



# Slavery and Human Trafficking Statement – Scania Group

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

## Organisation

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

With some 46,000 employees in about 100 countries, Scania’s sales and service network is strategically placed where customers need it, no matter where they operate. Research and development activities are mainly concentrated in Sweden, with branches in Brazil and India. Production takes place in Europe, Latin America and Asia with facilities for global interchange of both components and complete vehicles. In addition, there are regional production centres in Africa, Asia and Eurasia. Scania is part of Volkswagen Truck & Bus.

## Internal measures

### Doing Things Right

“Doing Things Right” summarises Scania’s ethics related policies. The aim of the guide is to give concrete guidance and support to employees on how to approach ethically challenging situations which they may encounter in their work.

The guide provides guidance for employees wishing to report a concern, asking a question and describes the potential consequences of failing to meet Scania’s ethical standards. It builds on Scania’s core values, policies and internationally recognized instruments and principles. Furthermore, the guide contains a list of useful internal and external references such as for example the chapter on ‘Business ethics and attitudes’ in the Corporate Governance Manual.

“Doing Things Right” has been developed through interviews with and feedback from Scania employees working in different functions and countries of the world to ensure that the ethical dilemmas presented in the guide are realistic and relevant.

The topic “Human Rights” is addressed by an own chapter in the “Doing things right” Manual. At Scania, the first priority is to ensure we are in compliance with all relevant laws and regulations wherever we do business. As a member of the UN Global Compact (UNGC), Scania adheres to its ten principles in the areas of human rights, labour, the environment and anti-corruption. As a UNGC signatory, Scania commits, from the highest level of the company, to implement, disclose and promote these principles throughout the organisation. Scania is also guided by the Organisation for Economic Cooperation and Development (OECD) guidelines for multinational enterprises — a set of recommendations for responsible business conduct.

### Whistleblower System

All employees at Scania have the opportunity to, and are encouraged to report breaches of laws, policies or employment contractual obligations. This includes suspicions of human rights violation.

The first preferred option is to approach the responsible Manager or local Human Resource department. Corporate Risk Management or other corporate units could also be contacted. The Central Investigation Unit at Group Internal Audit can always be contacted directly



through indicated channels (direct telephone number and e-mail account), or in any other way the person consider convenient.

The references are dealt with in accordance with established procedural principles in order to ensure the best possible protection of the information provider as well as the person concerned.

## Qualification of employees

By taking preventive measures, Scania promotes compliance with regulations in its organisation and raise the awareness of Scania's employees. This is why information and employee training plays a key role in compliance work across all hierarchy levels. The business ethics e-learning "Doing things right" is mandatory for all employees at Scania. During 2016 Scania complemented this by introducing a new full day course specifically targeting buyers and supplier quality analysts. The purpose of this new course is to provide all purchasing employees with the knowledge to undertake an initial screening of a potential or existing supplier and react on potential deviations from Scania's sustainability requirements.

In addition, employees are able to access other online and print communication offerings to obtain further information about "Doing Things Right" and the sustainability processes within purchasing.

## Measures in the supply chain

### Risk assessment

Scania is a global company with suppliers located worldwide. In order to handle this wide spread supplier base and minimize the risk of sustainability deviations (both country and industrial risks) Scania is actively monitoring their suppliers. The topic of human rights has a significant part in that. In this way Scania has the strategies to work in a proactive way to minimize their sustainability risk exposure within its supply chain.

### Scania's Supply Chain Standard

Scania suppliers must meet the same standards we demand from ourselves. Without exception, all suppliers must accept to comply with the UN Global Compacts' ten principles and commit to Scania's sustainability requirements. Scania and its suppliers have the responsibility to respect and support human rights wherever they operate, in particular these regulations must be considered alongside local law. It is the responsibility of the supplier to ensure that relevant rights are identified and prioritized. Scania requires all its suppliers to make sure that they are not complicit in human rights abuses. A key element is that the suppliers are expected to communicate Scania's standards to their own suppliers and subcontractors, which is followed up via a self-assessment questionnaire. Scania's requirements are the same no matter where Scania or the supplier operates, though there is a need to handle different risk profiles depending on country, industry or general knowledge about the supplier. To meet the different risk profiles Scania uses regional setups in some cases.

### Supplier self-assessments and trainings

Through its membership in the "DRIVE Sustainability - The Automotive Partnership" Scania works with other automotive companies to improve sustainability throughout the value



chain. One of its outcomes is a shared approach to supplier self-assessments, which Scania has been using since 2014. Scania is addressing all suppliers with this assessment. The tool is used to monitor the suppliers' sustainability performance to find knowledge and process gaps. In 2016, this was a main focus of Scania's sustainability work and the number of suppliers monitored by this tool increased significantly. Another common tool is supplier sustainability trainings, during 2016 common trainings were held in China, Germany and Czech Republic.

## Supplier audits

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

Scania's quality checks and supplier assessments have been including a sustainability element for a long time. Since 2015, Scania has been developing this further by conducting third-party sustainability audits. Scania also has the capability to conduct sustainability audits by own personnel who are certified by SA8000.

## Way forward

Scania is constantly monitoring and improving its Compliance and Sustainability management system.

In order to fulfil increasing requirements related to Scania's global activities, Scania has recently set up a Corporate Governance, Risk and Compliance function. Several measures are planned in the near future to further strengthen Scania's Compliance and Risk Management system. One example is the implementation of a new Code of Conduct which is aligned with the Volkswagen Code of Conduct and is reflecting Scania's responsibility as a member of society, as a business partner and as an employer. Human rights remains an essential part of the Code of Conduct and will be included in related training and communication activities, addressing all Scania employees worldwide.

In addition, Scania is aiming for continuous improvement of sustainability activities throughout the supply chain. Scania therefore works closely together with its suppliers when it comes to improving their sustainability performance. Scania will continue the supplier trainings with "DRIVE Sustainability - The Automotive Partnership". Furthermore, Scania will in 2017 and onwards conduct own supplier trainings with the purpose of taking sustainability performance within Scania's supply chain to a higher level.

Because Scania regards human rights violations as a dynamic risk, Scania will align its monitoring procedures with ongoing developments and continue to raise awareness of all forms of modern slavery and human trafficking both inside and outside the company. Suppliers shall ensure that they do not engage in any form of forced, bonded, compulsory, trafficked, modern slavery or non-voluntary labour.

Scania CV AB

Henrik Henriksson

Johan Haeggman

Kent Conradson

**SCANIA**