



# SCANIA SUPPLIER CODE OF CONDUCT

Conducting a responsible business is a key priority for Scania. Sustainability is firmly rooted in our core values and our way of working with continuous improvement. Scania Supplier Code of Conduct outlines the minimum requirements that apply for all business relationships between Scania and its suppliers. All sections with the wording *shall* state requirements while those using the wording *should* state recommendations.

The requirements of the Scania Supplier Code of Conduct are based, amongst others, on the Ten Principles of the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, relevant conventions of the International Labour Organization (ILO), the Volkswagen Group Code of Conduct for Business Partners, TRATON Code of Conduct for Suppliers and Business Partners, the Guiding Principles of the Drive Sustainability Initiative and internal standards and values, such as the Scania Human Rights Policy. If the local laws and/or any applicable collective bargaining agreement(s) are stricter in relation to Scania's suppliers and/or sub-contractors than the Scania Supplier Code of Conduct, such laws or collective bargaining agreement(s) are applicable. In all cases where local law is less strict than the Scania Supplier Code of Conduct, the requirements described in this document shall be adhered to.

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

Scania considers compliance with the requirements set out in this document to be essential to its contractual relationships. Scania reserves the right to terminate the relevant contract for cause with immediate effect if the supplier does not comply with these requirements and is unwilling to take the necessary actions to remediate non-conformances.

## **Human and Labour Rights**

Scania fundamentally affirms that all people should be treated with respect and dignity. Employers have a great impact on their employees' wellbeing and therefore owe major obligation towards them. Scania and its suppliers have a responsibility to respect human rights and to remediate if caused or contributed to violations of human rights. Labour rights are human rights at work and as a responsible and sustainable company, Scania sets high standards in this area and expects its suppliers to do the same.

### **Discrimination**

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

Suppliers shall respect the rights of minorities, vulnerable groups and local communities to decent living conditions including the right to land, access to water and other natural resources as well as the right to practice their culture.

### **Harassment**

Suppliers shall commit to a workplace free of harassment and shall foster a social and safe environment with respect for the individual. Suppliers shall ensure that employees are not subject to any physical or psychological inhumane treatment, corporal punishments, threats or false promises. Suppliers shall attach the utmost importance to the protection of bodily integrity and introduce appropriate measures to ensure respect for this legally protected right. Suppliers ensure in their area of responsibility and along their supply chain that any involvement, including complicity or participation in kidnapping, torture, killing or similar acts, is excluded and that no corporal punishment is applied as part of their disciplinary practices. In addition, suppliers ensure in their own area of responsibility and along their supply chain that other human rights violations and abuses, such as sexual violence, as well as war crimes or other violations of international humanitarian law, crimes against humanity or genocide, are prohibited.

### **Diversity and inclusion**

Suppliers should develop and promote an inclusive culture where diversity is valued. Diversity shall be promoted among all employees at all hierarchical levels, in particular, but not exclusively, gender, age, cultural, ethnic and religious diversity. Suppliers shall ensure that all employees can contribute fully and realise their full potential and ensure a healthy work-life balance.

Suppliers should foster work with diverse business partners managed or owned by minority groups or women.

### **Use of security forces**

Suppliers shall prioritise the protection of people when conducting security operations, and are expected to ensure that the commissioning or deployment of security forces does not lead to violations of human rights. Security forces should adhere to protection of health, life and limb as well as the right to organise and freedom of association, and refrain from any torture, inhumane or degrading treatment. Suppliers shall not directly or indirectly support private or public security forces that unlawfully exercise control over mining sites, transportation routes and upstream stakeholders in the supply chain. Suppliers should apply the Voluntary Principles for Security and Human Rights as established by the Voluntary Principles Initiative, if applicable.

## Forced or compulsory labour

Suppliers shall ensure that they do not engage in any form of forced, bonded, compulsory, trafficked, modern slavery or non-voluntary labour within the meaning of ILO 29 Forced Labour Convention and ILO 105 Abolition of Forced Labour Convention. This includes all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered voluntarily, with exceptions laid down in ILO 29 and the International Covenant on Civil and Political Rights. Suppliers are expected to work proactively against and sought to eliminate forced labour and act with special carefulness when recruiting migrant and informal workers, both directly and indirectly.

Suppliers shall not mislead or defraud potential employees about the nature of the work and employees shall never be required to pay the supplier or agent any fees or cost for uniforms, personal protective equipment or other expenses needed to obtain and retain employment. If cases of such fees or expenses are found, they must be repaid immediately.

Suppliers shall at no time withhold employees' original identification, travel documents or in any other way restrict the employees' freedom of movement or require employees to use company provided accommodation.

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

## Child labour

Child labour is not accepted and suppliers are expected to work proactively against and sought to eliminate child labour. The supplier shall not directly or indirectly employ children below the minimum age of 15, unless the exceptions recognised by the ILO 138 Minimum Age Convention (article 6, 7) apply. Suppliers shall ensure that prohibited child labour and exploitation of children, including worst forms of child labour within the meaning of the ILO 182 Worst Forms of Child Labour Convention, does not occur.

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

## Young workers

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

## Wages and benefits

Suppliers should pay fair wages at a level that is sufficient to provide a decent living for the employees and their families, to ensure they meet their basic needs and provide some discretionary income. These wages and benefits shall be the minimum applicable legal governmental or industrial standard wages, or wages agreed under a collective bargaining agreement, whichever are the highest. Wages and benefits shall be paid on time, regularly and in a transparent way.

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

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

## Working hours

Suppliers shall ensure that a regular working week for workers does not exceed 48 hours, in accordance with ILO 1 Hours of Work Convention. During shorter periods of emergency situations, voluntary overtime is permitted but the total working hours shall not exceed 60 hours per week and employee. Suppliers shall give employees the right to regular workday breaks, paid annual leave and the right to at least one day off every seven days, unless exceptions defined by collective bargaining agreements. For the avoidance of doubt, if local laws and/or any applicable collective bargaining agreement(s) are more beneficial to the employees than the above, such laws or collective bargaining agreement(s) shall be applied, as stated above.

## Freedom of association and collective bargaining

Suppliers shall respect the basic right of employees to freely, voluntarily and without interference establish and join, or not join, unions and employee representation of their own choice and to bargain collectively. This right includes being able to elect bodies representing their interests at the workplace and the right to strike. In countries where this right is restricted by local laws, alternative legitimate options for employee participation and association should be supported. Suppliers shall have an organised way of conducting meaningful social dialogue with employee representatives.

## No forced eviction

Suppliers shall comply with the prohibition of unlawful eviction and the prohibition of unlawful deprivation of land, forests and waters in the acquisition phase, development or other use of land, forests and waters.

## Human rights defenders

Suppliers shall not tolerate or engage in any threats, intimidation, physical or legal attacks against human rights defenders, including, but not limited to, trade unionists and environmental defenders.

## Responsible sourcing of raw materials

Suppliers shall exercise due diligence consistent with the relevant parts of the OECD Due Diligence Guidance or equivalent processes along their mineral supply chains. This includes the implementation of policies and measures in order to identify risks and take appropriate action to ensure that the minerals used do not directly or indirectly through the extraction, transport, trade, handling or export of those minerals finance or benefit non-state armed groups, and serious violations of human rights, including but not limited to, child labour, forced labour and slavery.

This also includes continuous efforts by suppliers to enhance transparency along the upstream supply chain extending back to raw material extraction. Information regarding smelters or refiners for minerals used by suppliers or subcontractors must be disclosed to Scania upon request. Suppliers shall only use raw materials from smelters or refineries that meet the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas as assessed by the Responsible Mineral Initiative (RMI) or similar organisations. Suppliers shall take appropriate and adequate measures to exclude raw materials extracted from deep sea mining from their supply chains.

## **Health and Safety**

Scania believes that a healthy and safe workplace environment is crucial for employees' wellbeing. Scania is also convinced that taking good care of employees contributes to a sustainable organisation and will improve quality, productivity and profitability. Suppliers always comply with the applicable occupational health, safety and fire prevention legislation.

### **Management of health and safety risks**

Suppliers shall ensure that there is a systematic process in place to identify, evaluate, monitor, control and prioritise the elimination of work-related health and hazard risks, as well as the improvement of occupational health, safety and fire protection. It is important that this process also include consultation and participation from employees in order to ensure a number of perspectives and take advantage of employees knowledge and experience. Suppliers shall provide appropriate and safe facilities that are adapted to the purpose of the work performed. Employees shall always have the right to refuse unsafe work and report such situations without any reprisals.

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

In the event of work-related health hazards, such as pandemics, suppliers shall take all appropriate measures to protect their employees and the company. Thereby, any measures issued by the local authorities have to be fully observed and complied with.

### **Emergency preparedness**

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

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

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

### **Accidents and near-accidents**

Suppliers shall have systems to report and procedures to investigate and take action with regard to all accidents, near-accidents and unsafe situations. Managers and employees shall have knowledge about accidents and near-accidents, understand the importance of preventive work and corrective actions and practice it in their daily work. Suppliers shall also work and improve the targets against KPIs. In case of an accident, first aid and medical assistance must be provided.

### **Facilities**

Suppliers shall provide sufficient space, clean and safe facilities, including dining areas, food storage, locker rooms and resting areas. Employees shall always have access to clean drinking water and toilets. Female workers should have access to separate toilets, where possible.

If the nature of the work requires the provision of dormitories for employees, sufficient space, cleanliness and safety shall be ensured. The employees' access shall not be restricted inappropriately.

### **Workplace ergonomics**

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

### **Health and safety committee**

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

## **Environment**

All people, and especially businesses, have a responsibility to protect our planet for future generations. Scania and its suppliers should at all time endeavour to improve the environmental performance of their products and services as well as reducing natural resource usage. Suppliers are required to have thorough knowledge about their own environmental challenges and should always strive to choose alternatives with less environmental impact. Suppliers should also know and observe the Scania Environmental Policy that can be found on [www.scania.com](http://www.scania.com).

## **Decarbonisation**

In line with the Paris Agreement, suppliers shall identify, measure and set targets for Scope 1, 2, and 3 (preferably in line with Science Based Targets methodology if applicable) to reduce their greenhouse gas emissions along their value chain. Further, suppliers should choose renewable energy sources and renewable and recycled and/or low-carbon materials whenever possible.

Suppliers who supply products to Scania shall provide information, on request, at product level in relation to the overall energy consumption in MWh and carbon emissions in tonnes (scope 1, 2 and 3) so that Scania can improve the environmental performance indicators of its products.

Scania has identified four hotspot materials/components that contribute to the majority of Scania's supply chain emissions, i.e. batteries, steel, aluminium and cast iron, and developed specific requirements for these. Suppliers shall comply with the specific decarbonisation requirements as described in the latest version of respective hotspot requirement specification. These requirements relate mainly to the use of fossil-free electricity, recycled material and/or low-carbon technologies. The latest versions of these hotspot requirement specifications can always be found on the Scania Supplier Portal.

## **No harm to land, water, air and resource efficiency**

Suppliers shall not cause harmful soil modification, water pollution, air pollution, harmful noise emission or excessive water consumption, which may lead to significant impairment of the natural foundations for food and drinking water or the health of a person. Suppliers shall control and implement actions taken to reduce the use of energy, water, raw materials and packaging materials.

## **Circular economy and waste management**

Suppliers shall take appropriate and adequate measures aimed at avoiding waste, re-using resources, recycling as well as the safe, environmentally friendly disposal of residual waste, chemicals and wastewater. Such measures can be applied in particular in development activities, production, product service life and subsequent end-of-life recycling as well as in other activities. Thereby, the suppliers comply with international agreements on the cross-border transport of hazardous waste, in particular the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 as well as with the corresponding, applicable implementation rules at national and supranational level.

Whenever technically possible and economically reasonable, suppliers should use secondary materials within their processes. Suppliers should know the percentage of recycled content in their products and make this information available to Scania on request.

Suppliers should strive to pursue and promote circular systems in addition to following these principles. This can generally be achieved by closing the material loop, optimising the lifetime of products and improving their utilisation.

## Registration, evaluation and restriction of substances

Suppliers shall implement appropriate measures to avoid or refrain from using substances and materials with adverse effects on the environment or health (for example, carcinogenic, mutagenic, reprotoxic substances) within the framework of the respective applicable law and with due regard for applicable regulations of Scania. Suppliers shall always comply with Scania's standards that are restricting chemical substances, these can be found on the Scania Supplier Portal.

Suppliers shall act in conformity with the requirements of the international conventions and other legal instruments pertaining to the production, use, handling and disposal of certain substances (in particular including the requirements of the Minamata Convention of 10 October 2013 on mercury, the Stockholm Convention of 23 May 2001 on persistent organic pollutants (POPs)) as well as the related applicable legislation at the national and supranational level. Suppliers shall label chemicals used according to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) or, in European countries, the Classification, Labelling and Packaging (CLP) regulation.

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

## Water

Suppliers shall take appropriate and adequate measures to minimise water consumption at their sites and/or along their own supply chains with prioritisation for water stressed regions. The right to water is respected at all times. Suppliers that supply products to Scania should provide, upon request, information on total fresh water consumption on product level.

Suitable measures may, in particular, include those aimed at effectively reducing, re-using and recycling water with responsible and effective treatment of wastewater discharges to protect the environment and improve overall water quality. Suppliers shall, where necessary, seek to ensure that people affected by their operations have access to safe, acceptable and affordable water in sufficient quantities for personal use.

## Biodiversity

The protection of the natural ecosystem, especially the protection of endangered habitats of wild animals, and the sustainable usage of natural resources are required to be ensured. Suppliers shall strive to ensure that supply chains are free of deforestation and conversion in accordance with applicable law and international biodiversity regulations. These international regulations include, for example, the resolutions and recommendations on biodiversity from the Centre for Biological Diversity (CBD) and the World Conservation Union (IUCN). Suppliers should support and promote ethical and humane treatment of animals.



## **Ethics**

Scania is committed to conducting business ethically and in accordance with the law and requires the same of its suppliers. Relationships between Scania and its suppliers shall be trustworthy and performed in an ethical way and Scania expects the same of its suppliers in relation to their respective suppliers and other business partners.

## **Privacy and personal data protection**

Suppliers shall ensure that personal data is processed (created, collected, used, shared, stored, deleted etc.) in accordance with applicable data protection legislation (e.g. the EU GDPR) and Scania's instructions. Appropriate technical and organisational measures shall be implemented to ensure the security of the personal data.

## **Bribery and corruption**

Scania supports national and international efforts to fight against corruption and rejects all corrupt business practices. Suppliers shall reject and prevent all forms of corruption. Suppliers shall ensure that their employees, subcontractors and other representatives do not grant, offer or accept bribes, kickbacks, facilitation payments, inadmissible donations or other inadmissible payments or undue benefits to or from customers, suppliers, officials or other business partners and do not act in any fraudulent way.

## **Competition and antitrust**

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

## **Conflict of interest**

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

## **Gifts, hospitalities and invitations**

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

## **Import and export control**

Suppliers shall comply with all applicable laws for the import and export of goods, services and information. Furthermore, the respective applicable sanction lists shall be followed.

Suppliers shall ensure that all taxes, duties and royalties levied in connection with the mining, trade and export of minerals in conflict and high-risk areas are remitted in accordance with respective applicable law.

## **Money laundering**

Suppliers shall only conduct business relationships with business partners of whose integrity they are convinced. They shall ensure that the applicable anti-money laundering and terrorism financing laws and regulations are not breached. The use of payments in cash is prohibited above certain threshold in accordance to the applicable law. Suppliers shall not demand payments in cash from Scania.

## **Intellectual property rights**

Suppliers shall respect intellectual property rights and protect associated information.

### Protection of confidential information

Suppliers shall ensure that sensitive data (e.g. trade secrets) is properly and lawfully collected, processed, saved and deleted. Suppliers shall enforce a corresponding obligation on their employees. Sensitive data must not be transmitted to a third party or made available in any other form without the necessary authorisation and must be protected in this respect.

### Usage of artificial intelligence

Data privacy and security are crucial requirements for the use of Artificial Intelligence (AI). Suppliers shall ensure that all developments using AI are subject to applicable laws and regulations. AI systems are to be created reliable and without any discrimination. The control of AI applications shall always remain with human beings.

## **Management**

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

## **Company statement**

All suppliers shall have a company statement, such as a Code of Conduct, that is in line with the Scania Supplier Code of Conduct. This company statement should be clearly displayed in languages locally understood by their employees in all company facilities.

## **Responsibility**

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

## **Trainings**

Suppliers shall develop, implement and uphold a training plan for employees. The training should be tailored to each individual, ensuring that each employee is equipped with the proper skills and knowledge related to their working tasks.

To support our suppliers in complying with the sustainability requirements, the Volkswagen Group offers different training formats free of charge that can be found on [www.vwgroupsupply.com](http://www.vwgroupsupply.com). Participation in these trainings is obligatory for some suppliers, defined through a risk analysis. Suppliers may be exempted from mandatory participation in such trainings if they can prove to have already undergone a similar training offered by third parties.

## **Supplier management**

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

## **Transparency**

Suppliers shall record information regarding their business activities, working methods, health and safety and environmental practices. Such information shall be disclosed when requested by Scania, insofar as the disclosure does not violate legal requirements. To identify and mitigate sustainability risks in the supply chain, suppliers shall, on request, disclose information on their supply chains to Scania that is required by Scania to fulfil its legal obligations. Suppliers shall impose a corresponding disclosure obligation on their suppliers, which they in turn are required to pass on to their suppliers.

This may require in particular that suppliers disclose their supply chain to Scania up to the material origin (including choke points like smelters and refiners) and provide evidence of management systems or third-party verifications demonstrating processes that prevent or mitigate sustainability risks in the supply chain.

## Management systems

All suppliers shall implement management systems.

Suppliers that operate production locations with more than 100 employees shall obtain certification according to the international standard ISO 14001 or the EMAS Regulation of the European Union. For service providers, Scania recommends the international standard ISO 14001.

Suppliers that have production locations with more than 1000 employees shall obtain certification according to the international standard ISO 45001 or a comparable standard. Suppliers with less than 1000 employees in their locations should implement internal management systems or where available national/sector-specific certifications.

## Suppliers grievance mechanism

All suppliers shall develop and implement grievance mechanisms adequate to their business and that allows for concerns and/or complaints related to business ethics, human rights, and/or the environment to be raised by both own employees as well as other potentially affected people anonymously, confidentially and without fear of retaliation. The grievance channel should be developed on the effectiveness criteria from UN Guiding Principle 31 and cover the supplier's own operations and the supply chain.

## **Verification of Compliance with the Sustainability Requirements**

Scania reserves the right to verify compliance with sustainability requirements regularly, randomly or for specific events and using appropriate and adequate means before awarding a new contract and throughout the business relationship.

This can be done, for example, by means of a risk assessment of the relevant suppliers' area of responsibility, a self-assessment by the supplier and/or by deploying experts locally (on-site assessment). An on-site assessment of this nature is only carried out in the presence of representatives of the supplier during regular working hours and in accordance with applicable laws, in particular with regard to data protection. The supplier shall take appropriate and adequate measures that give Scania the right to carry out similar assessments of their suppliers if this is necessary for the fulfilment of legal or contractual obligations.

### **Assessment prior to entering a contract**

If sustainability risks are identified during pre-contractual assessments, the resulting measures from the assessment, if any, shall be binding in the concluded contract. In this case, the supplier is obliged upon entering into the contract to assess any determined or imminent violation of the sustainability requirements in its own business area or in its supply chain within a reasonable period and to remedy any such non-compliance at no additional cost to Scania.

The findings of the pre-contractual assessments for compliance with the sustainability requirements constitute a criterion relevant to the award of contracts.

### **Violation of sustainability requirements by suppliers**

If a violation of these sustainability requirements by the supplier has occurred or is imminent, Scania is entitled to take prompt and appropriate measures to prevent, stop or minimise the extent of such violation.

The supplier shall in this case take all appropriate measures to prevent, stop or minimise the extent of such violation. The supplier shall participate in one or more training formats from Scania or the Volkswagen Group, provided that participation in the training may lead to the termination or minimisation of the violation.

If the nature of the violation is such that it cannot be terminated in the foreseeable future, the supplier shall prepare and implement a plan (including a specific schedule) to stop or minimise the violation without undue delay. If required by law, Scania shall be appropriately involved in the preparation of the plan.

## Violation of sustainability requirements in the suppliers supply chain

If there are material grounds (substantiated information) for believing that a human rights or environmental obligation may have been violated in the upstream supply chain (with direct suppliers of Scania), the supplier shall, without undue delay:

- 1) Participate in a risk analysis by Scania,
- 2) Embed appropriate prevention measures with respect to respective supplier, and
- 3) Appropriately support Scania with the preparation and implementation of a plan to prevent, stop or minimise the violation.

### **Other consequences:**

If a supplier violates or does not comply with the sustainability requirements, Scania reserves the right to take appropriate steps to maintain its rights, such as:

- Requesting implementation of improvement measures
- Verifying highlighted improvements/measures
- Excluding the supplier from new orders and
- Terminating the contract up to extraordinary termination

Scania may waive the exercise of its right of termination if the supplier can credibly affirm and prove that it has immediately initiated countermeasures to prevent future, similar violations.

## Reporting misconduct

Misconduct must be identified at an early stage, dealt with and remedied without delay. This means that everyone needs to be aware of all compliance regulations, and pay attention and be ready to point out potential serious violations of the rules in case of concrete suspicions.

This can be done via the email address [supplier.sustainability@scania.com](mailto:supplier.sustainability@scania.com) or anonymously via the Scania Whistleblower System. Additional information and channels to report can be found on [www.scania.com](http://www.scania.com).

Scania values relevant, even anonymous, tip-offs from suppliers, customers and other third parties. In the event of specific indications of potential misconduct by employees of Scania, a supplier or a sub-supplier, Scania offers all stakeholders the possibility to report such potential misconduct to the Scania Whistleblower System.

The Scania Whistleblower System is based on fundamental principles such as the protection of the whistleblower and the whistleblower's right to anonymity, as well as the presumption of innocence and fairness of investigations towards persons implicated. Information received via the Scania Whistleblower System will be treated with the highest level of confidentiality.

Suppliers shall not hinder employees to use the complaints procedure set up by Scania. In particular, suppliers shall not undertake any actions that hinder, block or impede access to the complaints procedure. Suppliers undertake to pass on the obligations specified in sentences 1 and 2 to its subcontractors and to ensure that the obligations are passed on along supply chain.