

# PACCAR

## Supplier Code of Conduct



## Introduction and Requirements

PACCAR Inc, its subsidiaries, divisions, and affiliates (“PACCAR”) requires its suppliers and all sub-suppliers to comply with the requirements set forth in this Supplier Code of Conduct (“Code”), and all applicable laws, rules, and regulations.

As a global leader in the design, manufacture, and distribution of high-quality commercial vehicles, engines, and components, PACCAR is committed to upholding the highest ethical standards in all aspects of its business operations. This Code outlines the principles and standards that we expect of suppliers when conducting business with and on behalf of PACCAR.

PACCAR selects suppliers after performing due diligence, including detailed reviews of their operations. PACCAR conducts ongoing supplier performance assessments, including periodic on-site supplier visits, announced and unannounced, to verify adherence to the Code and contractual compliance. Suppliers must require all sub-suppliers to comply with this Code. Suppliers are expected to regularly assess both their and their sub-suppliers’ compliance with this Code.

These requirements apply to all PACCAR suppliers and their affiliates’ locations worldwide. Suppliers who do not meet these requirements and fail to implement mitigation measures risk the loss of all existing and future business with PACCAR.

Within this Code, suppliers will find PACCAR’s requirements related to the following topics:

- Ethical Business Conduct
- Labor and Human Rights
- Health and Safety
- Responsible Sourcing
- Environment
- Data Management
- Sustainable Purchasing
- Feedback and Violations



## Ethical Business Conduct

Uphold the highest standards of integrity in all business interactions, maintain proper policies, management systems and procedures, provide training, perform third-party due diligence, and assess and monitor risks to detect and address misconduct.

Comply with anti-corruption laws in every country in which business is conducted. Never directly or indirectly receive or offer bribes, kickbacks, or other improper payments, to or from any person or organization including government and private organizations, their officials, agents, and employees.

Comply with all applicable import and export control laws, including, without limitation, sanctions, embargoes and other laws, regulations, government orders and policies controlling the transmission or shipment of goods, software, technology, services, and payments.

Adhere strictly to all applicable laws and regulations governing money laundering and the prevention of terrorist financing.

Conduct all business activities in compliance with all applicable antitrust and competition laws to ensure fair and free competition.

Avoid conflicts of interest by conducting all business dealings with the highest levels of professional integrity both organizationally and personally. Suppliers will allow business decisions to be made only with topic-relevant criteria, ensuring business relationships are not influenced by gifts, loans, employment opportunities, family relationships or other unethical incentives. Suppliers will make timely disclosures of all potential private and personal interests that may interfere with business decisions.

Utilize comprehensive and complete supply chain traceability systems and disclose relevant information in accordance with applicable laws and regulations as well as prevailing industry business practices. Provide documentation of management systems or other processes (such as third-party verifications) that mitigate and prevent sustainability risks in the supply chain.





## Labor and Human Rights

Respect and enforce human rights and fair working conditions as informed by internationally accepted standards such as the UN Guiding Principles on Business and Human Rights.

Identify, publicly report, and counteract potential human rights violations as required by law.

Comply with all applicable laws concerning minimum employment age, working conditions, compensation, and benefits.

Strictly prohibit all forms of forced labor and human trafficking in all supply chains, including without limitation, slavery, child labor, indentured labor, mandatory recruitment fees, retaliation against workers, restricting personal movement or transportation, retention of personal documents and forced bank accounts.

Treat employees with dignity and respect; never discriminate or harass on any basis, including race, color, gender identity or expression, sexual orientation, nationality, religion, age, marital status, medical condition, mental or physical disability, military or veteran status, genetic information, or any other legally protected status.

Provide equal opportunities to all employees by practicing inclusion, encouraging diversity in the workplace, and respecting the rights of indigenous peoples wherever business is conducted.

Respect applicable laws governing the right of employees to join or not to join lawful organizations.

## Health and Safety

Ensure employee safety and health through proper workplace design, operational controls, preventative maintenance, fire suppression systems, safe work procedures and accident prevention measures.

Comply with all relevant Health & Safety regulations including a management system such as ISO45001 or similar, ensure the manufacture of safe products, ensure access to personal protective equipment, implement training, processes, and facility investments to appropriately respond to emergency situations that may threaten the well-being of employees.

Comply with all warning and labeling requirements and safe handling procedures regarding hazardous, toxic, and dangerous goods and chemicals. Minimize the use and the effects of the use of such chemicals in all facilities to the extent possible.

Establish product design and manufacturing processes that ensure the integrity, safety, conformity, and compliance of products. Inform PACCAR immediately if there are any safety concerns regarding a product sold to PACCAR.

Use IMDS or equivalent methods to disclose the material composition of products and components to ensure that data entries are accurate, complete, and up to date.







## Responsible Sourcing

### **Conflict Minerals**

Responsibly source minerals and implement due diligence systems and risk management plans to prevent and mitigate the risk of supporting non-state armed groups in conflict-affected and high-risk areas.

Comply with applicable laws and regulations on conflict minerals, and implement an internationally recognized due diligence framework, such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

### **Critical Materials<sup>1</sup>**

Create a safe and sustainable supply chain for the manufacture and remanufacture of components and products such as batteries which contain critical materials and toxic substances.

Conform to all sourcing design, production, safety, performance, storing, recycling, disposal, and marketing requirements in applicable laws and regulations.

Restrict or eliminate the use of substances such as cadmium, lead, and mercury in components and products in conformance with applicable regulations.

Design products to maximize opportunities for the recycle and reuse of critical raw materials.

<sup>1</sup> Critical materials shall have that definition provided in any applicable laws. For general purposes, critical raw materials are those materials that are produced or mined in a limited geographical area(s), are characterized by high strategic importance, which cannot be readily substituted with another material, and which are limited in availability.

## Environment

Comply with applicable environmental laws, regulations, and best practices, and obtain and maintain all required permits (e.g., air emissions, stormwater) when producing and manufacturing parts, goods, and products.

Maintain an environmental management system with policies, procedures, and practices to ensure certification to an internationally accepted standard such as ISO 14001.

Measure and report greenhouse gas emissions using internationally recognized standards and methodologies and demonstrate alignment with the Paris Climate Agreement.

Measure and report energy consumption and highlight improvements in energy efficiency across vehicles, facilities, equipment, processes, and products. Measure, report, and maximize transition to renewable energy.

Measure and monitor water use, discharge, and quality indicators and comply with laws, regulations, and best practices to protect water. Take appropriate and adequate measures to minimize water consumption at supplier's facilities and within supplier's supply chains, prioritizing water stressed regions.

Source high quality and cost-effective materials while continuously maximizing circularity by working with PACCAR for reuse, repair, remanufacture, recycle and recovery of materials.

Minimize the amount and weight of packaging materials used for delivering goods. Make every effort to use packaging materials that are recyclable, reusable, or biodegradable, and avoid materials that are harmful to the environment.

Use and report chemicals in the supply chain and products in compliance with applicable local, national, and international laws and regulations. Reduce or eliminate the use of forever chemicals (including, without limitation, per- and polyfluoroalkyl substances) and other toxic and hazardous substances to the extent possible in parts and products, in accordance with applicable laws.

Identify and classify both nontoxic and toxic waste while storing, handling, transporting, and disposing, according to local, national, and international standards and regulations. Refrain from any illegal dumping and any other illegal practices which are harmful to the environment.

Upon request, provide PACCAR at the product level with information on environmental compliance activity and associated environmental aspects and impacts including, but not limited to, air and greenhouse gas emissions, land and biodiversity impacts, water utilization, energy consumption, chemicals and materials composition inventory, waste generation, and circularity activity.







## Data Management

Ensure compliance with applicable laws and regulations related to data protection, including data privacy, cybersecurity, and artificial intelligence.

In agreement with PACCAR maintain accreditation to an appropriate internationally recognized standard (such as TISAX Level 3 or ISO27001).

Develop and maintain cyber security incident response plans and business continuity plans to protect the supply of goods and services to PACCAR. This development and deployment shall ensure that data security is properly maintained, personal privacy

and intellectual property is adequately protected, and is developed and used in accordance with all applicable laws and regulations.

Establish clear rules and expectations pertaining to the responsible development and deployment of artificial intelligence in an ethical manner.

Protect PACCAR and other third-party intellectual property rights and safeguard customer and PACCAR's information and technologies by implementing appropriate organizational and technical measures.



## Sustainable Purchasing

Implement and maintain a continuous improvement program to ensure supplier policies, procedures, and processes are efficient and comply with this Code. Nominate company representatives to be responsible for the implementation of management systems supporting Code adherence, business continuity, risk assessments, record keeping, asset and personnel security and emergency preparedness. Conduct audits on such systems for continuous improvement and effectiveness.

Commitment to compliance and continuous improvement is reinforced by implementing training programs for managers and workers. These programs aim to ensure that the supplier's policies, procedures, and improvement objectives are effectively implemented and that all applicable statutory and regulatory requirements are met. In addition, ongoing processes must be in place to assess employees' understanding of the practices and conditions covered by this Code. Feedback is actively sought to foster continuous improvement and enhance compliance with this Code.

Provide full supply chain transparency at PACCAR's request for PACCAR to fulfill its legal obligations. Suppliers shall also require a corresponding disclosure obligation on their suppliers, which they in turn are required to pass on to their suppliers. This includes without limitation disclosure of the full supply chain at the material level, including without limitation, country-of-origin data as requested. Perform due diligence throughout the supply chains to ensure accurate reporting and compliance with all applicable laws and regulations.

Provide evidence of management systems or third-party verifications demonstrating processes that prevent or mitigate sustainability risks in the supply chain.



## Feedback and Violations

Establish a robust feedback mechanism that includes a grievance mechanism and whistleblower channels for supplier's employees and stake holders to report any concerns or violations of the Code, or any applicable law or regulation.

Communicate the availability and accessibility of the feedback mechanism to all relevant stakeholders.

Ensure the confidentiality and protection of individuals who report potential unethical or illegal activity.

Promptly and thoroughly investigate all reported incidents and take appropriate actions to address any violations.

In the event there is any substantiated violation of this Code, supplier will promptly notify PACCAR. Supplier shall prepare a risk mitigation plan within seven (7) days of the violation and shall take prompt action to implement such plan. PACCAR reserves the right to require additional improvement measures as needed. PACCAR shall have the right to verify any improvement measures taken. If supplier fails to implement such measures, or if the nature of the violation is such that the supplier cannot end it in a prompt manner, PACCAR shall have the right to exclude supplier from new orders or to cancel existing ones. PACCAR may waive its termination rights in its sole discretion if supplier can show that it has implemented adequate measures to promptly remedy the violation and to prevent future violations. Supplier will support PACCAR's implementation of legally required and based on the risk exposure, other due diligence processes by actively participating in related initiatives, e. g. self-assessment questionnaires or formal certification of compliance.

If substantiated information indicates that human rights or environmental obligations may have been violated in the supply chain, supplier shall, without undue delay: (1) participate in a risk analysis by PACCAR, (2) take appropriate prevention measures, (3) assist PACCAR with the preparation and implementation of a plan to prevent, stop or minimize the violation, and (4) assist with reporting obligations, if any.

PACCAR reserves the right to conduct or require an audit regarding supplier's compliance with this Code. Any audit shall be scheduled at a time mutually agreed upon by supplier and PACCAR, and supplier shall provide an appropriate level of documentation which evidences in a clear and transparent manner supplier's adherence to this Code.





