning focuses on education within the concept of human rights, as well as Scania's impacts and responsibilities in the area.

### Salient issues at Scania

| Categories | Salient issues |
|---|---|
| Safety | Road safety |
| | Occupational safety and health |
| Decent work | Working conditions: working hours, wages and benefits |
| | Child labor and juvenile work |
| | Forced labor and modern slavery |
| Integrity & Voice | Social dialogue: freedom of association and collective bargaining |
| | Ethical data use: application of AI and technology |
| | Grievance mechanism and access to remedy |
| Diversity & Inclusion | Just transition |
| | Discrimination, harassment and equal Opportunities |
| Responsible presence | Conflict-affected and high-risk areas |
| | Community impacts |
| Climate Change and Environment | Climate change and environmental impact |

# SUSTAINABILITY MANAGEMENT AND KPIs
Continued

## Supply chain sustainability

Transparency is key to managing our supply chain impacts. To identify and address sustainability risks in our supply chain effectively, we need to know where the materials we use in our production processes come from. Scania has a large and complex supply chain consisting of more than 10,000 suppliers in more than 100 countries worldwide. Working with our partners in the Volkswagen Group, we have developed a group-wide approach that increases our leverage and ensures greater transparency on existing challenges. We also work together with others to improve traceability and transparency within the complete automotive value chain, both as part of the Volkswagen Group and TRATON Group, as well as with other stakeholders, for example the drive sustainability network.

All suppliers working with Scania must meet minimum sustainability requirements based on compliance with our Supplier Code of Conduct and all relevant local regulations (the stricter rules apply in every case). The Supplier Code of Conduct covers areas such as human and labour rights, health and safety, environment and anti corruption. Through our S-Rating system, all our suppliers are rated from A to C for sustainability performance and compliance based on self-assessment questionnaires, country risk profiles and independent audits. We aim for most of our suppliers to be A rated, and to have no C rated suppliers. Suppliers with a B rating receive follow up audits and other checks. New suppliers with a C rating can not be a supplier for Scania and existing suppliers cannot be nominated.

Within the Volkswagen Group, we have created a raw material due diligence management system. The approach is based on OECD guidance for due diligence processes and consist of management systems, risk identification, monitoring, risk management as well as communication. The work is based on a heat map of the materials we use in our production based on their sustainability risk. The map identifies 16 critical materials that we consider high-risk. These include conflict minerals, as well as carbon-intensive materials such as steel.

Partnerships with NGOs, certification initiatives and other organisations play a vital role in improving the transparency and sustainability of materials in our supply chain. One of the partnerships through Volkswagen Group include the Initiative for Responsible Mining Assurance (IRMA), who carry out mine audits to certify compliance with human rights standards.

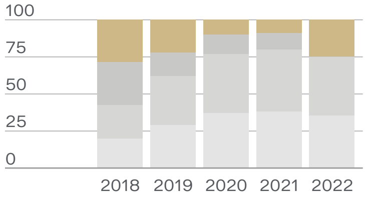
Through the Volkswagen Group, we also partnered with the Global Platform for Sustainable Natural Rubber in 2022. Rubber is a key material in our tyres, but its sourcing has been linked to human rights abuses such as child labour. Through the partnership we are improving traceability and sustainability of rubber in the automotive supply chain, ensuring that our tyre suppliers use rubber from certified sources.

Bauxit mining for producing Aluminium is associated with human rights violations, and often has an adverse impact on indigenous communities. Through our partnership with the Aluminium Stewardship Initiative, we are able to trace where our suppliers source aluminium, and whether mining is carried out sustainably.

Mica is a key ingredient in vehicle paint, and the extraction of mica is a manual process that has been linked with child labour. We have joined the Responsible Mica Initiative to promote transparency in the mica supply chain and ensure our paint suppliers source mica responsibly.

→ **Read more on our decarbonisation efforts within the supply chain on page 29**

### Sustainability risk assessed suppliers[12]
%




| % | A | B | C | N/A |
|---|---|---|---|---|
| **2022** | **35.4** | **39.7** | **0.1** | **24.7** |
| 2021 | 38.0 | 42.0 | 11.0 | 9.0 |
| 2020 | 37.0 | 40.0 | 13.0 | 10.0 |
| 2019 | 29.0 | 33.0 | 16.0 | 22.0 |
| 2018 | 20.0 | 23.0 | 29.0 | 29.0 |

During 2022, Scania managed to reduce the number of C-rated suppliers thereby increasing the supplier's overall sustainability rating despite introducing stricter requirements. Suppliers of both parts and services (existing and new) were assessed. Broader more strict definition and scope of not assessed suppliers resulted in an increase of the numbers for that category 2022.

**65%** suppliers in highest rating category (A) by 2025.

**0%** suppliers in lowest rating category (C) by 2025.

**Definition:**
12. The sustainability rating includes country risk data, the audit scores together with the SAQ (self-assessment-questionnaire). Scope consists of all new and existing suppliers from both parts and services in Europe and Brazil, covering 73% of suppliers. The N/A category consist of suppliers that has not yet been assessed or suppliers with an uncompleted SAQ.

# SUSTAINABILITY MANAGEMENT AND KPIs
Continued

## Social dialogue

We believe that good relations and social dialogue improve the work environment as well as company performance. Social Dialogue is in particular a key enabler in achieving a Just Transition in line with the Paris Agreement, and a very important enabler in the transformation that Scania is currently in the midst of as a company. Both Social Dialogue and Just Transition are identified as salient human rights issues at Scania.

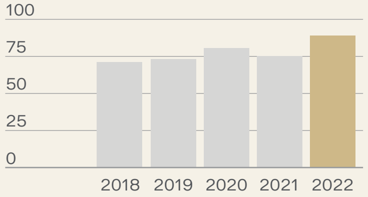
Scania European Committee is our highest labour relations forum, where we continuously inform and consult with our employee representatives globally. The involvement of employee representatives traditionally plays an important role in the Group subsidiaries. Scania has a European works council extended to include representatives from outside the EU, the SEC (Scania European Committee), which is also equipped with comprehensive participation rights.

Social Dialogue is a salient human rights issue for Scania, and something that constitutes a challenge in several markets at the global level in all parts of the value chain. In order to approach this on a more systematic level, Scania has been part of the creation and launch of the Global Deal, a high-level partnership with countries, organisations and businesses, working towards achieving Agenda 2030 with a focus on decent work and reduced inequalities.

Based on the Scania global principles for labour relations, a Labour Relations Improvement Program, a workshop centred tool for improved dialogue between management and employee representatives, has been developed together with employee representatives. It is available to the organisation and how it should be rolled out during the coming year is currently the subject of a project reviewing improvement potential in labour relations more broadly.

### Collective bargaining agreements[13]
%

**89**




| | % |
|---|---|
| **2022** | **89** |
| 2021 | 75 |
| 2020 | 80 |
| 2019 | 73 |
| 2018 | 71 |

The percentage of employees covered by collective bargaining agreements have increased to a level of 89 percent based on information from 45,906 Scania employees.

**100%**

**of our employees should have the possibility to form collective bargaining agreements or in other ways engage in constructive dialogue.**

**Definition:**
**13.** Percentage of Scania employees covered by central or local collective bargaining agreement. The figure for 2022 covers 86 percent of Scania employees. We are currently not able to cover 100 percent due to data availability.

# SUSTAINABILITY MANAGEMENT AND KPIs
Continued

## Diversity and inclusion

### Skill Capture – Scania's way of working with Diversity and Inclusion

Fostering a diverse workforce is critical to our success. The right mix of skills and perspectives, in combination with a working environment built on trust and inclusion, is a prerequisite for Scania to drive the shift towards a sustainable transport system. Skill Capture programme is the response to the challenges that are accompanying the transition to a more sustainable transportation industry.

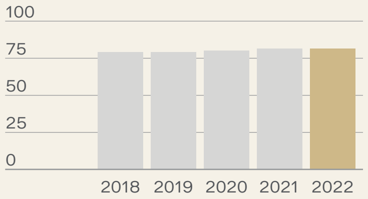
Our Skill Capture programme is designed to broaden the scope of diversity, taking into account all aspects of diversity including gender and cultural diversity as well as personality and experience. The programme also aims to improve our inclusiveness. It involves all levels of the organisation and covers the whole journey for each employee from initial awareness to action. Diversity and inclusion (D&I) at Scania is about continuously developing our corporate culture, forming our strategy in the area by harnessing the collective intelligence of the Scania organisation. To achieve broad awareness of Skill Capture within the company, Scania are training managers and employees on this topic.

Through the Skill Capture programme, all management teams across the organisation complete the Skill Capture Initial Lab which focuses on raising awareness on diversity and inclusion. In the Lab, management teams create a Local Action Plan where they identify the Skill Capture work their organisational unit will focus on, thus creating value through actions. This work is supported by a network of Skill Capture Ambassadors who work closely with management teams.

The work outlined in the Local Action Plan is followed up on and reported twice a year in what we call a Revisit. The Revisits are a structured way to ensure the journey continues while measuring the engagement – mapping the focus areas as well as discovering the good examples within our organisation. Revisits reported over the last 12 months show that global teams have focused on recruitment processes, D&I awareness, mentorship, gender-balance and inclusive behaviour activities in their Skill Capture work. Part of the Skill Capture Revisit process allows for the collection of locally decided actions, which are shared as Best Practices.


### Diversity and inclusion index[14]

**81**




| | |
|---|---|
| **2022** | **81** |
| 2021 | 81 |
| 2020 | 80 |
| 2019 | 79 |

51,314 employees had the opportunity to participate in the 2022 employee survey, (the Employee Satisfaction Barometer) with a participation rate of 84 percent which is an increase compared to previous years. The Skill Capture program gives Scania's different markets the opportunity to highlight issues that are relevant to the local working environment.

**>85**

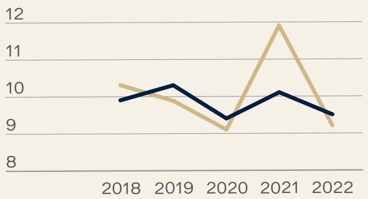
**score on the D&I related questions in the Employee Satisfaction Barometer.**

### Gender equal opportunities[15]

%

— Woman — Man

**9.50 9.20**




| | Woman | Man |
|---|---|---|
| **2022** | **9.50** | **9.20** |
| 2021 | 10.10 | 11.90 |
| 2020 | 9.40 | 9.10 |
| 2019 | 10.30 | 9.88 |
| 2018 | 9.90 | 10.31 |

The result for the year shows a 0.3 percent difference between men and women in management compared with the total employee population. This is a decrease from the previous year and a positive change towards the target. The work continues using analytics to secure our understanding of the root cause, as well as other initiatives within diversity and inclusion.

**EQUAL**

**opportunities to become managers for men and women.**

**Definitions:**

**14.** Perception of Scania's diversity and inclusion climate from Barometer-survey: The KPI is a weighed result of three questions from the survey concerning Scania employees' perception of the diversity and inclusion climate at their workplace. Read more on page 156.

**15.** Percentage of female managers in relation to percentage of female employees compared to the same number for men. This covers all markets where Scania has operations.

# SUSTAINABILITY MANAGEMENT AND KPIs
Continued

## Safety and Health

As a natural part of our sustainability focus, the safety and health of all Scania employees is not just an sailent issue but a top priority. Our goal is to preserve and promote the safety, health and well-being at work for all our employees and visitors at our premises. All work within this area is executed and aligned with existing principles and our core values. We strive to achieve a sustainable workplace and a safe, healthy working environment. We are committed to complying with any demands in accordance with legal and other applicable requirements issued by national authorities and by Scania self-appointed targets within the area.

To remain a top employer with top employees, all our activities shall be based on the principle, “By creating good working conditions all injuries and ill health can be prevented”.

Scania Top Team, the global competition for service technicians, has for the 2022/2023 edition focused on sustainability. At all regional finals, participants raised their awareness and competence in safety and health in the workshop area.

The Scania Safety and Health Policy is the guiding document globally and lays the foundation for the management system. Scania is in the process of developing a global management system that is in line with requirements for ISO 45001.

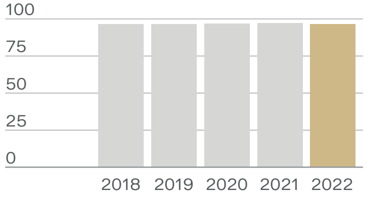
The Safety and Health Policy focuses not only on preventing injuries and illnesses, but also on creating good working conditions.

To complement the policy, Scania has Safety and Health Guidelines that describe basic conditions for achieving safe and healthy workplaces. These supporting documents guide all safety and health activities within the Scania organisation.

The Safety and Health Guidelines consist of four parts: organisation, workplace design and working conditions, management of safety and health risks and learning from experience. The four areas are connected in a continuous process where follow-up, learning and continuous improvement are central. Following the human rights review, safety and health will become an integrated part of the human rights roadmap, focusing foremost on improvements relating to global visibility and reliable data, methodology improvements and improved transparency, for example in relation to incident management. The analysis of our most serious accidents shows that incidents where employees are stuck or pinched are most common, followed by incidents where employees have tripped, slipped or fallen. Accidents through contact with electric current have increased during the year, which has generated activities in different parts of the organisation.

### Healthy attendance[16]
%

**96.25**




| | % |
|---|---|
| **2022** | **96.25** |
| 2021 | 96.54 |
| 2020 | 96.41 |
| 2019 | 96.53 |
| 2018 | 96.25 |

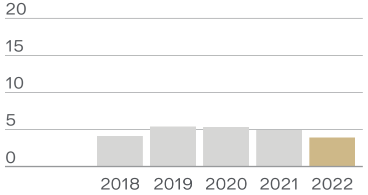
The Healthy attendance has decreased slightly since last year but stays on a high level close to the target. Long term sick leave has decreased in Sweden but the short term sick leave has increased if we compare with earlier years.

**97%**

**healthy attendance.**

### Occupational accidents with sick-leave[17]
No. of accidents per million hours

**3.87**




| | Number of accidents per million hours |
|---|---|
| **2022** | **3.87** |
| 2021 | 4.90 |
| 2020 | 5.30 |
| 2019 | 5.40 |
| 2018 | 4.10 |

Accidents keep decreasing in numbers. The implementation of “risk observations” in the system TIA has given Scania even more data to analyse for mitigation of risks in the work environment.

**5**

**or less accidents per million worked hours.**

**Definitions:**

**16.** Hours of attendance relative to defined total working hours for Scania’s global operations and all Scania employees.

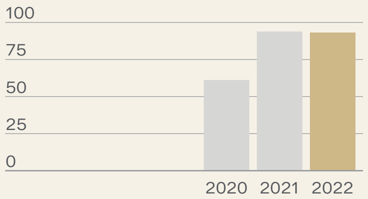
**17.** Total number of work related accidents with Scania employees with sick-leave relative to one million working hours for operations in Sweden and Industrial operations globally (inclusive regional product centres and logistic centres).

# SUSTAINABILITY MANAGEMENT AND KPIs

Continued

**Code of conduct training**[18]
% of employees trained

**93**




| | % |
|---|---|
| **2022** | **93** |
| 2021 | 94 |
| 2020 | 61 |

49,526 of employees have taken the course. corresponding to 93% The course is mandatory for all employees and shall be repeated within an interval of 2–4 years depending on type of work.

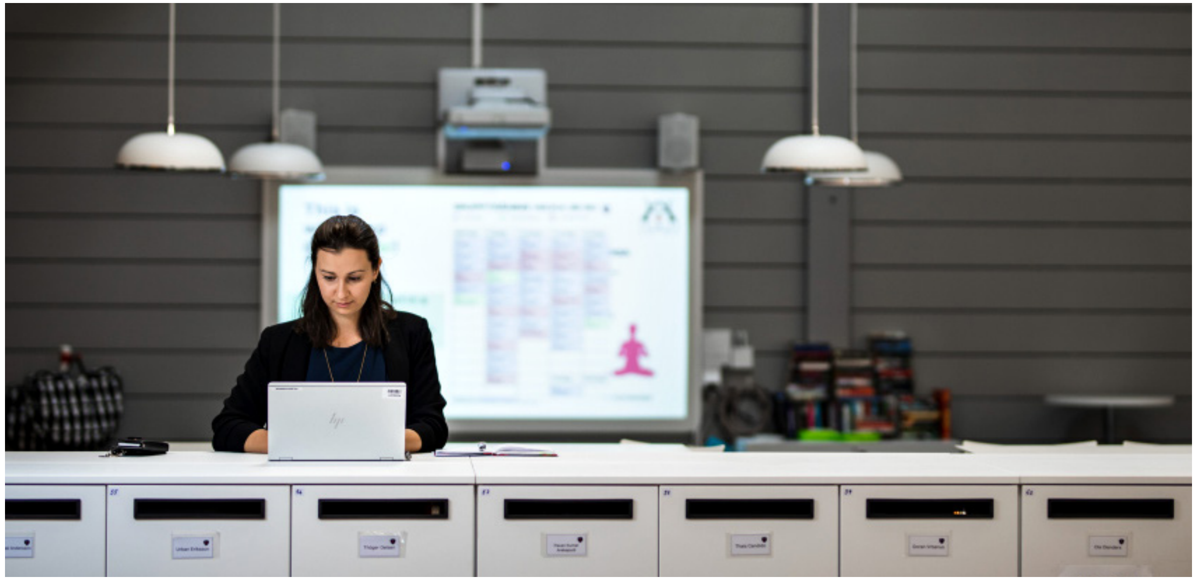
**100%**

**of our employees are trained in the Scania Code of Conduct.**

## Business ethics

Scania has zero tolerance for corruption and unethical business practices. Scania is a signatory to the UN Global Compact and adheres to its 10 principles, including anti-corruption. Moreover, Scania is a supporting member of the Swedish Anti-Corruption Institute (Institutet Mot Mutor) and a member of Transparency International Sweden's Corporate Supporters Forum, that recently was renamed to Business Integrity Forum.

Communication and employee training play a key role in Scania's preventive compliance and sustainability work across all hierarchy level. Scania conducts regular face-to-face and online training sessions on various compliance topics. The compliance training programme includes training on the Code of Conduct, the Company's guideline for acting with integrity. The Code of Conduct training is mandatory for all employees and needs to be repeated on a regular base, for white collar employees every two years and for blue collar employees every four years. Scania conducts compliance trainings on the topics of anti-corruption, anti-money laundering, antitrust, business and human rights and whistleblowing as well as general compliance and integrity trainings for employees in key positions, such as the management teams of entities and functions. The respective target groups for each training are defined on the basis of employees' respective risk exposure. In Q1-2023 a new updated Code of Conduct web-based training will be rolled out.



In November 2022 a new Anti-Corruption E-learning was launched, available in 33 languages and mandatory for all white collar employees to perform.

Another cornerstone of Scania's business ethics efforts is the whistleblowing system. To avoid or minimize potential risks due to regulatory and internal governance violations, it's crucial that potential regulatory violations by employees, suppliers, business partners or other external parties related to Scania are identified at an early stage, clarified and stopped, and that disciplinary measures are applied where necessary. There are several dedicated whistleblowing channels available both internally and externally to report suspected ethical or human rights violations and procedures are in place to conduct internal investigations. An investigation in line with applicable laws and together with the responsible unit is only initiated after a very careful examination of the facts and following reasonable suspicion of a regulatory violation. The whistleblower system is designed to guarantee the greatest possible protection for whistleblowers and the persons implicated. There is strict confidentiality throughout the investigative process. Information is reviewed fairly and promptly and is treated as sensitive. The presumption of innocence applies for all persons concerned. Appropriate disciplinary and preventive measures are implemented following a defined process where applicable.

In 2022, Scania received 63 tip-offs, of which approximately 30 percent were further investigated as potential serious or other regulatory violations. Of all the investigations conducted in the reporting period, 5 percent resulted in disciplinary measures.

**Definitions:**

**18.** Several specialised business ethics trainings are provided including online as well as classroom training. This KPI covers the number of employees (accumulated) that has taken part in Code of Conduct training globally.

# SUSTAINABILITY AND ESG DISCLOSURES

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| **Emissions**[1] | | | | | | | | |
| Scope 1: Direct greenhouse gas emissions (1000 t $CO_2e$) | 77.5 | 76.5 | 74.0 | 89.1 | 92.3 | 94.6 | 93.3 | 95.2 |
| Scope 2: Indirect greenhouse gas emissions (1000 t $CO_2e$) | 19.9 | 20.0 | 19.1 | 39.5 | 41.4 | 43.6 | 58.0 | 80.2 |
| Total emissions from scope 1 and 2 | 97.4 | 96.4 | 93.1 | 128.6 | 133.7 | 138.2 | 151.3 | 175.4 |
| Per vehicle (Scope 1 and 2) | 1.11 | 1.04 | 1.29 | 1.33 | 1.32 | 1.44 | 1.80 | 2.21 |
| Scope 3: Corporate value chain greenhouse gas emissions (1000 t $CO_2e$) | 134,400 | 144,539 | 113,596 | 141,988 | 158,958 | 144,332 | 125,450 | 120,866 |
| Out of scope emissions (direct biogenic emissions) | 12.0 | 11.5 | 7.5 | 5.2 | 5.2 | 2.5 | 2.3 | 2.3 |
| NOx (engine testing), tonnes | 36,2 | 37.5 | 31.5 | 36.0 | 42.0 | 46.0 | 43.0 | 47.0 |
| SOx (engine testing), tonnes | <0,1 | <0,1 | <0,1 | <0,1 | <0,1 | <0,1 | <0,1 | 0.13 |
| Volatile organic compounds (VOC) tonnes | 335 | 297 | 261 | 353 | 417 | 314 | 241 | 238 |
| Volatile organic compounds (VOC) kg/vehicle | 3.8 | 3.2 | 3.6 | 3.6 | 4.1 | 3.3 | 2.9 | 3.0 |
| **Emissions of ozone-depleting substances (ODS)** | | | | | | | | |
| Total amounts CFC installed, kg | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of vehicles produced | 88,142 | 92,718 | 72,356 | 96,995 | 101,375 | 95,781 | 83,940 | 79,346 |
| **Energy** | | | | | | | | |
| Electricity, Joule (GJ)[2] | 2,125,419 | 2,045,257 | 1,822,198 | 2,038,662 | 2,079,614 | 2,056,103 | 1,952,850 | 1,914,909 |
| District heating, Joule (GJ) | 471,452 | 515,307 | 392,555 | 449,555 | 413,851 | 400,845 | 413,534 | 388,424 |
| Fossil fuels, Joule (GJ) | 1,161,484 | 1,138,981 | 1,093,821 | 1,295,790 | 1,334,412 | 1,385,867 | 1,368,690 | 1,391,778 |
| Renewable fuels, Joule (GJ) | 154,691 | 148,036 | 84,609 | 57,036 | 58,190 | 21,723 | 22,508 | 22,590 |
| Total, GJ | 3,912,571 | 3,847,582 | 3,393,183 | 3,841,042 | 3,886,067 | 3,864,537 | 3,757,582 | 3,717,701 |
| Per vehicle, GJ | 44.4 | 41.5 | 46.8 | 39.6 | 38.3 | 40,3 | 44,8 | 46,9 |
| **Water** | | | | | | | | |
| Purchased municipal water, megaliter | 484 | 477 | 401 | 497 | 484 | 443 | 521 | 409 |
| Ground water, megaliters | 128 | 126 | 141 | 154 | 182 | 173 | 165 | 163 |
| Total, megaliter | 611 | 602 | 543 | 651 | 666 | 616 | 686 | 571 |
| Per vehicle, $m^3$ | 6.90 | 6.50 | 7.48 | 6.71 | 6.57 | 6.43 | 8.18 | 7.20 |
| Surface water (for once-through cooling), megaliter | 4,305 | 4,633 | 4,589 | 4,525 | 4,957 | 5,031 | 4,549 | 3,104 |

# SUSTAINABILITY AND ESG DISCLOSURES
Continued

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| **Waste[1,3]** | | | | | | | | |
| Non hazardous waste sent for material recovery (recycling), tonnes | 101,638 | 107,038 | 83,249 | 104,300 | 107,500 | 96,000 | 87,250 | 81,300 |
| Hazardous waste sent for material recovery (recycling), tonnes | 3,164 | 2,629 | 2,158 | 3,100 | 3,500 | 3,650 | 3,600 | 3,200 |
| Non hazardous waste sent for incineration with energy recovery, tonnes | 8,007 | 8,921 | 8,171 | 10,300 | 11,700 | 10,850 | 11,850 | 9,700 |
| Hazardous waste sent for incineration for energy recovery, tonnes | 3,968 | 3,788 | 3,158 | 6,800 | 4,800 | 5,950 | 5,500 | 6,200 |
| Non hazardous waste sent for landfill, tonnes | 2,234 | 1,577 | 2,720 | 3,300 | 3,000 | 2,700 | 2,550 | 2,900 |
| Hazardous waste sent for landfill, tonnes[4] | 8,113 | 3,677 | 2,972 | 3,400 | 3,900 | 3,450 | 3,950 | 6,100 |
| Total, metric tonnes | 127,124 | 127,630 | 102,428 | 131,200 | 134,400 | 122,600 | 114,700 | 109,400 |
| Per vehicle, metric tonnes | 1.44 | 1.38 | 1.41 | 1.35 | 1.33 | 1.28 | 1.37 | 1.38 |
| **Occupational health and safety** | | | | | | | | |
| Number of employees and workers covered by a occupational health and management system | 28,420 | 30,411 | 28,017 | 27,087 | 26,209 | 23,232 | 21,326 | |
| Rate of employees and workers covered by a occupational health and management system | 53% | 60% | 59% | 56% | 55% | 53% | 51% | |
| The number of fatalities as a result of work-related injury | 0 | 1 | 0 | 1 | 1 | 1 | 0 | |
| The number of injuries resulting in sick leave | 171 | 218 | 222 | 226 | 173 | 294 | 319 | |
| The rate of injuries resulting in sick leave (number divided by million hours worked) | 3,87 | 4.9 | 5.25 | 5.4 | 4.1 | 8.99 | 8.6 | |
| The number of hours worked | 44,133,478 | 44,927,568 | 42,276,577 | 41,759,830 | 41,866,453 | 32,670,306 | 37,040,113 | |
| Total employees[5] | 53,309 | 50,709 | 47,889 | 48,329 | 47,548 | 43,866 | 41,545 | |
| **Supplier sustainability assessment** | | | | | | | | |
| Percentage of new suppliers that were screened using sustainability criteria | 100% | 100% | 100% | 100% | 100% | Data not available | Data not available | |
| **Business ethics** | | | | | | | | |
| Operations assessed for risks to anti-corruption[6] | 100% | 100% | 100% | | | | | |

1. Metric tonne used when referring to tonne. For scope 2 emissions market-based method is applied.
2. During 2022 8,017 GJ of self-generated electricity was sold.
3. 100% of the waste sent for recycling and disposal offsite. Effluents are not included in calculations.
4. 3.8 tonne of hazardous waste sent to landfill is send to incineration without energy recovery
5. Includes both full-time employees and temporary employees but excludes personnel on hire.
6. Global risk assessment is conducted every second year and valid for a 2-year period.

# REPORTING PRINCIPLES

**The reporting period is 1 January 2022 to 31 December 2022. Scania's report has been prepared in accordance with Global Reporting Initiative (GRI) standards.**

While there have not been any changes to our overarching material areas, our GRI reporting has been updated to better reflect our materiality analysis and includes additional topics compared to the 2021 report. The sustainability data and disclosures are reported monthly, quarterly or annually using different reporting tools. The ambition for Scania is to have global quality assured data that is aligned with the financial report. With the aim to increase the scope of our sustainability reporting and improve the data quality. As a rule, Scania reports externally on performance and metrics only when data quality is on a reasonable quality level.

Base year and scope is chosen based on the availability of data as well as the quality if nothing else is stated. The scope for each of our Sustainability indicators and targets (pages 145–155) are stated in definitions section and complementing information is found in this section. The scope for numbers on pages 156–157 is the same if nothing else is stated. Within the sustainability report reference is often made towards our industrial operations (covering production sites, research and development and logistics) or our commercial operations which covers the commercial entities if nothing else is stated. New acquisitions is included in the sustainability reporting through the regular reporting structure by the business units.

## Environmental data

Scania calculates and reports the figures for $CO_2$ emissions from scope 1 and 2, waste, energy usage and water using the third-party reporting platform Quentic. Sources of emissions and more detailed data is reported by the entities annually which is collected and consolidated at a central level. Data is collected only for entities that are owned or controlled by Scania and the mentioned metrics and data is collected from production sites, R&D facilities and regional product centres if nothing else is stated. Additional to this the waste data is also collected from all logistic centres since waste is a material and important area for logistics.

Waste generated by Scania is managed by a third party where certain requirements and conditions are part of the agreement between the supplier and Scania. The supplier is responsible for ensuring that the service is performed with care and in accordance with the agreement as well as applicable laws and regulations and also to hold permits and licenses needed to fulfil the assignment.

Data on energy figures on page 156 includes both data from industrial operations and commercial operations since 2022. Data from previous years have been recalculated. The data for $CO_2$ emissions from scope 1 and 2 is also collected from all commercial operation units.

Scania calculates and reports greenhouse gas emissions from scope 1,2 and 3 in accordance with the Greenhouse Gas (GHG) Protocol Corporate Standard. For consolidation, the operational approach is used. Scania reports in $CO_2$ equivalents including carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide (N20) and hydrofluorocarbons (HFCs). Emissions from scope 1 and emissions outside scopes (direct biogenic $CO_2$ emissions) are calculated with emission factors, conversion factors and GWP values from IPCC (2006 IPCC Guidelines, AR4, 2007. AR5 2014, is used for CH4 and $N_2$0). Additional to this, emission factors from IEA (2018) are used to calculate emissions from purchased electricity and heat. For district heating in Sweden emission factors for district heating from Swedenergy are used (Fjärrvärmens lokala miljövärden 2021).

### Scope 1 and 2

Emissions from scope 1 and 2 are collected from production, logistics, research and development and commercial operations if nothing else is stated. Due to unavailable data for 2022, figures for commercial operations are estimated based on the figures from 2021 with an increase of 5 percent. The estimated increase is based on that the activity level in the operations was less affected by Covid-19 during 2022 than what was the case for 2021. For scope 1 and 2 base year emissions have been recalculated due to structural changes (acquisitions) and improvements in the accuracy of activity data. The impact of this resulted in a 5 percent increase of the 2015 emissions.

Scope 2 emissions are calculated using the market-based method, where supplier specific data is not available average grid emission factors have been applied. To avoid double counting, self-generated energy is counted only once when consumed and the intensity value for energy is calculated by dividing total energy consumed with total number of produced vehicles during the reporting year.

Scania purchases fossil-free electricity for all facilities within industrial operations and the calculation is following the market-based approach. Additional to this fossil-free electricity is purchased in the Regional Product Centers in India, Malaysia and South Africa. Electricity purchased is mainly from hydropower with some shares from solar and wind energy. Average grid emissions factors are used where there is limited deregulated electricity market and availability of non-fossil alternatives in the grid. Based on the challenge of collecting emissions factors from all energy suppliers across the commercial network, a group-wide dual reporting is currently not possible.

### Scope 3

Scope 3 emissions are calculated in accordance with the GHG Protocol Corporate Value Chain Accounting and Reporting Standard. Total scope 3 emissions presented exclude categories upstream, leased assets (category 8), processing of sold products (category 10) and investments (category 15). Activity data used for GHG calculations is based on invoiced data, real-time data, models and data reported by suppliers. Assumptions and estimations have been used when needed, in general using historical data. GHG emissions calculations are subject to inherent uncertainties in general due to data measurement methodologies, incomplete scientific knowledge behind emission factors and lack of specific data resulting in a need for estimations and assumptions.

For calculation of emissions from scope 3 category 1: Purchased Goods and Services, several reference vehicles for cradle to gate are selected based on configurations produced for Scania truck and buses. From this year's reporting, Power Solutions, Spare Parts and Intermediate Vehicle Products are also included in the calculation. Additional to this differences in $CO_2e$ intensity for production in different regions is now accounted for. Updates have been made to include more of the $CO_2$ impact from indirect suppliers such as IT, Supplies, Packaging and Merchandise.

Category 11 constitutes the majority of our Scope 3: Corporate value chain greenhouse gas emissions figures, which means that the changes mentioned in this section have significant impact on the reported values. The new method enables us to report values starting from 2015 (previously scope 3 reporting started from 2018). $CO_2e$ emissions from products (category 11) are calculated for all truck and buses produced by Scania globally in a calendar year. From this year's reporting, power solutions and intermediate vehicle products are accounted for.

# REPORTING PRINCIPLES
Continued

**Science based target scope 3**
Within scope 3 category 11 Scania has an approved Science based target that is in line with a below 2 degree scenario stated in the Paris Agreement according to Science Based Targets initiative (see page 145). This is an intensity target and is calculated in a well-to-wheel perspective as $CO_2e$/ vehicle-km. The emissions are calculated based on operational data from our connected vehicles and service readouts. The baseline is all vehicles produced 2015. Input data is $CO_2e$/km from operative months within 12 months and starting after the month of production, causing reporting to lag one year.

**Main changes**
- The calculation method and scope of Scania's $CO_2e$ emissions within scope 3 category 1: Purchased Goods and Services and category 11: Use of Sold Products has been updated during 2022 (for all reported years).
- For scope 1 and 2 emissions, baseline and 2015 emissions was recalculated during 2022 due to new acquisitions and improved data quality.

## Sustainability assessed suppliers
Scope consists of all new and existing suppliers from both parts and services in the areas of working conditions and human rights, safety and health, business ethics, environment, supplier management and responsible sourcing of raw materials. Category N/A consists of suppliers with insufficient data and from 2022 also suppliers with uncompleted SAQ.

## Safety, health and employees
The scope for employee data varies. In general when referring to Scania employees within the sustainability report, fulltime and temporary employees are included where personnel on hire are excluded, if not stated otherwise (see figure on page 157). Within Scanias financial reporting (see page 109) fulltime and temporary employees are included as well as personnel on hire. All data regarding number of employees is collected through the financial reporting system (HFM) and headcount is used, rather than FTEs to calculate number of employees.

**Safety and health**
Number of accidents are collected from our industrial operations (including regional product centres and logistics centres). Accidents are reported through our specific system for incident and risk management (TIA). TIA is complemented with information from the system for financial data (HFM) for a few units that is not covered by TIA yet. Reporting has previously been collected only through the financial reporting system. However, TIA gives us more possibilities for better quality and follow up and will be used moving forward. Number of fatalities covers Scania employees and is from the global Scania organisation including the Scania-owned commercial network. The data for fatalities is collected manually from the markets.

Healthy attendance is collected through the financial reporting system from Scania's global operations. Number of worked hours is collected from industrial operations. Our ambition is to be able to report with complete coverage in the coming years.

**Employment data**
The coverage of collective bargaining agreements (CBA) is combining information from our factories as well as manually reported data from the markets yearly, which could affect the data quality (in general different interpretation of CBA). As this is still an important data point and focus area for Scania, we choose to continuously report and improve the quality and process step by step.

**Diversity and inclusion**
The diversity and inclusion (D&I) data is collected through the financial system HFM and through our annual employee survey. During 2022, the survey was sent to 51,314 employees at Scania and 84% of the employees replied. The data for D&I index is based on the average reply to three questions:

- In my department, all employees are treated in an equal manner.
- I think we have a diverse department, i.e. we are a mixture of people with different experiences and different backgrounds.
- In my department we take advantage of the differences between employees, ie. our culture allows all perspectives to be taken into account and encouraged.

# SUSTAINABILITY REPORT INDEX

**Sustainability is an integrated part of Scania's work. We are committed to transparent sustainability reporting. Our aim is to provide our stakeholders with regular and relevant information about our sustainability efforts.**

## Materiality assessment and stakeholder dialogue

Scania's materiality analysis is part of the company's strategic work and continuous improvement philosophy. We continuously engage with our stakeholders, including our partners, suppliers and customers, to understand our impact and to find out what they believe are the most important subjects facing the transport industry as a whole and Scania as a company. Stakeholder engagement is conducted on an overarching level through the yearly strategy process, through strategic partnerships, as well as within our strategy roadmaps and certain areas such as human rights salience review and the environmental management system. Scania's approach to materiality is based on three areas: impact, risk and science. Material areas or issues for Scania are therefore always based on where and how big our impacts are, where the risk for negative impacts lays and how it can be mitigated. Our assessments are to the greatest extent possible externally validated and based on the latest science.

Different steps have been taken each year to further improve our analyses and understanding. During 2020 Scania's new strategy was rolled out, where sustainability is placed at the core of the business strategy. Prioritised areas are decarbonisation, circular business and people sustainability. Development within these areas are followed up in dialogue with stakeholders. The prioritised areas are approved by management through the yearly strategy process. During 2021 and 2022 the strategy has been further tested and developed together with stakeholders on different levels in the company as well as externally.

The latest findings show that while the topics that for some years now have been part of Scania's material areas still are valid we can see that the agenda is shaped by global influences such as the Agenda 2030, push for more transparency, life cycle impact, due diligence and introduction of more legislation. These different trends are impacting on our ways of working within each area. We can also see new and emerging areas that will need to be integrated in ongoing processes and ways of working.

This year's exercise show that our focus areas are in line with our stakeholders' expectations and there are no changes to the material topics for 2022.

### Scania's material areas

- People sustainability (human rights, diversity and inclusion, responsible sourcing, business ethics).
- Environment and decarbonisation (sustainable transport, emissions and resource efficiency).
- Value chain and circular business.

Emerging areas that we see are gaining importance and influencing the above areas is the social effects of sustainable transport, just transition, sustainability due diligence, climate risk and biodiversity.

For a more detailed description of our materiality analysis see: www.scania.com/materiality

## Global Reporting Initiative (GRI)

The Global Reporting Initiative is a voluntary framework that sets out principles and indicators for measuring and reporting economic, environmental and social performance. Scania has reported in accordance with the GRI Standards for the period 1/1-31/12 2022. A GRI index can be found on page 161–163. The GRI index is subject to a limited review assessment. The Auditor's Limited Review Report can be found on page 173.

## Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) is a voluntary initiative for climate risk reporting and how it affects the company's performance. Scania recognises the importance of TCFD and has started the journey to integrate TCFD in its reporting. Scania is using scenario analyses as a tool to test our strategy's resilience to issues such as climate change. The tool is integrated into the strategic yearly evaluation process. Read more on page 21–22 and 44–45. A TCFD index on where to find information on the recommended disclosures can be found on page 164. TCFD index is not included in the limited assurance review.

## Sustainability report in accordance with the Swedish Annual Accounts Act (NFRD index)

All of Scania's business units, subsidiaries and production units worldwide are included in the report.

See below for an index on where to find the different mandatory parts for the sustainability report in accordance with the Annual Accounts Act.

Sustainability is an integrated part of Scania's work. Read more on how we integrate it into our business model and strategy, how we work with risks and how we measure our progress in the different areas through KPIs:



Annual Accounts Act (ÅRL 6 kap 12 a §) and the Taxonomy Regulation states that companies covered by the Non-Financial Reporting Directive must report on how and to what extent the company's activities are associated with economic activities that are considered to be environmentally sustainable according to the technical screening criteria. More information including Scania's level of eligibility and alignment can be found on page 165–172. The Taxonomy is not included in the limited assurance review.

The auditor's opinion on the statutory sustainability report can be found on page 173.

# GRI INDEX

| Disclosures | Disclosure requirements | Location of disclosure/omission/comment |
|---|---|---|
| **General Standard Disclosures** | | |
| **The organisation and its reporting practices (GRI 2021)** | | |
| 2-1 | Organisational details | p. 12–13, 42–43 |
| 2-2 | Entities included in the organization's sustainability reporting | p. 88, 125–127, 158–159, 174 |
| 2-3 | Reporting period, frequency and contact point | Annual reporting cycle, 1/1–31/12 2022, Report published 14/3 2023 Contact: sustainability@scania.com |
| 2-4 | Restatements of information | p. 158–159 |
| 2-5 | External assurance | p. 50, 160, 170 |
| **Activities and workers (GRI 2021)** | | |
| 2-6 | Activities, value chain and other business relationships | p. 12–14, 17, 28, 38–39, 51–54, 150–151 No material change has happened within the value chain during 2022 |
| 2-7 | Employees | p. 109, 157, 158–159<br>Information unavailable: Due to implementation of new global employee system we do not report the breakdown on region and gender or division on employment type. |
| 2-8 | Workers who are not employees | p. 109, 158–159<br>Information unavailable: We do not report break down specifically for consultants. |
| **Governance (GRI 2021)** | | |
| 2-9 | Governance structure and composition | p. 42–50, 51–54, 144<br>Availability of data underrepresented social groups is not included. |
| 2-10 | Nomination and selection of the highest governance body | p. 42–54<br>Information unavailable: Scania does not include specific information for selection of members. Scania will expand the information related to the BoD in the coming years. |

| Disclosures | Disclosure requirements | Location of disclosure/omission/comment |
|---|---|---|
| 2-11 | Chair of the highest governance body | p. 42–54 |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | p. 42–54 |
| 2-13 | Delegation of responsibility for managing impacts | p. 42–54 |
| 2-14 | Role of the highest governance body in sustainability reporting | p. 42–54, 144, 160 |
| 2-15 | Conflicts of interest | Information unavailable: Scania will expand its reporting with regards to BoD in the coming years. |
| 2-16 | Communication of critical concerns | Information unavailable: Same as above. |
| 2-17 | Collective knowledge of the highest governance body | p. 42–54 |
| 2-18 | Evaluation of the performance of the highest governance body | p. 42–54 |
| 2-19 | Remuneration policies | p. 42–54, 109, 110, 111, 147 |
| 2-20 | Process to determine remuneration | p. 42–50, 109, 110, 111, 112 |
| 2-21 | Annual total compensation ratio | Information unavailable: will be included in the coming years. |
| **Strategy, policies and practices (GRI 2021)** | | |
| 2-22 | Statement on sustainable development strategy | p. 9–10 |
| 2-23 | Policy commitments | p. 14, 42–54, 144, 148, 150–151<br>Link to policies online: www.scania.com/sustainabilitydocuments |
| 2-24 | Embedding policy commitments | p. 22–25, 42–54, 144 |
| 2-25 | Processes to remediate negative impacts | p. 42–54, 144<br>Information incomplete: Scania is in the process of rolling out a new human rights framework and will expand its reporting in the coming years. Missing information on: grievance mechanisms, effectiveness as well as stakeholder involvement. |
| 2-26 | Mechanisms for seeking advice and raising concerns | p. 155 |
| 2-27 | Compliance with laws and regulations | Information unavailable: Scania will expand its reporting in the coming years on compliance topics. |
| 2-28 | Membership associations | p. 38–39 |

# GRI INDEX
Continued

| Disclosures | Disclosure requirements | Location of disclosure/omission/comment |
|---|---|---|
| **Stakeholder engagement (GRI 2021)** | | |
| 2-29 | Approach to stakeholder engagement | p. 22–25, 38–39, 42–54, 160 |
| 2-30 | Collective bargaining agreements | p. 152<br>Information unavailable: Information on employees not covered by collective bargaining agreement is not reported. |
| **Material topics (GRI 2021)** | | |
| 3-1 | Process to determine material topics | p. 144, 160 |
| 3-2 | List of material topics | p. 160 |
| **Topic specific disclosures and management approach** | | |
| **Economic performance (2016)** | | |
| 3-3 | Management of material topics | p. 14–17, 20–25, 42–54 |
| *Topic specific disclosure* | | |
| 201-1 | Direct economic value generated and distributed | p. 12, 65, 71–74, 80 |
| **Anti-corruption (GRI 2016)** | | |
| 3-3 | Management of material topics | p. 42–54, 155 |
| *Topic specific disclosures* | | |
| 205-1 | Operations assessed for risks related to corruption | p. 42–54, 155, 157 |
| **Energy (GRI 2016)** | | |
| 3-3 | Management of material topics | p. 56–57, 147–149 |
| *Topic specific disclosures* | | |
| 302-1 | Energy consumption within the organisation | p. 147–149, 156<br>Cooling consumption already included in electricity and seawater. |
| 302-3 | Energy intensity | p. 147–149, 156 |

| Disclosures | Disclosure requirements | Location of disclosure/omission/comment |
|---|---|---|
| **Emission (GRI 2016)** | | |
| 3-3 | Management of material topics | p. 144, 147–149, 158 |
| *Topic specific disclosures* | | |
| 305-1 | Direct (Scope 1) GHG emissions | p. 156, 158 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | p. 156, 158 |
| 305-3 | Other indirect (Scope 3) GHG emissions | p. 156, 158<br>Information unavailable: Biogenic $CO_2$ emissions not reported. |
| 305-4 | GHG emissions intensity | p. 156, 158 |
| 305-5 | Reduction of GHG emissions | p. 156, 158 |
| 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | p. 156, 158<br>Information unavailable: Other hazardous air pollutants is not reported |
| **Waste (GRI 2020)** | | |
| 3-3 | Management of material topics | p. 144, 147–149, 158 |
| *Topic specific disclosures* | | |
| 306-1 | Waste generation and significant waste-related impacts | p. 147–149, 157, 158 |
| 306-2 | Management of significant waste-related impacts | p. 147–149, 158 |
| 306-3 | Waste generated | p. 147–149, 157 |
| 306-4 | Waste diverted from disposal | p. 157 |
| 306-5 | Waste directed to disposal | p. 157 |
| **Supplier environmental assessment (GRI 2016)** | | |
| 3-3 | Management of material topics | p. 144, 151 |
| *Topic specific disclosures* | | |
| 308-1 | New suppliers that were screened using environmental criteria | p. 157 |

# GRI INDEX
Continued

| Disclosures | Disclosure requirements | Location of disclosure/omission/comment |
|---|---|---|
| **Employment (GRI 2016)** | | |
| 3-3 | Management of material topics | p. 150–153 |
| *Topic specific disclosures* | | |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | p. 80, 99–100<br>Significant locations is based on Scanias main benefit plans globally. Benefits listed is in general provided to all employees in the listed markets if not stated otherwise. Information unavailable, details on parental leave or stock ownership is not reported. |
| **Occupational health and safety (GRI 2018)** | | |
| 3-3 | Management of material topics | p. 154 |
| 403-1 | Occupational health and safety management system | p. 154 |
| 403-2 | Hazard identification, risk assessment, and incident investigation | p. 154 |
| 403-3 | Occupational health services | p. 154 |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | p. 154 |
| 403-5 | Worker training on occupational health and safety | p. 154 |
| 403-6 | Promotion of worker health | p. 154 |
| 403-7 | Prevention and mitigation of occupational health and safety<br>impacts directly linked by business relationships | p. 154 |
| *Topic specific disclosures* | | |
| 403-8 | Workers covered by an occupational health and safety management system | p. 157<br>Information unavailable: Workers who are not employees are not included in figures |
| 403-9 | Work-related injuries | p. 157<br>Information unavailable: Number, rate and actions of high-consequence work-related injuries and total accident is not reported, lost time accidents is reported, excluding consultants. |

| Disclosures | Disclosure requirements | Location of disclosure/omission/comment |
|---|---|---|
| **Diversity and equal opportunity** | | |
| 3-3 | Management of material topics | p. 153 |
| *Topic specific disclosures* | | |
| 405-1 | Diversity of governance bodies and employees | p. 51–54, 66, 109<br>Information unavailable: For BoD and ExB presentation of each individual is provided. Number of Board members in subsidiaries and the parent company as well as presidents and managing directors is provided divided on gender. Division in percentage or age group is not provided. For employees gender division is reported in percentage of average employees per geographical region. The data is not broken down on age or other categories. |
| **Supplier social assessment** | | |
| 3-3 | Management of material topics | p. 144, 151 |
| *Topic specific disclosures* | | |
| 414-1 | New suppliers that were screened using social criteria | p. 157 |
| **Sustainable transport** | | |
| 3-3 | Management of material topics | p. 146, 32–35 |
| *Topic specific disclosures* | | |
| | Sales of alternative fuels and electrification | p. 146 |
| | Science based target use phase | p. 145 |
| **Innovation and partnerships** | | |
| 3-3 | Management of material topics | p. 20, 40 |
| *Topic specific disclosures* | | |
| | Investment in research and development | p. 67 |

# TCFD INDEX

The Task Force on Climate-related Financial Disclosures is a voluntary initiative for climate risk reporting and how it affects the company's performance.

→ **Read more about decarbonisation on pages 26–30**

| Elements | TCFD recommendations | Location of disclosure |
|---|---|---|
| **Governance** | | |
| | Describe the board's oversight of climate-related risks and opportunities. | p. 43–46 |
| | Describe management's role in assessing and managing climate-related risks and opportunities. | p. 43–48, 56–62 |
| **Strategy** | | |
| | Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. | p. 56–62 |
| | Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | p. 20–30, 56 |
| | Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | p. 20–30, 56 |
| **Risk management** | | |
| | Describe the organisation's processes for identifying and assessing climate-related risks. | p. 56 |
| | Describe the organisation's processes for managing climate-related risks. | p. 56–62 |
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | p. 56–62, 47–50 |
| **Metrics and targets** | | |
| | Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | p. 23, 28, 30 |
| | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | p. 28, 30, 156 |
| | Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | p. 23, 28, 30, 145–149 |

# SCANIA'S INFORMATION ON THE EU TAXONOMY REGULATION

## Background

The Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (hereafter referred to as the "Taxonomy Regulation") was established in order to provide a common framework by which companies can classify environmentally sustainable economic activities and to report externally on the share of turnover and expenditures that are considered sustainable according to the European Taxonomy. The purpose is to give investors and the market information to enable them to identify businesses that contribute to the transformation to an economy that supports the environmental objectives of the European Union and to steer investments for realisation of the Paris Agreement. One sector that needs to be transformed is the transportation sector. Scania is fully committed to the transformation that needs to happen within the transportation industry and ecosystem. The objectives are well aligned with Scania's purpose and strategy to drive the shift to a sustainable transport system.

Sustainable economic activities are activities that give a substantial contribution to the achievement of at least one of the six environmental objectives defined in the EU Taxonomy Regulation. The six environmental objectives are related to climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems. To determine if an economic activity can be classified as environmentally sustainable, technical screening criteria have been developed by the European Commission. The assessment made by Scania has been based on the criteria adopted in the annexes to the Taxonomy Regulation Delegated Act for climate change mitigation and adaptation, as well as the definitions stated in the Taxonomy Regulation delegated act to article 8 on reporting. For Scania one of the main screening criteria is related to the amount of tailpipe emissions.

### Taxonomy definitions

Taxonomy-eligible are those economic activities that are described in the delegated acts and for which technical evaluation criteria for the two environmental objectives "climate change" and "adaptation to climate change" are available; all other economic activities are so-called non-taxonomy economic activities.

Taxonomy-aligned activities are activities that have passed the technical assessment criteria, meet the minimum safeguards criteria e.g., related to protection of human rights and have passed the analysis of do no significant harm (hereafter referred as "DNSH") of one or more environmental objectives as defined in the Taxonomy Regulation.

### Taxonomy in Scania Context

For the financial year 2022, the Scania Group reports for the first time on full taxonomy-aligned economic activities in accordance with the EU Taxonomy Regulation. This means that Scania Group discloses information related to taxonomy-eligible and taxonomy-aligned activities.

Scania is making important progress in the electrification journey and has been investing in projects and partnerships to make electrification of the ecosystem for heavy transport viable. The KPIs indicate Scania's current alignment with the sustainable activities as defined by the Taxonomy Regulation. The electrification process is dependent on significant investments in the build out of infrastructure for charging electric vehicles and support from policymakers to enable companies and industries to do a rapid transition to low carbon technologies. The level of alignment for the Taxonomy KPIs is expected to improve over time in accordance with the increase in volumes of electrified vehicles. The pace of the increase is dependent not only on Scania commitment to invest in sustainable technologies, but also on the market adoption of these technologies and roll out of infrastructure in society. For the heavy transport industry, the EU taxonomy is steering investment mainly towards pure electrified vehicles which means that no investments or revenues from hybrids or renewable fuels technologies can be calculated for within the alignment KPI. From a strategic perspective Scania takes a broad approach within sustainable transport which values biofuels together with electrification to shift the market away from fossil fuel emissions. Read more on pages 32–37

## Basis of reporting

### Taxonomy economic activities

Scania has concluded that the eligible economic activities for the Group fall under "3.3 Manufacture of low carbon technologies for transport". The future taxonomy-alignment of an activity does not play any role in determining the eligibility in the first step. This view is in line with the European Commission's approach of first identifying the sectors that generate the greatest carbon emissions and then, in the second step, evaluating these sectors in terms of the sustainability criteria. Hence, Scania has interpreted that all drive technologies are eligible as low carbon.

### Assessment of eligible economic activities

The economic activities of the Scania Group (development, production and sales of trucks, buses and services and related financial services) have been analyzed on the basis of the business model as a vehicle manufacturer and fall under the NACE[2] code C.29.1. For each environmental objective, the Taxonomy Regulation recognizes economic activities that give substantial contribution to environmental goals: 1) economic activities that make a substantial contribution based on their own performance: for example, an economic activity being performed in a way that is environmentally sustainable and 2) economic activities that, by provision of their products or services, enable a substantial contribution to be made in other activities. For example, an economic activity that manufactures a component that improves the environmental performance of another activity. So, the Taxonomy regulation presented an annex indicating economic activities based on NACE codes correlated to each of the environmental goals defined in the taxonomy legislation. Regarding the environmental objective 'climate action' set out in Annex I to the Taxonomy Regulation, this means that, where the economic activity is related to the manufacture, repair, maintenance, upgrading, conversion or upgrading of vehicles, it is attributed to economic activity 3.3 'Production of low-carbon transport technologies'.

Scania's business model comprises the manufacturing and sale of new vehicles, used vehicles and services in the form of maintenance and repair, including the manufacturing of original parts, which is to be seen under economic activity 3.3 Manufacture of low carbon technologies for transport. Economic activities in which Scania does not act as a manufacturer and acts instead as a supplier of components and parts are non-taxonomy economic activities. The used vehicles included are vehicles manufactured by Scania that are mainly sold to third parties. We also subsume under economic activity 3.3, other activities closely related to manufacturing and financial services to customers and dealers from the Financial Services Segment. Activity 3.3 is also included as an activity for environmental objective 2 (climate change adaptation). However, in accordance with the

1 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.
2 NACE is the Statistical Classification of Economic Activities in the European Community. It allows to classify all the companies of the European Union according to their activities.

## SCANIA'S INFORMATION ON THE EU TAXONOMY REGULATION
Continued

taxonomy for the environmental objective 2, only expenditures related to making an activity climate-resilient should be included (not the turnover). These types of investments have not been made by Scania Group during 2022.

**Assessment of taxonomy-aligned economic activities**
*Substantial contribution*
The criteria set out in Annex I to Regulation 2020/852 for verifying the substantial contribution of the economic activity 3.3 are based on the respective vehicle categories and the associated carbon ($CO_2$) emissions and propulsion technologies. For the Scania Group, all self-produced, fully electric vehicles (BEVs) and, until December 31, 2022, buses manufactured in-house that meet the requirements of the EURO VI standard Stage E (EURO VI-E buses)[3] meet the criteria for the substantial contribution (aligned), according to the technical screening criteria defined in the EU-Taxonomy legislation. This means that economic activities associated with BEVs, or EURO VI-E buses make a substantial contribution to climate change mitigation.

*Do no significant harm – criteria (DNSH)*
The Scania Group is part of the TRATON GROUP and the DNSH evaluation was coordinated and carried out together for all entities in the group with a focus on the sites relevant for DNSH criteria. Based on that, production sites, component plants and research development units related to vehicles that meet the evaluation criteria for the substantial contribution today, as well as units that will meet them in the next five years, were considered. The majority of the sites included in the analysis are in countries within the EU as well as in South America. The EU taxonomy is subject to uncertainties regarding the interpretation of the DNSH criteria and supposedly goes beyond the regulations to be applied in day-to-day business operations. In addition, the application of the EU taxonomy for locations outside the EU leads to special challenges due to the possibly different legal situation in those locations. The DNSH criteria were assessed on the basis of the rules applicable to day-to-day operations in the EU in 2022. For locations outside of the EU, country-specific regulations and internal processes were used. All production sites at Scania, including research and development, are part of the environmental management system and certified in accordance with ISO 14001. All sites also have permits that comply with national legislation. In addition to legal requirements and the conditions included in these permits, operations may also be subject to local requirements and rules. The review of the DNSH criteria was positive, for the whole TRATON GROUP including the nine Scania's sites included in the analysis: Södertälje, Oskarshamn, Luleå, Angers, Zwolle, Meppel, Slupsk, São Bernardo and Tucuman. Meaning that Scania's taxonomy related economic activities fulfills the criteria for DNSH as defined in the EU-Taxonomy.

The Scania Group's approach to assessing the DNSH criteria is presented in detail below and has been done as a part of the complete TRATON approach.

Climate change adaptation
A climate risk and vulnerability assessment was carried out to identify sites that could be affected by physical climate risks. The identified physical climate risks were assessed on the basis of the useful lifetime of the relevant assets. The climate-based DNSH assessment is based on the Representative Concentration Pathway (RCP)-8.5 scenario up to 2050 and thus assumes the highest $CO_2$ concentration in accordance with the Intergovernmental Panel on Climate Change (IPCC). Identified threats were assessed for relevance in the local environment. The conclusion was that the risks are not to be considered material as they are not expected to cease the production. In several places mitigation measures was already implemented, such as site fire department and flood barriers to protect infrastructure.

*Sustainable use and protection of water and marine resources*
Environmental impact assessments (EIAs), ISO 14001 certificates, local legislation, internal policies and processes, and other external data sources were used to analyse compliance with the DNSH criterion. To achieve good water status and good ecological status, risks of environmental damage related to maintaining water quality and avoiding water scarcity are identified and analysed. Countermeasures, such as the construction of local waste water treatment plants, are initiated at sites located in water stress areas. The site in Sao Paulo, Brazil is located within a high risk water stress area. However, water is regulated in their permit and countermeasures are in place, such as an in-house water waste treatment plant with circulation/reuse of treated water.

Transition to a circular economy
The transition to a circular economy is embedded in the strategic focus areas defined by Scania and adopted both in sourcing, product development, production and in business development. Internal routines and processes supporting transition to a circular economy were identified during 2022. The identified processes covers the specific requirements set for circular economy in the Taxonomy legislation.

Pollution prevention and control
The DNSH criteria for this environmental objective require that the relevant business activity does not lead to the production, putting onto the market, or use of listed chemicals from a range of EU chemical regulations and directives. Processes are implemented for monitoring underlying materials databases relating to the rules applicable to ongoing business operations as well as processes for substitution.

Protection and restoration of biodiversity and ecosystems
The relevant areas have been identified to verify compliance with the requirements governing biodiversity and ecosystems. Where biodiversity-sensitive areas are close to a site, an assessment of the associated risks and impacts on the area has been performed. Where necessary, compensatory measures, such as tree planting programs, are performed.

**Minimum safeguards**
The minimum safeguards criteria requires compliance with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the fundamental principles and rights from the eight core conventions set out in the International Labor Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, and the guiding principles from the International Bill of Human Rights. A group analysis have been conducted together within the TRATON GROUP based on the recommendations on minimum safeguards of the EU Platform on Sustainable Finance (PSF)[4] of October 2022. The analysis was based on Scania processes, controls, and compliance measures with regard to the following four core topics:

- Human rights, including labor rights
- Bribery
- Taxation
- Fair competition

3 EUVO VI-E busses are classified here, according to technical screening criteria's defined in table 1 Appendix 9 of to Annex I to Regulation (EU) No 582/2011 (Until 31/12/2022, the EURO VI, step E as set out in Regulation (EC) No 595/2009).
4 The Platform on Sustainable Finance is an advisory board, composed by experts. Its main purpose is to advise the European Commission on several tasks and topics related to further developing in the EU Taxonomy Regulation. On October, 2022 the PSF published its final report to clarify how companies should interpret and implement "minimum safeguards", OECD Guidelines and Human Rights Due diligence in the context of EU Taxonomy Regulation.

# SCANIA'S INFORMATION ON THE EU TAXONOMY REGULATION
Continued

Scania's governance set up, compliance program and human rights framework builds the foundation for the work related to the minimum safeguards criteria. Scania group is committed to respect human rights in our operations and in our value chain in line with the UN's Guiding Principles on Business and Human Rights, the ILO core conventions and the international bill of human rights. Scania's Human Rights Policy is complemented by related policies such as the Employment policy the Scania Code of Conduct and the Supplier Code of Conduct.

Scania's compliance programme has a risk-based approach and is implemented globally. The purpose of business ethics and compliance related initiatives and activities at Scania is to identify, prevent, detect and respond to compliance risks that Scania's business may face worldwide. The key areas of Group Compliance are anti-corruption, anti-money laundering (AML), antitrust/competition law and business and human rights. Communication and employee training play a key role in Scania's preventive compliance and human rights work across all hierarchy levels.

Scania has together with the Volkswagen brands created a raw material due diligence management system. The approach is based on OECD guidance for due diligence processes and consists of management systems, risk identification, monitoring, risk management as well as communication. Read more on page 151.

During 2022 Scania conducted a cross functional assessment of the human rights salient issues as well as a management review on the readiness in Scania's way of working to meet these standards. Scania has created a new framework for tracking progress and deviations in the human rights area, as well as a roadmap for the work moving forward. The framework is based on the three pillars commit, know and show. Human rights and compliance risks are integrated within Scania's regular risk process. See Scania's salient issues and read more on the framework on page 150.

Another cornerstone of Scania's efforts is the group wide whistleblowing system. The whistleblowing channels are available both internally and externally to report suspected ethical violations conducted by Scania employees, and procedures are in place to conduct internal investigations. Assurance and control is performed through several activities such as internal controls read more on pages 48–49.

The combined efforts and elements within Scania's central governance, the compliance program as well as the human rights framework ensures that the minimum social safeguard requirements are met.

→ **Read more on Scania's way of working within human rights and business ethics on page 150–155**

### Method to determine and calculate the key performance indicators for the EU Taxonomy

For the first time, the key performance indicators (KPIs) for fiscal year 2022 include the taxonomy-aligned and taxonomy-eligible turnover (sales revenue), capital expenditure, and operating expenditure of the Scania Group. The KPIs have been specified in accordance with Annex I to the Commission Delegated Regulation based on Article 8 of Regulation 2020/852. Only transactions with third parties have been considered. Turnover, capital expenditure, and operating expenditure relate in full to the "climate change mitigation" environmental objective.

To determine the percentages, the taxonomy-eligible and taxonomy-aligned turnover, capital expenditure, and operating expenditure are each set in relation to total turnover, total capital expenditure, and total operating expenditure within the meaning of the EU Taxonomy.

Considering Scania Taxonomy KPIs, in 2022 the aligned Capex (18,6%) and Opex (10,7%) rates are higher than turnover (1,0%), this is a result of Scania's transition towards electrification. Scania is investing towards a higher production as well as sales of BEV vehicles which is expected to be reflected in higher BEV revenues in the future years.

### Turnover

See table on page 169.

Turnover is calculated on the basis of the sales revenue reported in the income statement (which include revenues from IFR15 and IFRS 16) for the period from 1 January to 31 December, 2022, in the Consolidated Financial Statements as of 31 December, 2022 (denominator), which amounted to SEK 163,260m. in fiscal year 2022 (Note 3).

Taxonomy eligible turnover for economic activity 3.3 accounted for SEK 152,048 m. of this total, or 93.1% (92.9%) of the Scania Group's sales revenue, which was classified as taxonomy-eligible turnover. This includes in particular revenue from the sale, lease, and financing of new and used vehicles manufactured internally, as well as revenue from genuine parts and workshop services. By contrast, revenue from the sale of vehicles that are not manufactured internally or revenue under the "Powertrain solutions and parts deliveries" item is not included.

Taking into account the technical screening criteria, DNSH analysis and the safeguards, taxonomy-aligned turnover (e.g. connected to BEV vehicles and EURO VI-E buses) amounts to SEK 1,644 m. or 1% of the Scania Group's revenue.

### Capital expenditures (Capex)

See table on page 170.

Capital expenditure (Capex) is determined on the basis of additions, intangible assets (Note 9), tangible assets (Note 10), assets leased out (Note 11) and from business combinations included in the consolidated financial statements as of 31 December, 2022, which amounted to SEK 15,954 m. in the year under review. Additions to goodwill are not included in the denominator.

Taxonomy eligible capex for economic activity 3.3 accounted for SEK 15,635m. of this total, or 98.0% (98.9%) of the Scania Group's capital expenditure classified as taxonomy-eligible. This includes in particular, capital expenditure related directly to taxonomy-eligible turnover activities. Capital expenditure incurred in connection with vehicles not manufactured by Scania or the business with "Powertrain Solutions", and parts deliveries are taxonomy-non-eligible.

Taking into account the technical screening criteria, DNSH analysis and the safeguards, taxonomy-aligned capital expenditure amounts to SEK 2,969 m., or 18.6% of the Scania Group's capital expenditure. For KPIs related to the current year, where possible, capital expenditure was allocated directly to BEVs vehicles and EURO VI-E buses. In situations where the expenditure support both taxonomy-eligible and non-taxonomy-eligible economic activities (e.g., production facilities for all types of vehicles and engines), allocation keys were used. The allocation keys are based on the five-year planning (Capex Plan) approved by the Executive Board and represent the ratio of planned five-year production of BEVs to planned total production over five years. Since EURO VI-E buses meet the substantial contribution criteria for the last time in 2022, they were not included in allocation keys calculations based in the five-year plan.

The taxonomy-aligned capital expenditure for the reporting year is broken down as follows:

| In SEK million | 2022 |
|---|---|
| **Taxonomy-aligned Capex in the reporting year** | **2,969** |
| of which attributable to intangible assets | 1,255 |
| of which attributable to property, plant, and equipment | 1,070 |
| of which attributable to assets leased out | 644 |

According to the Taxonomy Regulation, the taxonomy-aligned capital expenditure of the current year is divided into (a) capital expenditure relating to assets or processes already linked to environmentally sustainable economic activities, and (b) capital expenditure which are part of a plan to expand taxonomy-aligned economic activities, or to transform taxonomy-eligible economic activities into taxonomy-aligned economic activities ("Capex Plan").

# SCANIA'S INFORMATION ON THE EU TAXONOMY REGULATION
Continued

The Capex Plan represents the total capital expenditure according to the EU taxonomy. This includes the sum of capital and operating expenses expected to be incurred in the reporting period and within the next five years to expand taxonomy-aligned economic activities or to convert taxonomy-aligned economic activities. The allocation takes into account taxonomy-aligned additions to leased assets (mainly vehicle leasing) in their entirety as capital expenditures that are already associated with environmentally sustainable economic activities, because the underlying vehicles are already manufactured today and taxonomy-aligned and thus relate to assets linked to environmentally sustainable economic activity 3.3. Taxonomy-aligned additions to intangible assets and tangible assets, on the other hand, were allocated proportionately to capital expenditure already associated with environmentally sustainable economic activities using an allocation key. The allocation key sets the production volume of taxonomy-aligned vehicles in the reporting year in relation to the average taxonomy-aligned production volume according to the five-year plan. The remaining portion was allocated to the Capex Plan. As EURO VI-E buses will meet the criteria for the substantial contribution for the last time in 2022, investments in this regard are not included in the allocation keys calculations based on the Capex Plan.

The following table provides details of the taxonomy-aligned capital expenditures related to the Capex Plan:

| In SEK million | 2022 |
|---|---|
| Taxonomy-aligned capital expenditure of the reference year | 416 |
| Potentially taxonomy-aligned capital expenditure within the next five years | 5,630 |
| **Sum** | **6,046** |

*Operating expenses (Opex)*
See table on page 171.

Operating expenses are calculated on the basis of non-capitalized research and development costs as reported in the consolidated financial statements as of 31 December, 2022 and is calculated as primary R&D costs less capitalized development costs and amortisation. In addition, the calculation of the denominator of the KPI includes the following:

- maintenance expenses for owned or leased real estate and other assets and
- expenses attributable to short-term leases (up to 12 months) and not recognized as right-of-use assets in the balance sheet.

The Scania Group's total operating expenditure related to the EU taxonomy amounted to SEK 13,297 m. in 2022.

Taxonomy eligible opex for economic activity 3.3 accounted for SEK 12,957 SEK m. of this total, or 97,4% (97.5%) of the operating expenditure of the Scania Group, which was classified as taxonomy-eligible. In the same way as capital expenditure, only operating expenditure incurred in direct connection with taxonomy-aligned economic activities is included here. Operating expenditure related to taxonomy-non-eligible economic activities, such as the business with "Powertrain solutions" and parts deliveries, has therefore not been included in the numerator.

Taking into account the technical screening criteria, DNSH analysis and the safeguards, taxonomy-aligned operating expenditure amounts to SEK 1,427 m., or 10.7% of the Scania Group's operating expenditure. For KPIs related to the current year, where possible, operating expenses were allocated directly to BEV vehicles and EURO VI-E buses. In situations where the expenditure support both taxonomy-eligible and non-taxonomy-eligible economic activities (e.g. production facilities for all types of vehicles and engines), allocation keys were used. The same allocation keys were used as for capital expenditure.

Non-capitalized research and development costs have been allocated to the Capex Plan if they are part of a plan to expand taxonomy-aligned economic activities, or to transform taxonomy-eligible economic activities. The same distribution key was used as for capital expenditure. SEK 1,260 m. of the total taxonomy-aligned operating expenses in the reporting year relate to non-capitalized research and development costs. The following table provides more information about the taxonomy-aligned research and development costs related to the Capex Plan:

| In SEK million | 2022 |
|---|---|
| Taxonomy-aligned research and development costs of the reporting year | 271 |
| Potentially taxonomy-aligned research and development costs within the next five years | 3,672 |
| **Sum** | **3,943** |

# SCANIA'S INFORMATION ON THE EU TAXONOMY REGULATION
Continued

## Turnover

| Reconciliation of total Turnover taxonomy compliant | | | | Fulfillment of substantial contribution criteria[1] | | DNSH criteria ("Do No Significant Harm") | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) | Absolute Turnover SEK million | Proportion of Turnover in %[2] | Climate change mitigation in %[2] | Climate change adaptation in %[2] | Climate change mitigation (Y/N) | Climate change adaptation (Y/N) | Water and marine resources (Y/N) | Circular economy (Y/N) | Pollution (Y/N) | Biodiversity and ecosystems (Y/N) | Minimum safeguards (Y/N) | Taxonomy-aligned proportion of Turnover, 2022 in %[2] | Category ("enabling activity") (E) | Category ("transitional activity") (T) |
| **A. Taxonomy-eligible activities** | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (taxonomy-aligned)** | | | | | | | | | | | | | | | |
| 3.3 Manufacture of low-carbon technologies for transport | 3.3 | 1,644 | 1.0 | 100 | – | Y | Y | Y | Y | Y | Y | Y | 1.0 | E | – |
| **Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)** | **3.3** | **1,644** | **1.0** | **100** | **–** | **Y** | **Y** | **Y** | **Y** | **Y** | **Y** | **Y** | **1.0** | **E** | **–** |
| **A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)** | | | | | | | | | | | | | | | |
| 3.3 Manufacture of low-carbon technologies for transport | 3.3 | 150,404 | 92.1 | | | | | | | | | | | | |
| **Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)** | **3.3** | **150,404** | **92.1** | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | **–** | **152,048** | **93.1** | | | | | | | | | | | | |
| **A. Taxonomy-non-eligible activities** | | | | | | | | | | | | | | | |
| **Turnover of taxonomy-non-eligible activities (B)** | **–** | **11,213** | **6.9** | | | | | | | | | | | | |
| **Total (A + B)** | **–** | **163,260** | **100** | | | | | | | | | | | | |

1 Criteria for a substantial contribution to the remaining environmental objectives not yet regulated.
2 Percentage refers to the total Turnover in accordance with EU taxonomy.

# SCANIA'S INFORMATION ON THE EU TAXONOMY REGULATION
Continued

## Capex

**Reconciliation of total Capex taxonomy compliant**

| Economic activities | Code(s) | Absolute Capex SEK million | Proportion of Capex in %[2] | Fulfillment of substantial contribution criteria[1]: Climate change mitigation in %[2] | Climate change adaptation in %[2] | DNSH criteria ("Do No Significant Harm"): Climate change mitigation (Y/N) | Climate change adaptation (Y/N) | Water and marine resources (Y/N) | Circular economy (Y/N) | Pollution (Y/N) | Biodiversity and ecosystems (Y/N) | Minimum safeguards (Y/N) | Taxonomy-aligned proportion of Capex, 2022 in %[2] | Category ("enabling activity") (E) | Category ("transitional activity") (T) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A. Taxonomy-eligible activities** | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (taxonomy-aligned)** | | | | | | | | | | | | | | | |
| 3.3 Manufacture of low-carbon technologies for transport | 3.3 | 2,969 | 18.6 | 100 | – | Y | Y | Y | Y | Y | Y | Y | 18.6 | E | – |
| **Capex of environmentally sustainable activities (taxonomy-aligned) (A.1)** | **3.3** | **2,969** | **18.6** | **100** | **–** | **Y** | **Y** | **Y** | **Y** | **Y** | **Y** | **Y** | **18.6** | **E** | **–** |
| **A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)** | | | | | | | | | | | | | | | |
| 3.3 Manufacture of low-carbon technologies for transport | 3.3 | 12,666 | 79.4 | | | | | | | | | | | | |
| **Capex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)** | **3.3** | **12,666** | **79.4** | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | **–** | **15,635** | **98.0** | | | | | | | | | | | | |
| **A. Taxonomy-non-eligible activities** | | | | | | | | | | | | | | | |
| **Capex of taxonomy-non-eligible activities (B)** | **–** | **319** | **2.0** | | | | | | | | | | | | |
| **Total (A + B)** | **–** | **15,954** | **100** | | | | | | | | | | | | |

1 Criteria for a substantial contribution to the remaining environmental objectives not yet regulated.
2 Percentage refers to the total Capex in accordance with EU taxonomy.

# SCANIA'S INFORMATION ON THE EU TAXONOMY REGULATION
Continued

## Opex

| Reconciliation of total Opex taxonomy compliant | | | | Fulfillment of substantial contribution criteria[1] | | DNSH criteria ("Do No Significant Harm") | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) | Absolute Opex SEK million | Proportion of Opex in %[2] | Climate change mitigation in %[2] | Climate change adaptation in %[2] | Climate change mitigation (Y/N) | Climate change adaptation (Y/N) | Water and marine resources (Y/N) | Circular economy (Y/N) | Pollution (Y/N) | Biodiversity and ecosystems (Y/N) | Minimum safeguards (Y/N) | Taxonomy-aligned proportion of Opex, 2022 in %[2] | Category ("enabling activity") (E) | Category ("transitional activity") (T) |
| **A. Taxonomy-eligible activities** | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (taxonomy-aligned)** | | | | | | | | | | | | | | | |
| 3.3 Manufacture of low-carbon technologies for transport | 3.3 | 1,427 | 10.7 | 100 | – | Y | Y | Y | Y | Y | Y | Y | 10.7 | E | – |
| **Opex of environmentally sustainable activities (taxonomy-aligned) (A.1)** | **3.3** | **1,427** | **10.7** | **100** | **–** | **Y** | **Y** | **Y** | **Y** | **Y** | **Y** | **Y** | **10.7** | **E** | **–** |
| **A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)** | | | | | | | | | | | | | | | |
| 3.3 Manufacture of low-carbon technologies for transport | 3.3 | 11,530 | 86.7 | | | | | | | | | | | | |
| **Opex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)** | **3.3** | **11,530** | **86.7** | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | **–** | **12,957** | **97.4** | | | | | | | | | | | | |
| **A. Taxonomy-non-eligible activities** | | | | | | | | | | | | | | | |
| **Opex of taxonomy-non-eligible activities (B)** | **–** | **340** | **2.6** | | | | | | | | | | | | |
| **Total (A + B)** | **–** | **13,297** | **100** | | | | | | | | | | | | |

1 Criteria for a substantial contribution to the remaining environmental objectives not yet regulated.
2 Percentage refers to the total Opex in accordance with EU taxonomy.

# SCANIA'S INFORMATION ON THE EU TAXONOMY REGULATION
Continued

## Green bond
During 2022 Scania issued a green bond totaling SEK 3,000 m. The proceeds of the bond are to be used for additional investments in the development of battery-electric vehicles (BEV). For the fiscal year of 2022, SEK 1,976 m. connected to the green bond were recognised as BEV R&D costs, from which SEK 1,046 m. was capitalised. The calculation of capitalised R&D related to the green bond uses an allocation key, which is based on the proportion of BEV R&D costs supported by the green bond over total BEV R&D costs.

Below are presented the adjusted KPIs for taxonomy-aligned Capex and Opex, excluding amounts supported by the green bond.

### Adjusted taxonomy-aligned KPIs | Green bond

| Economic activities | Code(s) | Absolute Capex SEK million | Proportion of Capex in %[2] | Absolute Opex SEK million | Proportion of Opex in %[2] |
|---|---|---|---|---|---|
| **A. Taxonomy-eligible activities** | | | | | |
| **A.1 Environmentally sustainable activities (taxonomy-aligned)** | | | | | |
| 3.3 Manufacture of low-carbon technologies for transport | 3.3 | 2,969 | 18.6 | 1,427 | 10.7 |
| Adjustment of green bond | | –1,046 | | –930 | |
| **Adjusted KPIs – environmentally sustainable activities (taxonomy-aligned) (A.1)** | **3.3** | **1,923** | **12.1** | **497** | **3.7** |
| **Total** | **–** | **15,954** | | **13,297** | |

2 Percentage refers to the total Capex and Opex in accordance with EU taxonomy.

# AUDITOR'S LIMITED REVIEW REPORT

Auditor's Limited Review Report on Scania AB's Sustainability Report and statement regarding the Statutory Sustainability Report.

*This is the translation of the auditor's limited review report in Swedish.*

To Scania AB, Corp Id 556184-8564

## Introduction

We have been engaged by the Board of Directors of Scania AB to undertake a limited assurance engagement of the Sustainability Report for the year 2022. Scania AB has defined the scope of the Sustainability Report as the pages referred to in the GRI index on pages 161–163, the Statutory Sustainability Report is defined on page 160.

## Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 158–159 in the Sustainability Report, and constitute the Sustainability Reporting Guidelines published by the GRI (Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles developed by the Company. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our review is limited to the information in this document and to the historical information and does therefore not include future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s auditing standard RevR12 The auditor's opinion regarding the statutory sustainability report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Scania AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

## Conclusions

Based on the limited review performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 7 March 2023

Ernst & Young AB

**Heléne Siberg Wendin**
Authorized Public Accountant

**Outi Alestalo**
Specialist member of FAR

# ABOUT THIS REPORT

This report summarises the financial year 2022 as well as providing an overview of Scania's business and operations and is prepared in accordance with the Global Reporting Initiative (GRI) guidelines for sustainability reporting. All of Scania's business units, subsidiaries and production units worldwide are included in its scope.

This is the English language version of Scania's integrated Annual and Sustainability Report. The Swedish language Report is the binding version that shall prevail in case of discrepancies.

The Financial Reports encompass pages 70–142 and were prepared in compliance with International Financial Reporting Standards (IFRSs). The Report of the Directors encompass pages 55–69 and 132. The statutory Sustainability Report encompass pages 143–172. The sustainability report has been prepared in accordance with the sustainability requirements in the Swedish Annual Accounts Act and GRI Standards. More guidance can be found on page 160. A GRI index can be found on page 161. The GRI index is subject to a limited assurance review. The Auditor's Limited Review Report can be found on page 173.

The Report of the Directors and accompanying Financial Reports also fulfil the requirements of the Swedish Annual Accounts Act and have been audited by Scania's auditors.

Scania's Swedish corporate identity number: Scania AB (publ) 556184-8564.

Unless otherwise stated, all comparisons in the Annual and Sustainability Report refer to the same period of the preceding year.

# SCANIA'S WEBSITE

The Scania Group's website, www.scania.com, contains information for the capital market and other stakeholders. Here you will find both current and historical information about Scania's operations, strategy, sustainability work and corporate governance. News, press releases and financial reports are published here.

Year-end reports, interim reports and annual and sustainability reports are available in both English and Swedish.

Stakeholders can subscribe to financial reports and press releases: www.scania.com/subscriptions

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