



SUPPLIER CODE OF CONDUCT

Issue 1.1 | 2023





Introduction

UD Trucks' mission is to drive prosperity through transport solutions and our approach to sustainability is an important part of the success of our company. We believe in developing, producing and distributing products and services in a responsible and sustainable manner as it builds trust with our customers, with society at large as well as with our business partners. UD Trucks wants to conduct business responsibly and in compliance with applicable laws and regulations.

Our Suppliers, as we define in section "Scope", play an integral part in our sustainability journey and we can never succeed without our partners and suppliers in the value chain. In our vision to become the most desired and successful transport solution provider in the world, we therefore need all Supplier's full commitment to support us on this sustainability journey through the care they invest in the parts, components and services they deliver.

Purpose

The purpose of UD Trucks Supplier Code of Conduct (hereinafter referred to as the “Supplier Code of Conduct”) is to define minimum sustainability requirements and aspirations for all UD Trucks Suppliers, in the areas of:

1. Human Rights and Working Conditions, page 8
2. Health and Safety, page 13
3. Responsible Sourcing of Raw Materials, page 14
4. Environmental Performance, page 16
5. Business Ethics, page 19

The Supplier Code of Conduct is also referred to as UD Trucks Key Element Procedure 6 (KEP 6).

The Supplier Code of Conduct is based on UD Trucks Code of Conduct and our UD Trucks Environmental Policy, as well as international conventions and standards such as the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights and the International Labour Organisation’s (ILO) Fundamental Principles and Rights at Work.

Scope

The Supplier Code of Conduct is an integral part of the agreement between Supplier and UD Trucks.

The term “Employee” used throughout this Supplier Code of Conduct covers everyone working for or on behalf of a Supplier, including but not limited to full and part-time employees, consultants, contractors, trainees, temporary workers, migrant workers, senior management and board of directors.

The Supplier Code of Conduct applies to all Suppliers that deliver goods and/or services to any entity of UD Trucks, including their parent, subsidiary or affiliate entities as well as their respective employees and agents (hereinafter individually and collectively referred to as “Supplier”).

For each area of the Supplier Code of Conduct, UD Trucks has defined two categories for our Suppliers’ sustainability performance and actions – Requirements and Aspirations:



Our General Requirements

- Supplier shall comply with all the Requirements of the Supplier Code of Conduct and make required efforts to comply with the Aspirations.
- Supplier shall ensure that all Requirements of this Supplier Code of Conduct are cascaded to and complied with within its own operations and by its direct suppliers. We also encourage each Supplier to uphold the same standard regarding our Aspirations and to work proactively in their supply chain beyond their direct suppliers to implement similar standards as outlined in this Supplier Code of Conduct both regarding Requirements and Aspirations.
- Supplier shall operate honestly and be transparent with facts and data in relation to both Requirements and Aspirations. UD Trucks wants to maintain an open dialogue concerning achievements, trends and possibilities for improvements in the areas outlined by this Supplier Code of Conduct. Environmental data related to production, product and transport shall be available upon request to enable UD Trucks to conduct environmental life cycle assessments.
- Supplier shall have a senior executive in place who is responsible for compliance with the areas covered by this Supplier Code of Conduct.
- Supplier shall have a Code of Conduct in place clarifying the Supplier’s rules of behaviour and proper conduct for the Supplier’s Employees.
- Supplier shall be proactive in appropriately addressing any risk of violation of the Requirements, whether in their facilities or in their supply chains.
- Supplier shall implement and make available appropriate grievance channels and remediation mechanisms available to all Employees and third parties in order for them to raise concerns or complaints, but also recommendations and improvement ideas concerning the Supplier’s operations, without fear of retaliation.

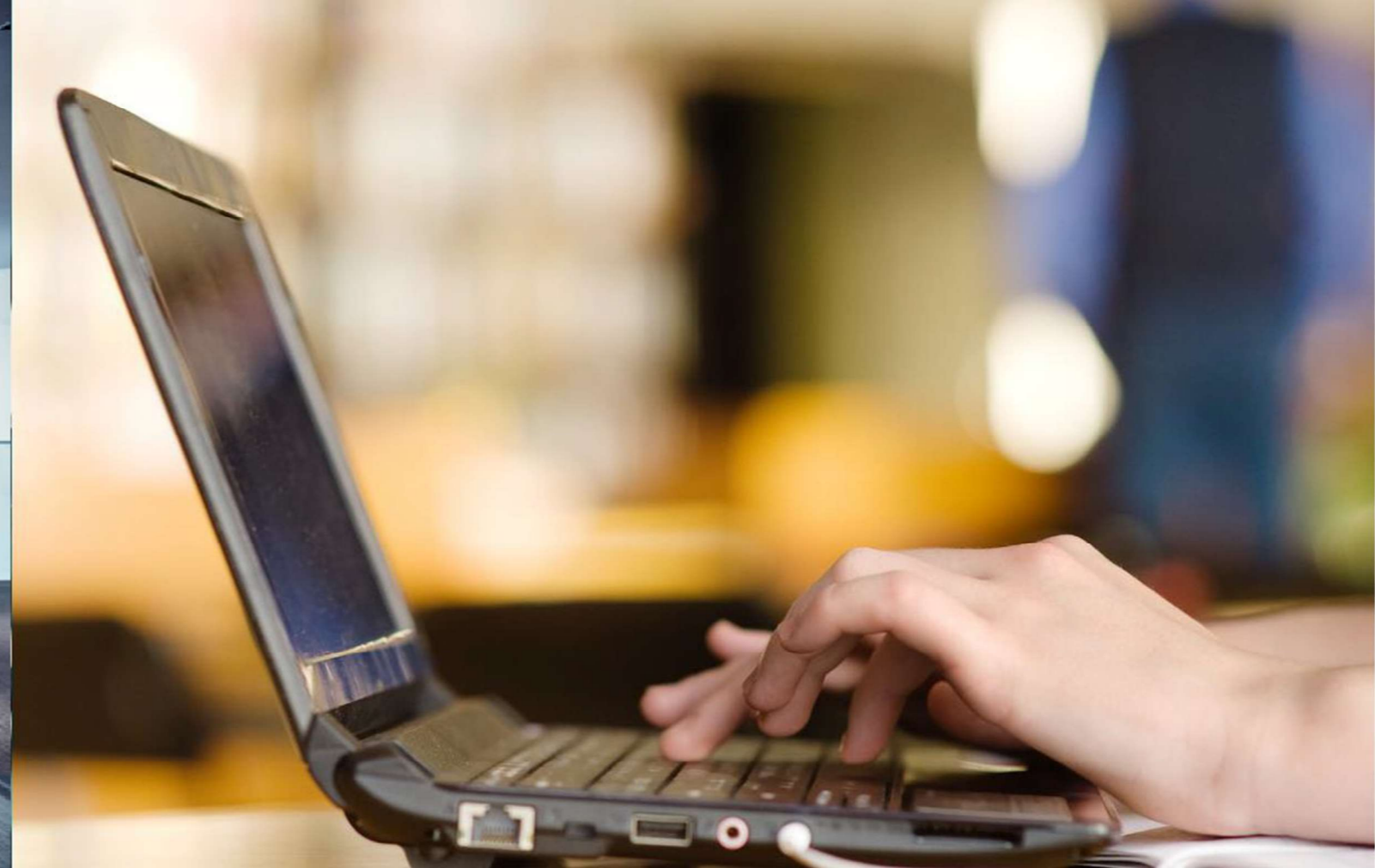


REQUIREMENT

A requirement refers to basic requirements which all Suppliers must comply with. A breach of a requirement is considered a breach of the Supplier agreement.

ASPIRATION

An aspiration refers to Supplier’s activities where UD Trucks encourages each Supplier to go beyond our basic requirements to further advance Supplier’s sustainable performance and impact in the areas covered by this Supplier Code of Conduct.



Management System

Supplier shall establish and maintain adequate management systems to oversee all elements of this Supplier Code of Conduct, in proportion to the size, complexity and risk environment of the Supplier's business. It shall contain a policy commitment from the Suppliers' management as well as provide for effective due-diligence and risk assessment, assign responsibility to relevant personnel, and include monitoring and reporting mechanisms related to all areas of this Supplier Code of Conduct. Such management system shall be continuously reviewed, monitored and improved, preferably under 3RD party certification.

Legal Compliance

Fundamental to all areas of this Supplier Code of Conduct and the baseline of all business with UD Trucks, we require our Suppliers to be knowledgeable about and to comply with all applicable laws and regulations as well as the contractual terms and conditions agreed upon with UD Trucks. All legally required permits, approvals, licenses, registrations, inspections and related reports shall be in place, up to date and available for inspection upon request.

In case local laws and regulations are less restrictive, the principles of this Supplier Code of Conduct shall apply. In case a requirement is covered by this Supplier Code of Conduct as well as by applicable laws and/or the agreement with UD Trucks, the stricter regulation offering the greatest protection shall apply. In cases where there is a direct contradiction between mandatory local law and the principles contained in this Supplier Code of Conduct, the local law shall prevail, however the Suppliers shall strive to honor the intentions of the Supplier Code of Conduct.

Continuous Improvement

UD Trucks believes in continuous improvement and recognises that implementing the standards of this Supplier Code of Conduct into the Suppliers' operations and supply chains is a dynamic rather than a static process. It is important to us that our Suppliers show dedication towards embedding not only the Requirements but also the Aspirations into their operations and across their supply chains and to seek continuous improvement over time in order to be able to show progress in all areas covered by this Supplier Code of Conduct.

Implementation and Compliance

Sustainability performance as outlined by this Supplier Code of Conduct is a key indicator in UD Trucks supplier qualification and assessment process, and accepting it is a prerequisite for doing business with us. UD Trucks verifies compliance with the Requirements and Aspirations of this Supplier Code of Conduct by means of a self-assessment questionnaire and reserves the right to conduct an on-site audit at any time, either through employees of UD Trucks or through an independent third party appointed by UD Trucks.

Lack of cooperation, failure to address violations of the Requirements of this Supplier Code of Conduct and/or non-timely implementation of necessary corrective action plans may result in a reduction in business and, ultimately, an end to the business relationship with UD Trucks.

Any questions regarding the interpretation of this Supplier Code of Conduct or UD Trucks's approach to sustainability in our supply chains in general can be raised to Function.sustainability@udtrucks.com

1. HUMAN RIGHTS AND WORKING CONDITIONS

UD Trucks strongly believes that employees are a company's most important resource and the respect for human rights forms the basis of any successful business.

Suppliers of UD Trucks shall respect all internationally recognized human rights and treat all people with dignity. Suppliers should especially be aware of and respect the rights of indigenous people, vulnerable groups, including, but not limited to migrant workers, women, children and disabled people, as well as local communities in connection with the Supplier's activities and operations.

We expect our Suppliers to exercise human rights due diligence in order to identify, prevent, mitigate and account for negative human rights impacts of their own operations and supply chain with a focus on where they have the highest risks of doing harm to people, and appropriate to company size and circumstances.

Modern Slavery and Forced Labour

Child Labour

REQUIREMENT

UD Trucks does not tolerate child labour, and Supplier shall prevent all forms of child labour. The minimum working age is the age of completion of compulsory school, but never less than 15 years.

Young Employees within the age of 15 – 18 years shall not be exposed to work that is likely to harm their physical or mental health, safety or morals.

ASPIRATION

Supplier is encouraged to have adequate policies, risk awareness, risk assessment and due-diligence processes in place to prevent child labour throughout its supply chain.

Supplier is further encouraged to engage constructively with relevant stakeholders such as children's rights experts, non-governmental organisations and industry associations in order to build awareness and proactively work towards preventing child labour and respect children's rights.

Working Hours and Leave

REQUIREMENT

Supplier shall always respect and comply with applicable laws and collective bargaining agreements, if applicable, on working and resting hours, including overtime working hours, as well as annual, sick and parental leave and any other applicable leave regulations.

ASPIRATION

Supplier is encouraged to maintain reasonable working hour schedules for its Employees in order to prevent quality and safety incidents and to minimize strains on Employees' physical and mental health.

Supplier is encouraged to comply with ILO standards on working hours and leave.

REQUIREMENT

UD Trucks does not tolerate any forms of modern slavery or forced labour, including but not limited to forced, bonded or compulsory labour and human trafficking. Consequently, Supplier, including their recruitment agencies, shall not engage in or tolerate restrictions of movement, excessive recruitment fees, confiscation of identity documents and/or passports, withholding of wages, abusive working conditions, debt bondage, violence or any other kind of exploitation or abuse.

ASPIRATION

Supplier is encouraged to have adequate policies, risk awareness, risk assessment and due-diligence processes in place to prevent modern slavery and forced labour throughout its supply chain.

Supplier is further encouraged to engage constructively with relevant stakeholders such as recruitment agencies, non-governmental organisations and industry associations in order to build awareness and proactively work towards preventing modern slavery and forced labour.



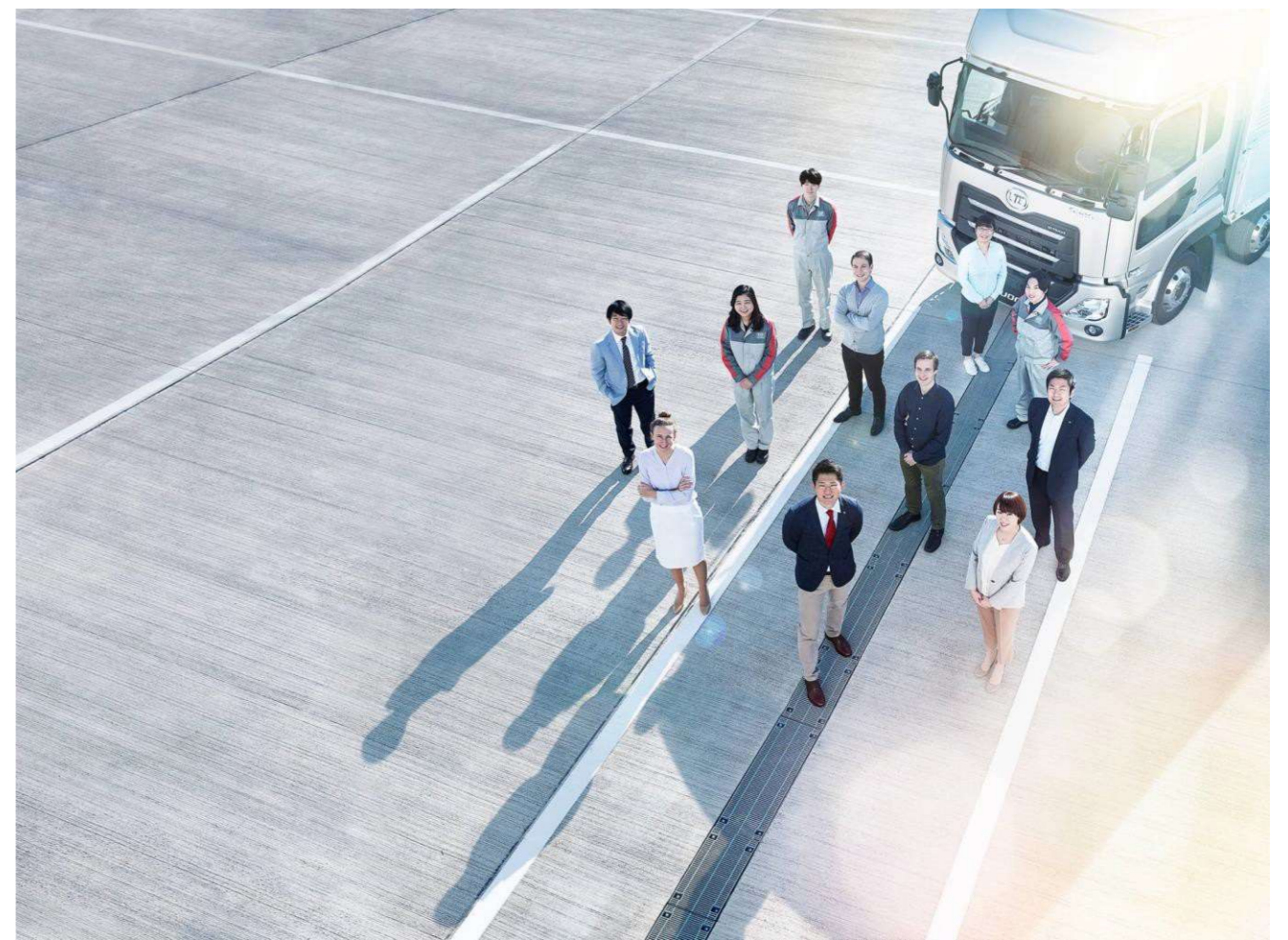
Wages and Benefits

REQUIREMENT

Supplier shall always pay and provide its Employees' wages and benefits that, as a minimum, comply with applicable laws and collective bargaining agreements. Supplier shall provide its Employees with information about their employment terms and conditions, including benefits, in a format and language they can easily understand, such as a written employment contract and a timely wage statement. Deduction from wages is permitted only if and to the extent prescribed by applicable law, regulations or collective bargaining agreements.

ASPIRATION

Supplier is encouraged to adopt a pay structure that adequately reflects Employee skills and experience enabling them to meet the basic needs of themselves and their dependents.



Non-discrimination and Fair Treatment

REQUIREMENT

Supplier shall treat everyone with dignity and respect and provide equal employment opportunities and conditions based on the individual's ability to do the job, regardless of Employee or job applicant characteristics including, but not limited to:

- gender, gender identity or expression
- age
- nationality, race, ethnicity, skin colour or cultural background
- religion or belief
- disability, genetics, or health information including pregnancy
- sexual orientation
- union affiliation

Supplier shall not tolerate humiliating or physical punishment or allow any Employee to be subject to verbal, psychological, physical or sexual harassment or abuse.

ASPIRATION

Supplier is encouraged to actively promote diversity and inclusion and provide equitable benefits and working conditions accommodating all categories of human diversity.

Supplier is encouraged to engage constructively with relevant stakeholders such as non-governmental organisations and industry associations in order to build awareness and proactively work towards identifying root causes of discrimination if it is a widespread societal issue.

Freedom of Association and Collective Bargaining

REQUIREMENT

All Employees shall have the right to lawfully form, join or not join labour unions, bargain collectively, seek representation and join worker's councils in accordance with local law and international conventions. Employees shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, intimidation or retaliation.

Where local law sets restrictions on the right to freedom of association and collective bargaining, Supplier shall allow alternative forms of worker representation, association and bargaining.

ASPIRATION

Supplier is encouraged to engage in active social dialogue with its Employees on the basis of motivation, recognition and reward in order to stimulate workplace engagement.

Supplier is encouraged to engage constructively with relevant stakeholders such as non-governmental organisations, industry associations and worker representatives for sustained relations between employers and workers within the industry sectors or areas of operation.



2. HEALTH AND SAFETY

Suppliers shall provide Employees a safe and healthy working environment that minimizes the incidence of work-related injuries and enhances the quality of products and services, the consistency of production and worker retention and morale. This applies to Supplier's production facilities but also to any company provided accommodation such as dormitories as well any type of transportation provided by a Supplier to its Employees.

REQUIREMENT

Supplier shall ensure that its Employees' potential exposure to safety hazards, such as machines, equipment or substances, or other chemical, biological or physical agents, are identified, assessed and controlled through proper design and/or preventative maintenance and safe work procedures. Where hazards cannot be adequately controlled by these means, Employees shall be provided with appropriate personal protective equipment including access to first-aid supplies. Safety information shall be made available to everyone in order to educate, train, and protect the Employees from safety hazards.

Supplier shall have adequate emergency

preparedness procedures in place in order to identify and assess potential emergency situations. Emergency plans, fire safety and response procedures shall be implemented, including Employee notification and evacuation procedures, Employee training and evacuation drills. Fire safety procedures shall, where available, be periodically reviewed and approved by local authorities.

Employees shall have ready access to clean drinking water, hygienic toilet facilities, hygienic food preparation, storage and eating facilities, adequate ventilation, light and temperature levels, and acceptable levels of noise and dust pollution (as applicable).

ASPIRATION

Supplier is encouraged to work proactively with a long-term health and safety strategy, which includes aspects on age, disability, gender and religion.

3. RESPONSIBLE SOURCING OF RAW MATERIALS

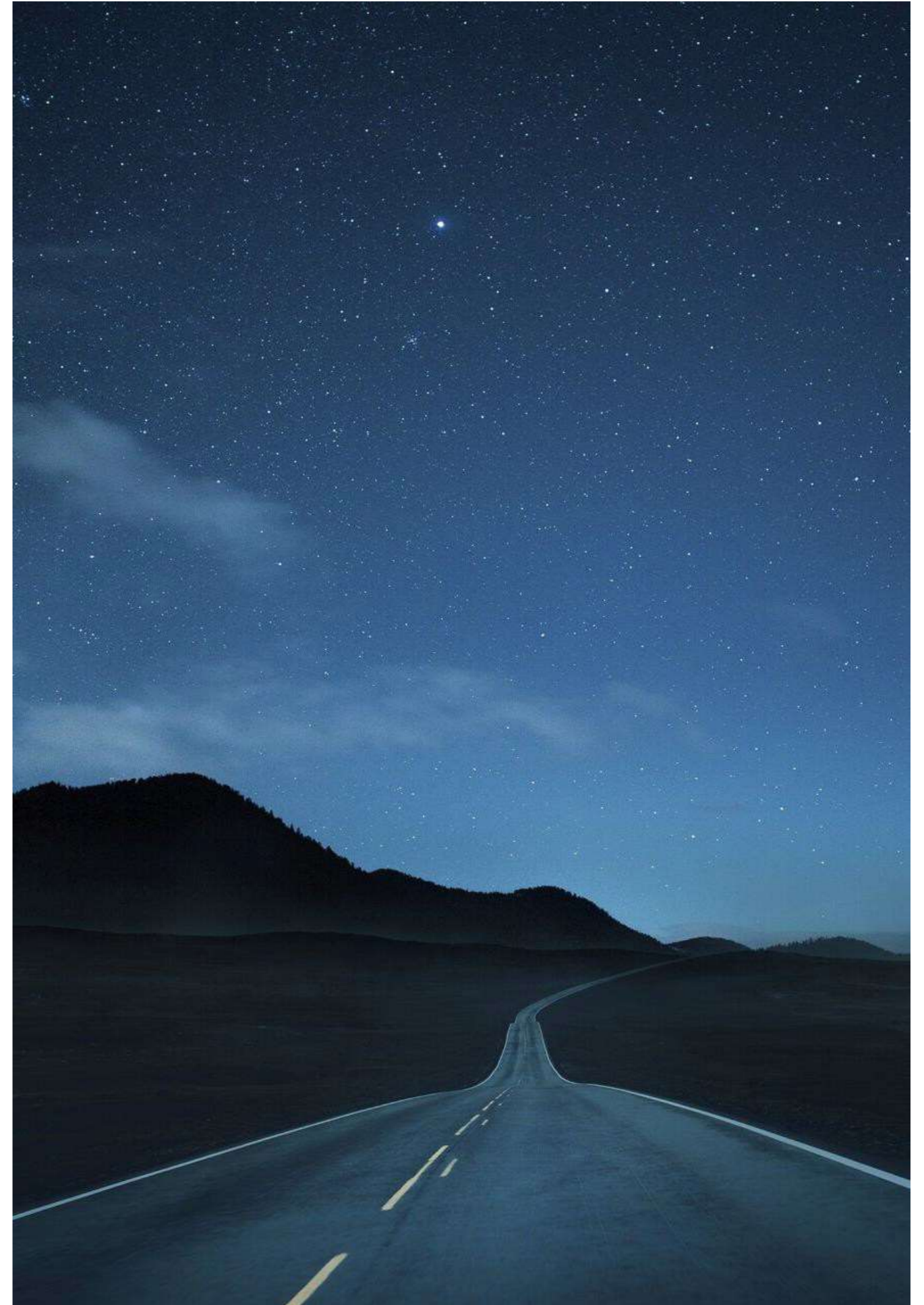
UD Trucks believes that mining and trading of minerals and raw materials can generate income, growth and prosperity and sustain livelihoods and foster local development. However, we also recognize the risk of contribution to adverse impacts such as human rights violations and conflict. Supplier shall respect all internationally recognized human rights and conduct responsible supply chain management of any materials critical to the industries in which UD Trucks operates, and in particular of those from conflict affected and high-risk areas.

REQUIREMENT

Supplier shall exercise adequate due diligence following the OECD Due Diligence Guidelines with respect to sourcing, extraction and handling of tantalum, tin, tungsten, gold, hereinafter referred to as "3TG", and cobalt and to make a reliable determination of the origin and source of such minerals. Supplier shall have a policy and process in place to ensure that any of these minerals contained in the products manufactured by the Supplier do not directly or indirectly finance or benefit armed groups that are perpetrators of human rights abuses or in any other way directly or indirectly contribute to human rights violations. We require our Supplier to ensure that all smelters and refiners in its 3TG and cobalt supply chain take part and actively engage in third party audit programs and to provide any information on such smelters and refiners upon request to UD Trucks.

ASPIRATION

Supplier is encouraged to exercise adequate due diligence similar to 3TG and cobalt for any materials and minerals contained in the products delivered by the Supplier to UD Trucks that directly or indirectly contribute to human rights and/or environmental violations.



4. ENVIRONMENTAL PERFORMANCE

UD Trucks expects its Suppliers to reduce their negative environmental impacts by protecting the environment, conserving natural resources and continuously striving towards reducing the environmental footprint of their production, products and services throughout their entire life-cycle. The life cycle stages include acquisition of raw materials, design, production, transportation/delivery, use, end-of-life treatment and final disposal. Suppliers are expected to handle environmental violations and complaints methodically and communicate them to affected Employees and to external stakeholders including UD Trucks, if relevant.

Resource Efficiency and Energy Consumption

REQUIREMENT

Supplier shall monitor, track and document its consumption of natural resources such as water and raw materials, as well as sources of energy in order to be able to identify aspects that Supplier can control and can influence fostering opportunities for improvement and minimized consumption. Consumption shall be monitored, tracked and documented on both the site and corporate level and provided to UD Trucks upon request.

ASPIRATION

Supplier is encouraged to use and consume natural resources and sources of energy in an optimised and efficient way, with particular focus on implementing conservation and recycling practices in Supplier's production and maintenance processes. At all times, we encourage Supplier to adhere to the precautionary principle by, when suitable alternatives are available, substituting materials and methods posing potential environmental and health related risks.

A Supplier located in an area affected by water scarcity and/or water stress is encouraged to economize and to secure existing and future access to water sources, and to seek opportunities for responsible treatment of water and wastewater discharges.

Supplier is encouraged to implement a comprehensive energy reduction strategy and management program while increasing the use of renewable energy.

Emissions and Waste Management

REQUIREMENT

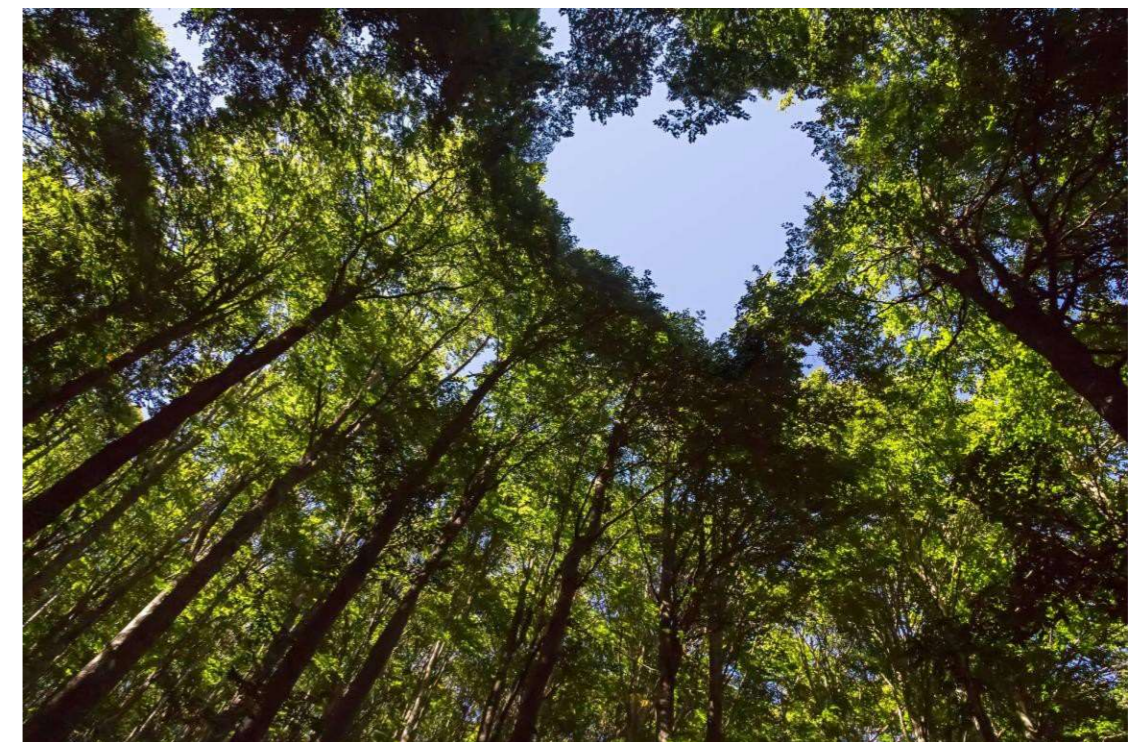
Supplier shall monitor, track and document its emissions to air, water and soil from its facilities and transports as well as the wastewater and solid waste generated by its operations in order to be able to identify aspects that Supplier can control and influence fostering opportunities for improvement and minimized emission. All output shall be monitored, tracked and documented on both the site and corporate level and be provided to UD Trucks upon request.

Supplier shall monitor, track and document the composition of their packaging material which becomes waste at UD Trucks in order to facilitate steps towards circular economy, e.g. utilizing non-complex materials and/or materials for which there are locally established recycling markets available.

ASPIRATION

Supplier is encouraged to routinely control, minimize and to the extent possible eliminate greenhouse gas emissions and discharges or pollutants at the source or by other adequate measures. Supplier is also encouraged to control and treat wastewater and solid waste generated from the operations, industrial process and sanitation facilities of the Supplier prior to discharge or disposal. Moreover, Supplier is encouraged to implement a waste management strategy that targets, in order of priority: (1) prevention, (2) reduction, (3) reuse, (4) recycling, (5) energy recovery, (6) incineration without energy recovery, and (7) landfill/disposal of waste in a safe and environmentally responsible manner.

Supplier is encouraged to design all packaging material in a way that facilitates a circular economy approach.





5. BUSINESS ETHICS

UD Trucks requires its Suppliers to uphold the highest standards of integrity and always operate honestly and equitably throughout their operations and business relationships. UD Trucks believes that earning business fairly and in compliance with applicable legal requirements is essential to build trust with customers and other business partners. We require our Suppliers to conduct their business in the same way, especially in the following areas.



Hazardous Substances

REQUIREMENT

Supplier shall identify potentially hazardous substances in chemical products and articles used in its production and ensure that they are handled, transported, stored, recycled and disposed of safely. Safety information shall be available to educate, train, and protect Employees from hazardous materials and Employees shall have access to adequate personal protective equipment.

Substances included in products or services delivered to UD Trucks must fulfill the requirements stated in UD standards 100-0002, 100-0003 and 100-0005 also known as the UD Black, Grey and Red list, including any updates thereof.

We require 100% declaration of all substances used in the products delivered to UD Trucks, reported through the International Material Data System (IMDS) or any other corresponding tool as advised by UD Trucks.

ASPIRATION

Supplier is encouraged to substitute hazardous substances with those less hazardous.

Fair Competition

REQUIREMENT

Supplier shall respect and comply with all applicable fair trade, competition and anti-trust laws and regulations and shall not have any anti-competitive discussions or enter into any anti-competitive agreements, including illegal price-fixing, market sharing, customer allocation or other illegal restrictive practices, at any level of the production or distribution chain.

ASPIRATION

Supplier is encouraged to implement a corporate or group wide compliance program on fair competition applicable to all Supplier's affiliate organisations.

Business Integrity

REQUIREMENT

Supplier shall at all times uphold the highest level of integrity in all business interactions and disclose details of its corporate structure when requested by UD Trucks.

Conflicts of Interest. Supplier shall do business in an open and transparent way in order to demonstrate that they are an honest and reliable partner. Further, Supplier shall conduct business in a manner that avoids situations where private, financial or other external interests conflict with the job responsibilities of the Employee. Any situation where a UD Trucks employee or professional under contract with UD Trucks may have a personal interest of any kind in the Supplier's business or any kind of economic ties with the Supplier, must immediately be reported to UD Trucks through ordinary reporting channels.

Anti-Corruption. Supplier shall not engage in, endorse nor tolerate any form of bribery or corruption, directly or indirectly. Supplier shall not offer nor accept any form of improper benefit to or from a third party, private or public, with the purpose of obtaining or retaining business or any form of preferential treatment. Such benefits may comprise not only cash but also job opportunities, favours, travel, facilitation payments, promises to pay debts or unlawful gifts and entertainment.

Confidentiality and Intellectual Property Rights. Supplier shall respect UD Trucks confidential information and intellectual property rights by safeguarding against misuse, mishandling, counterfeit, theft, fraud or improper disclosure in accordance with applicable law and the contractual terms with UD Trucks.



ASPIRATION

Supplier is encouraged to implement an information management strategy, including a policy which ensures proper levels and thresholds as well as records for proper business integrity. Moreover Supplier should implement a whistle-blower process where its Employees can anonymously raise any concerns of misconduct.

Supplier is encouraged to implement an effective anti-corruption compliance program, covering a process for conducting due diligence prior to entering relationships with business partners in order to investigate and evaluate the integrity, quality, suitability and credibility of all potential business partners.

Data Privacy

REQUIREMENT

Whenever a Supplier is entrusted with personal information about individuals, Supplier shall safeguard it and take appropriate steps to protect it from misuse. All applicable data privacy laws as well as the contractual terms with UD Trucks shall be observed when collecting, storing, using, processing or sharing personal information about individuals.

ASPIRATION

Supplier is encouraged to implement a risk evaluation process in order to identify threats to privacy, and to act upon any threats or risks identified.



UD Trucks Purchasing

udtrucks.com