



# Green Bond Framework Presentation

**SCANIA**



# WELCOME TO SCANIA

Scania is a world leading provider of transport solutions.

Together with our partners and customers we are driving the shift towards a sustainable **transport system.**



# The world of Scania



Innovation and  
partnership



Future vision for  
transport – SCANIA NXT



51,000 employees in 100  
countries  
1,500 dealers and workshops



# Our core values

Customer first



Respect for the individual



Elimination of waste



Determination



Team spirit



Integrity





# A fast changing world

## Global drivers

Urbanization

Sustainability

Digitalisation

## Industry trends

Connected

Electrified

Autonomous

# Driving the shift

– towards a sustainable transport system

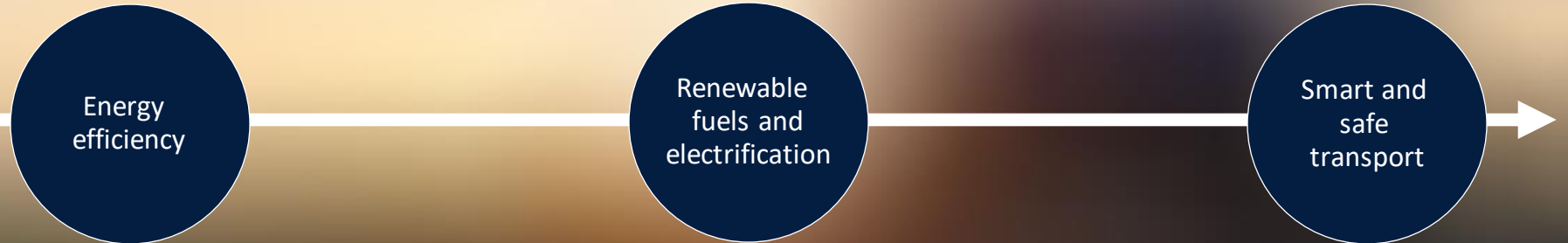


Scania's aim is to drive the shift towards a sustainable transport system, creating a world of mobility that is better for business, society and the environment.



# Sustainability at Scania

**Sustainable transport**  
Doing the right things



## Partnership driven leadership

**Responsible business**  
Doing things right





Collects 6,200 tones of faulty or worn parts from the network that are remanufactured and sold again.

7,6 BN SEK invested in R&D

Over 430,000 connected vehicles worldwide

Over 1,000 direct and 10,000 indirect suppliers

Customers in more than 100 countries.  
96 % of the environmental footprint.



Our logistics network pick up over 25,000 pallets per day

**Hundreds** of sales per day

More than 19,000 working in our production globally. Hundreds of vehicles produced per day





# Our approach to sustainable transport



Energy efficiency



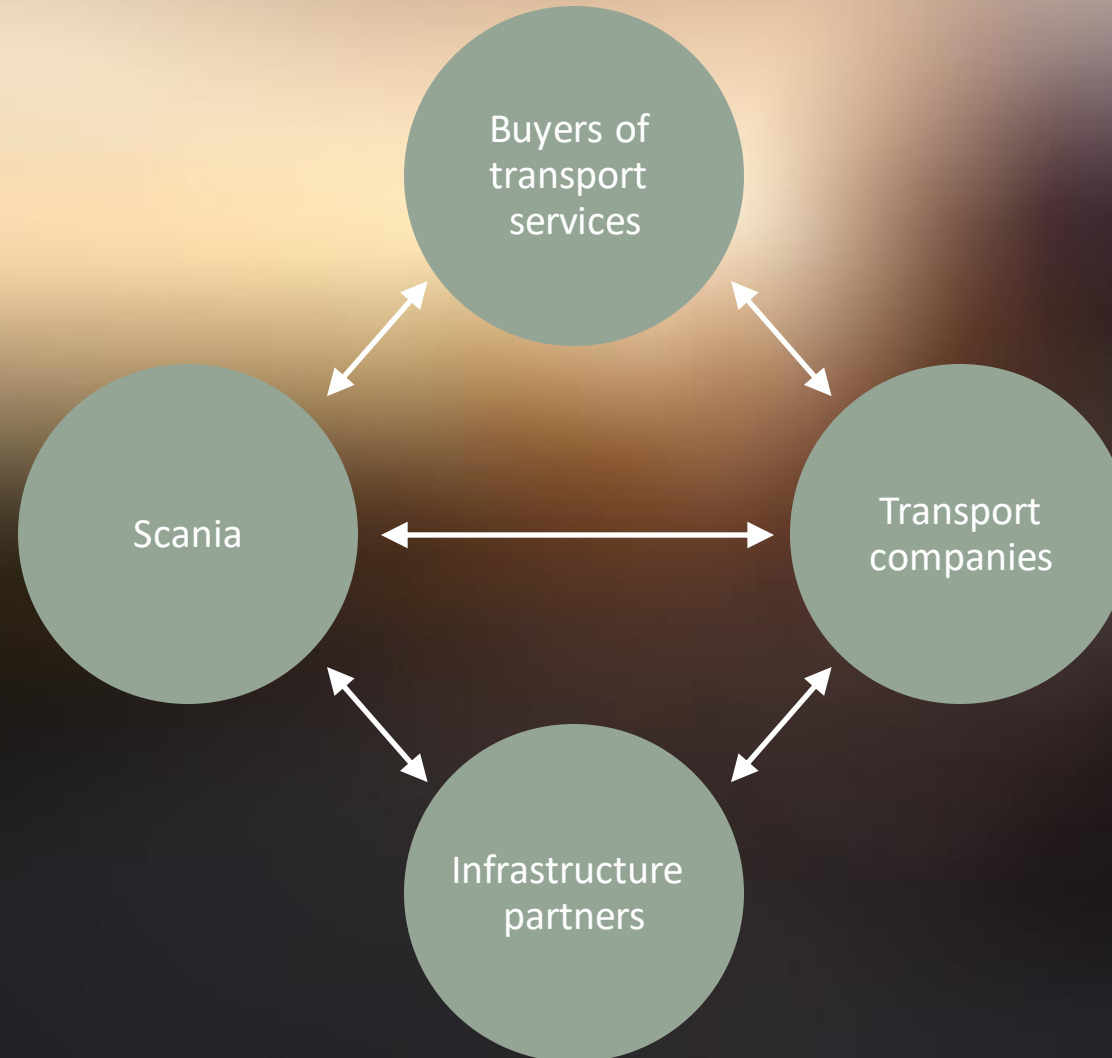
Renewable fuels  
and electrification



Smart and safe transport



# Partnerships





# Doing things right

## Responsible business – Environmental Footprint

Fossil free electricity  
100% of our operations run on fossil free electricity by 2020



CO<sub>2</sub> emissions from our logistical flow  
50% CO<sub>2</sub> reductions from land transports by 2025 (2016)

Energy use  
33% less energy in industrial operations by 2020 (2010)

Waste  
25% reduction of waste, in our industrial operations, that is not recycled by 2020 (2015)

Water  
40% reduction of water use per vehicle by 2025 (2015)

**50%**

CO<sub>2</sub> reduction from our operations by 2025 (2015)



# Responsible business

– people doing things right



## Diversity & inclusion index

Above 85% in the Employee Satisfaction Barometer



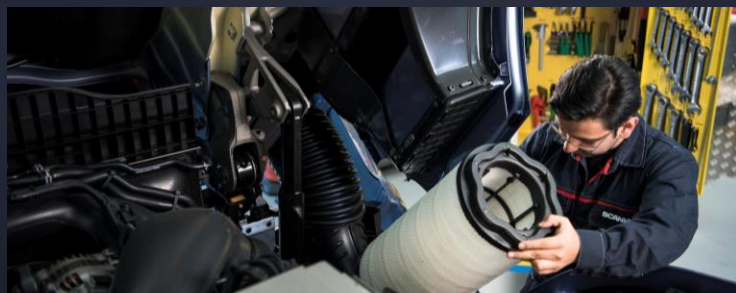
## Risk assessed suppliers

All active suppliers are in the highest score category 2022



## Business ethics training

100% of our employees trained in business ethics



## Occupational accidents

Max 5 accidents/million worked hours



## Gender equal opportunity

Equal opportunities to become managers for men and women

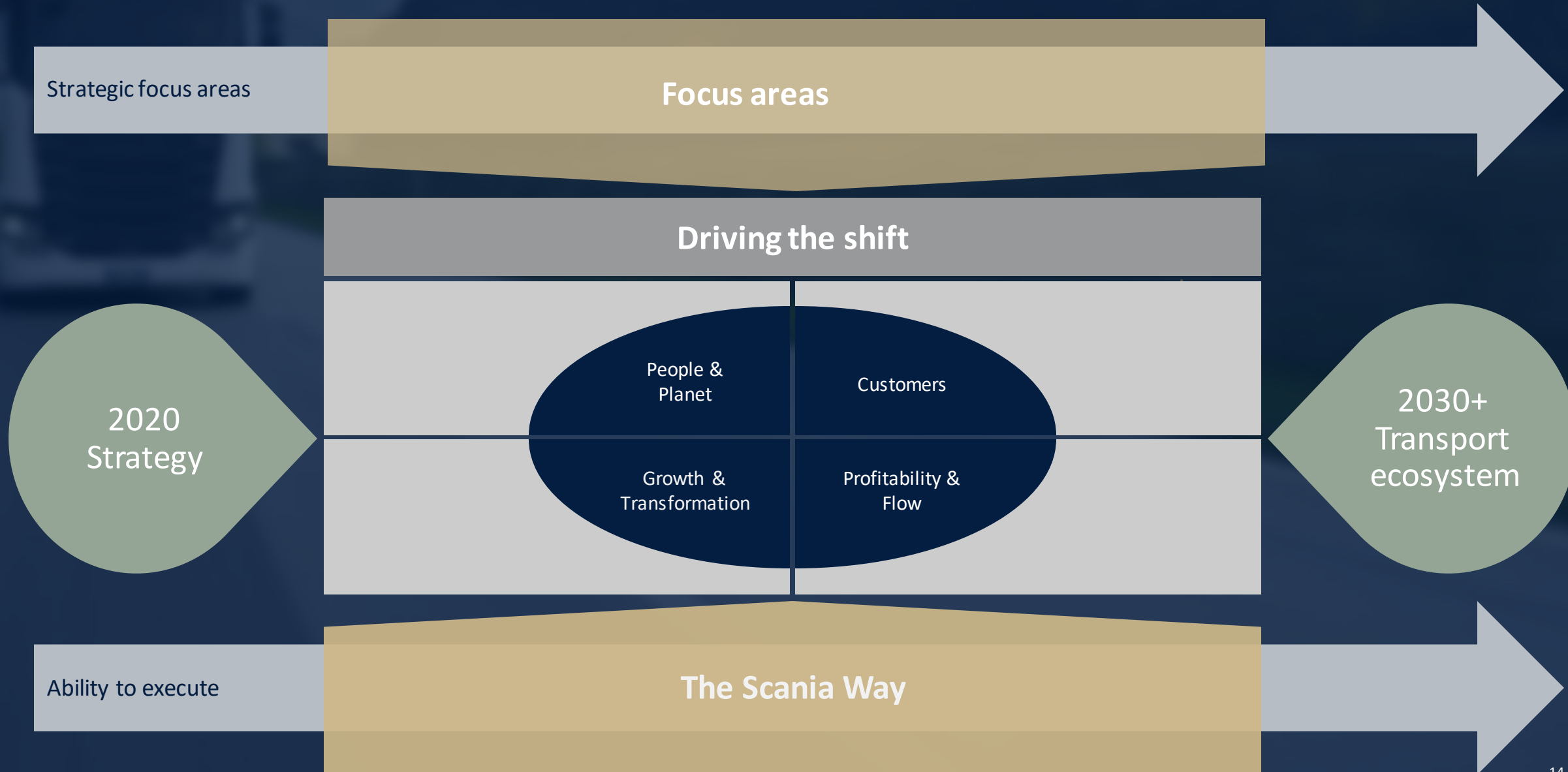


## Healthy attendance

97% healthy attendance



# Driving the Shift strategy



# Driving the Shift Strategy



Sustainability is at the core of Scania's Strategy



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



# Strategic Sustainability focus



Reducing CO<sub>2</sub> emission



Circular  
business



People  
sustainability





# Pathways towards a fossil free transport system 2050

## Three segments



Long haul



Distribution



City bus

## Four countries



Sweden



Germany



USA



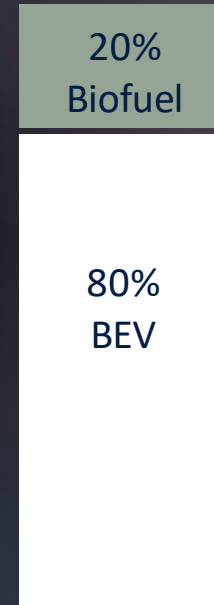
China

## Four scenarios

Battery  
electric  
growth



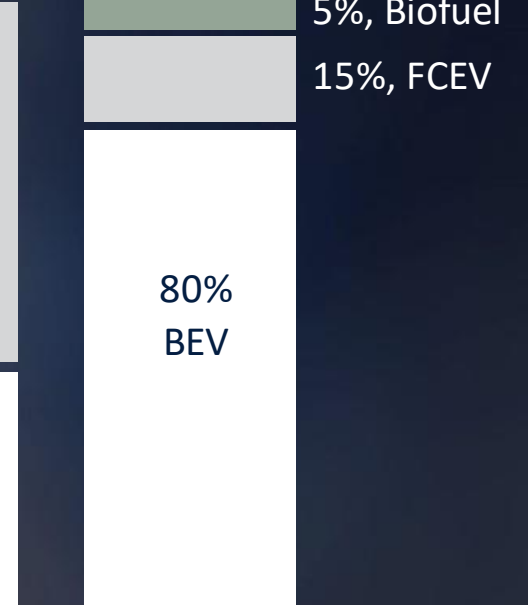
Biofuels  
growth



Fuel Cell  
growth



Tech  
mix





# Main findings of the Pathways Study

## Three segments



Long haul



Distribution



City bus

## Four countries



Sweden



Germany



USA



China

Possible and cost-effective

Enabled by logistics efficiency

Drivetrain electrification is a cornerstone, supported by other powertrain technologies

We need to start now, and we need to work in partnerships

25% CO<sub>2</sub> reduction

15% total system cost savings BEV

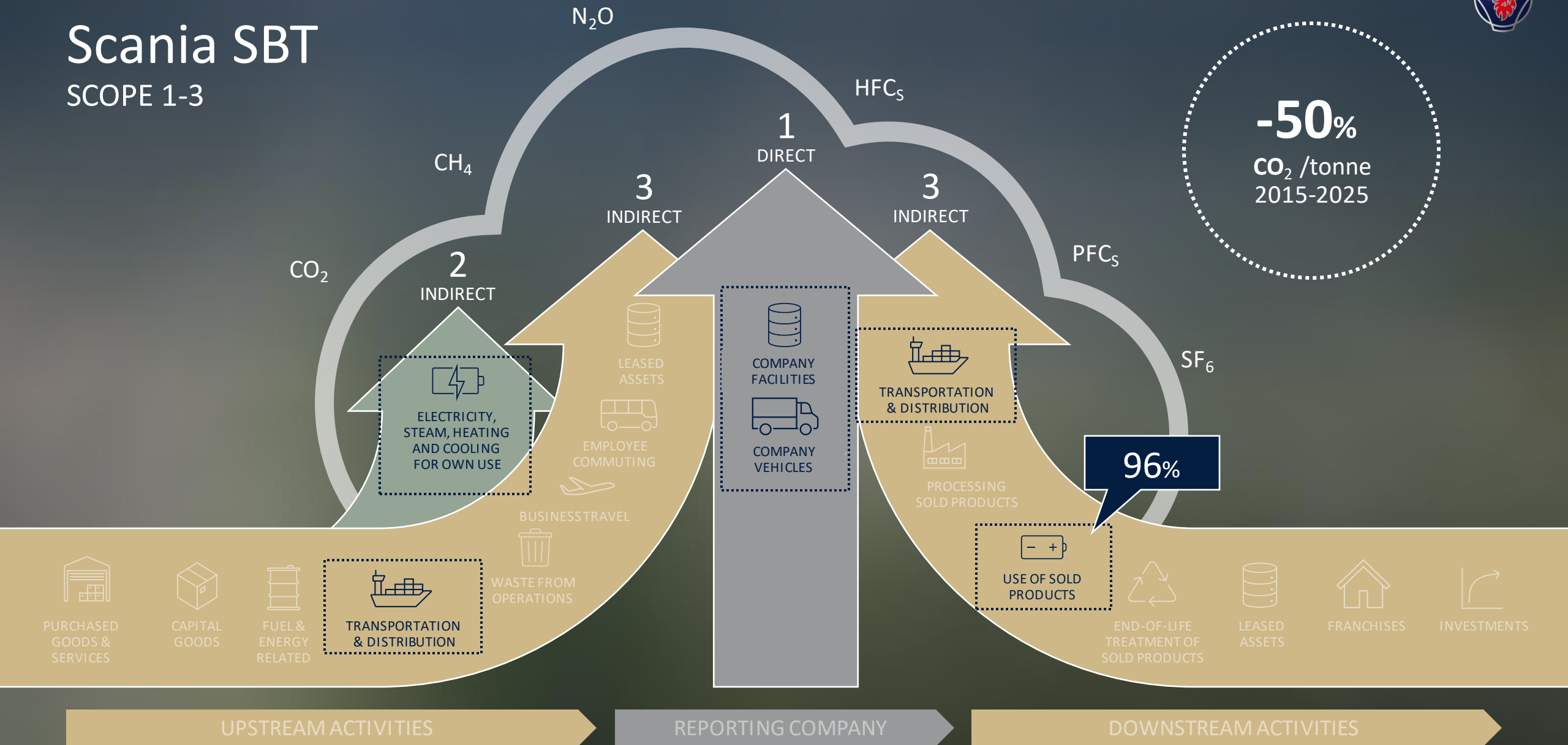
10%  
2025

100%  
2040



# Scania SBT

## SCOPE 1-3





# Scania's science based target



**50%**  
CO<sub>2</sub> reduction from our operations by 2025 (2015)

Tonnes CO<sub>2</sub>e

**SCOPE 1&2**

**20%**  
CO<sub>2</sub> reduction from our products by 2025 (2015)

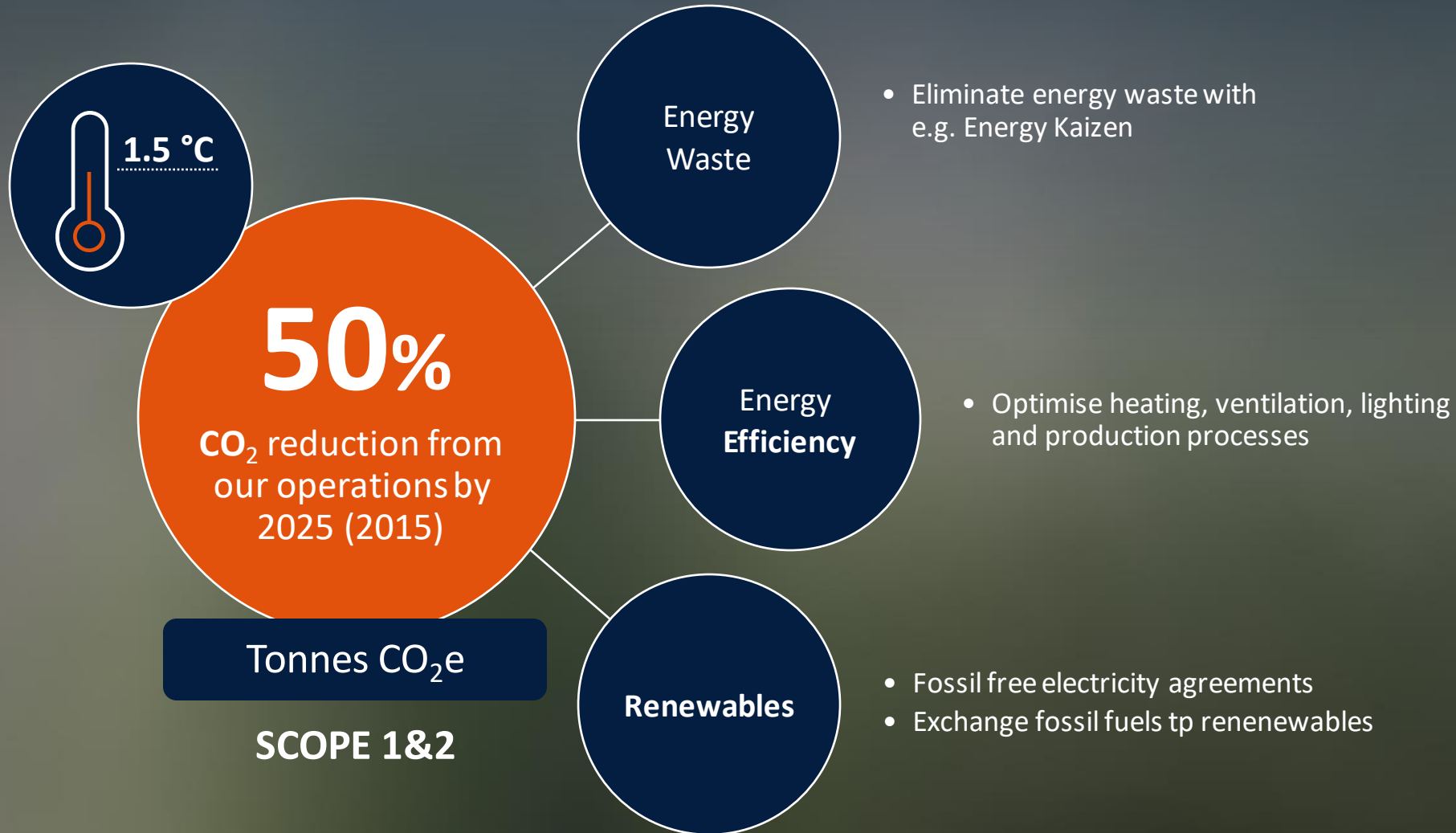
CO<sub>2</sub>e/km WTW

**SCOPE 3**



# How to reach SBT

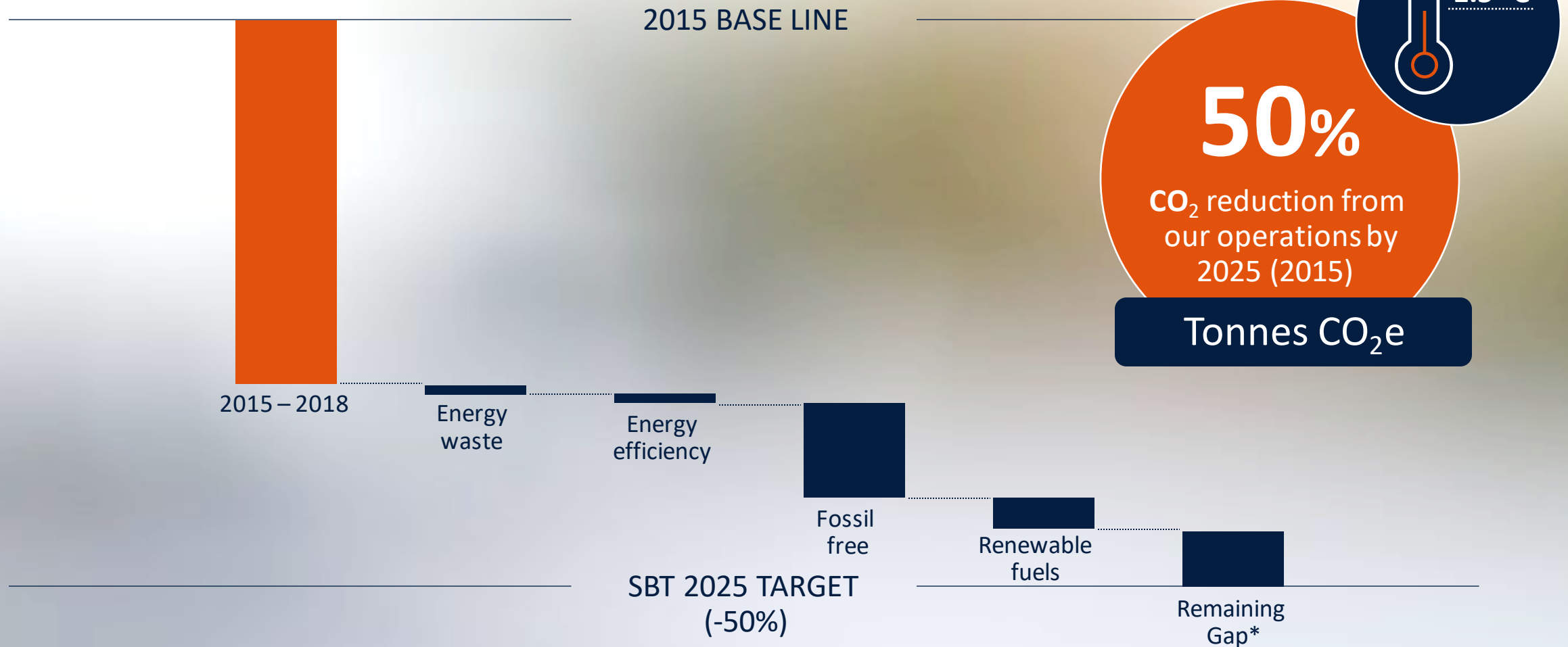
How to impact emissions from internal operations?





# Main levers

Expected potential from evaluated activities

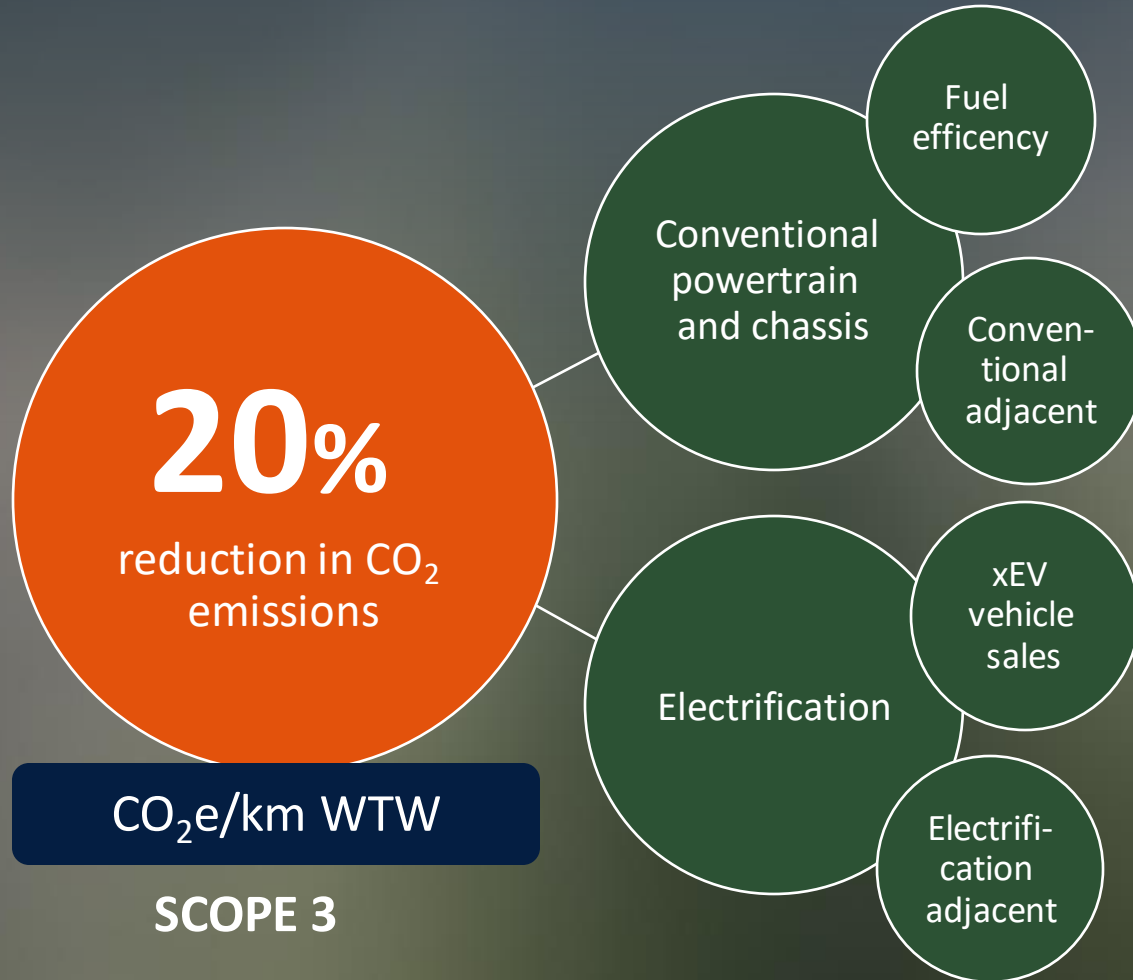


\*Need to investigate and prioritise additional activities



# Main levers

How to impact customer emissions?

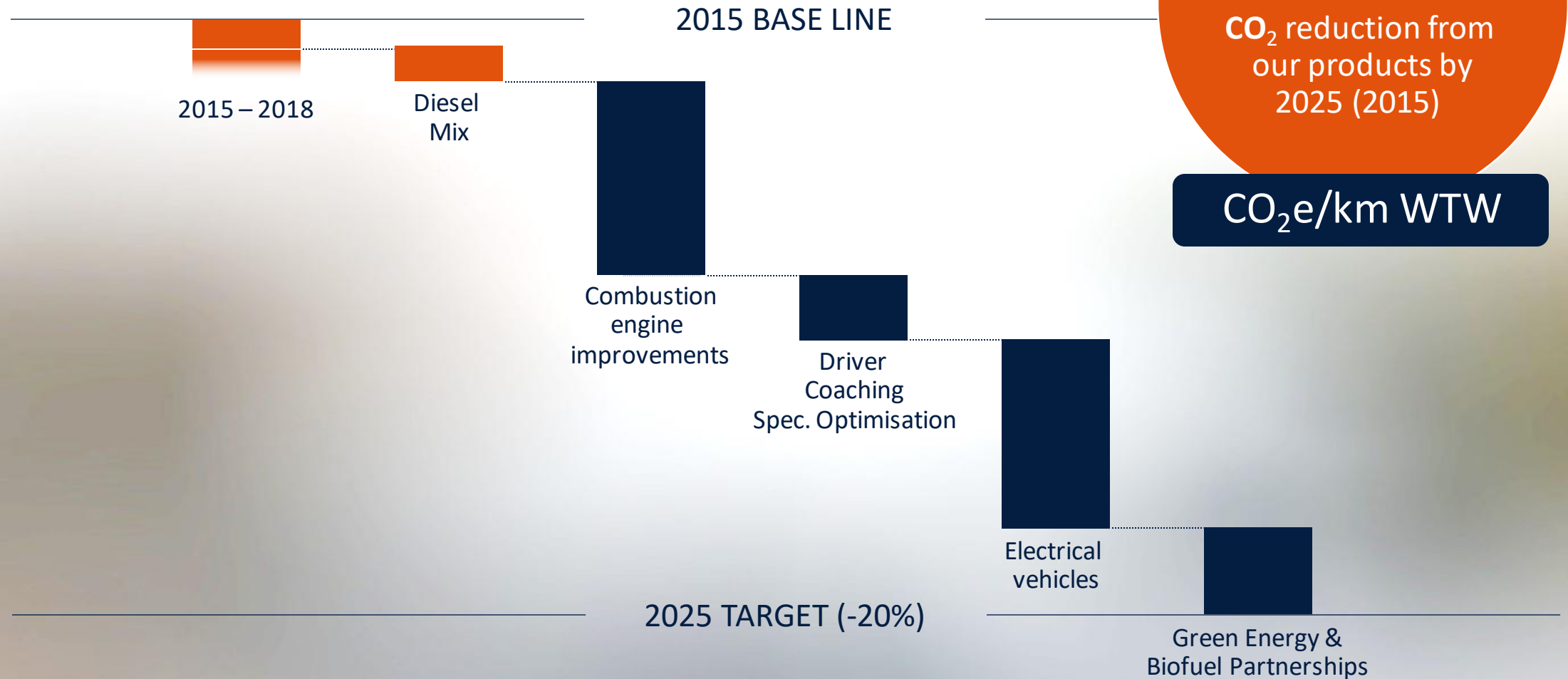


To achieve the reduction of 20% in CO<sub>2</sub> emissions in our customers' operations we need to work in three areas:

1. Creating more fuel efficient solutions using conventional engines
2. Selling an increasing share of electrified vehicles
3. Finding adjacent initiatives that can improve CO<sub>2</sub> reduction within both conventional and electrified technology

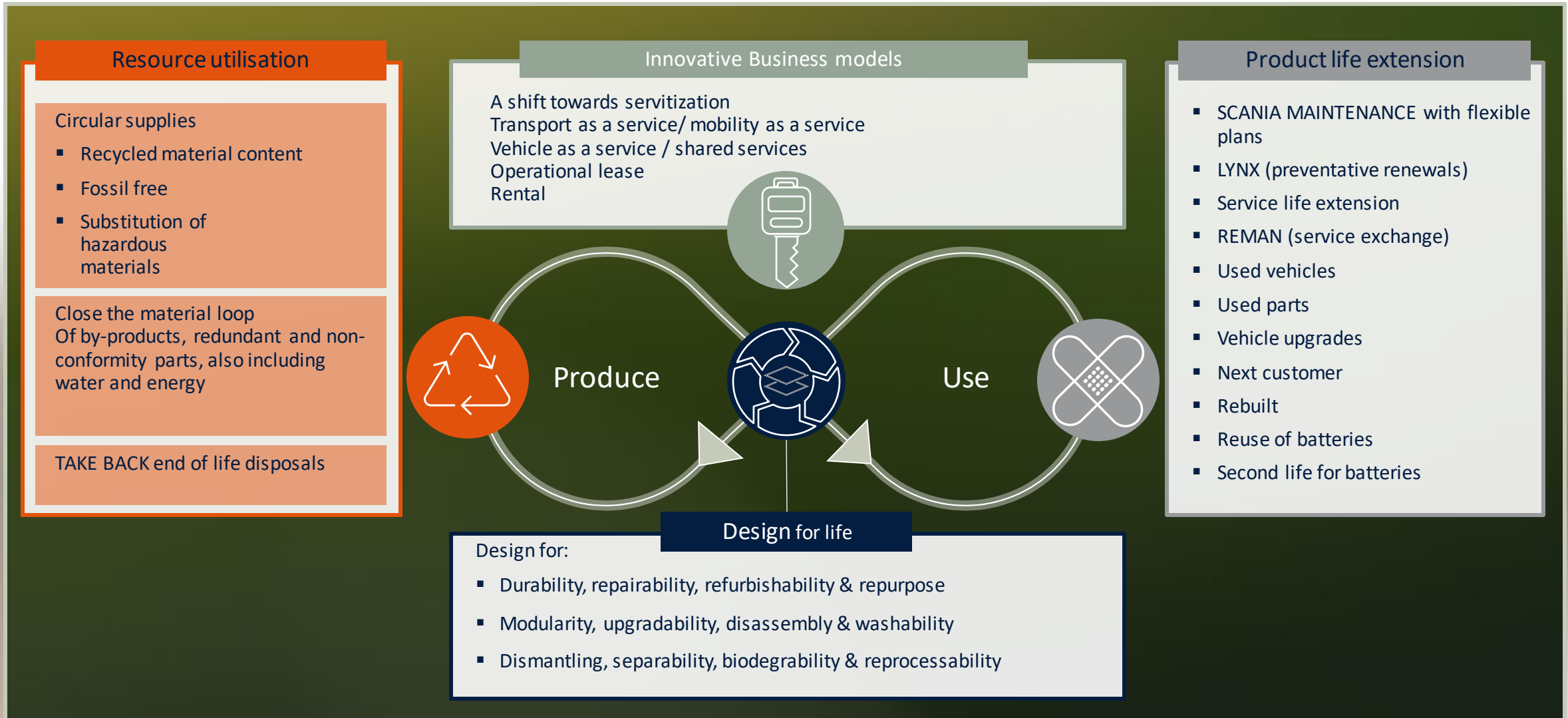


# How to reach the target



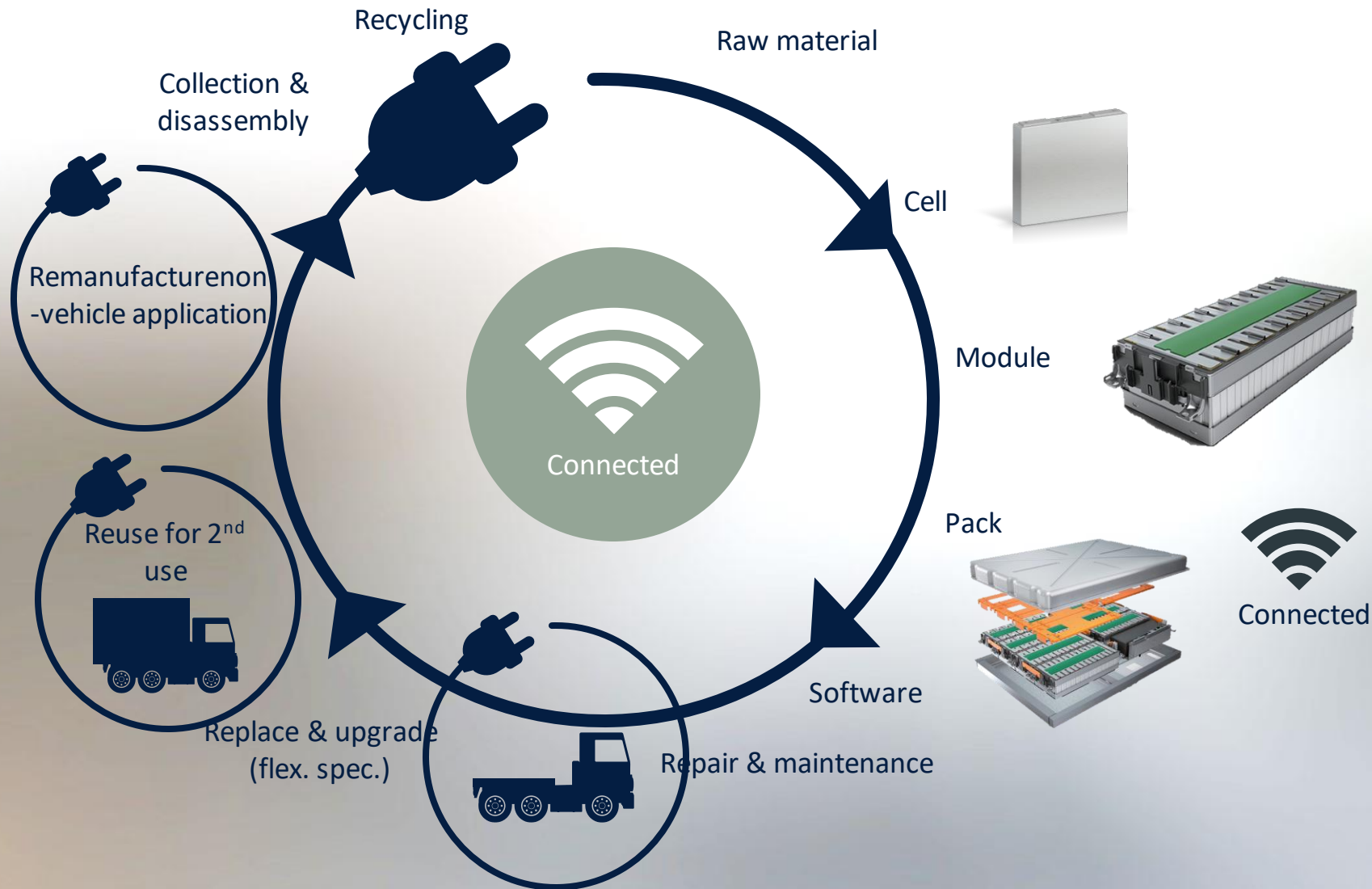


# Scania Circular business





# The battery life extends well beyond the first owner



**northvolt**

- New technological area
- Securing supply
- Importance of battery management

# Scania's impact on people

The risk for negative impact on people

*Do no harm*

*Respect Human Rights*



Employees

Customers

Drivers

Transport users

Employees in supply chain

Communities

Society

The potential for positive impact on people

*Sustainable Transport*

*Sustainable Development Goals (SDG:s)*



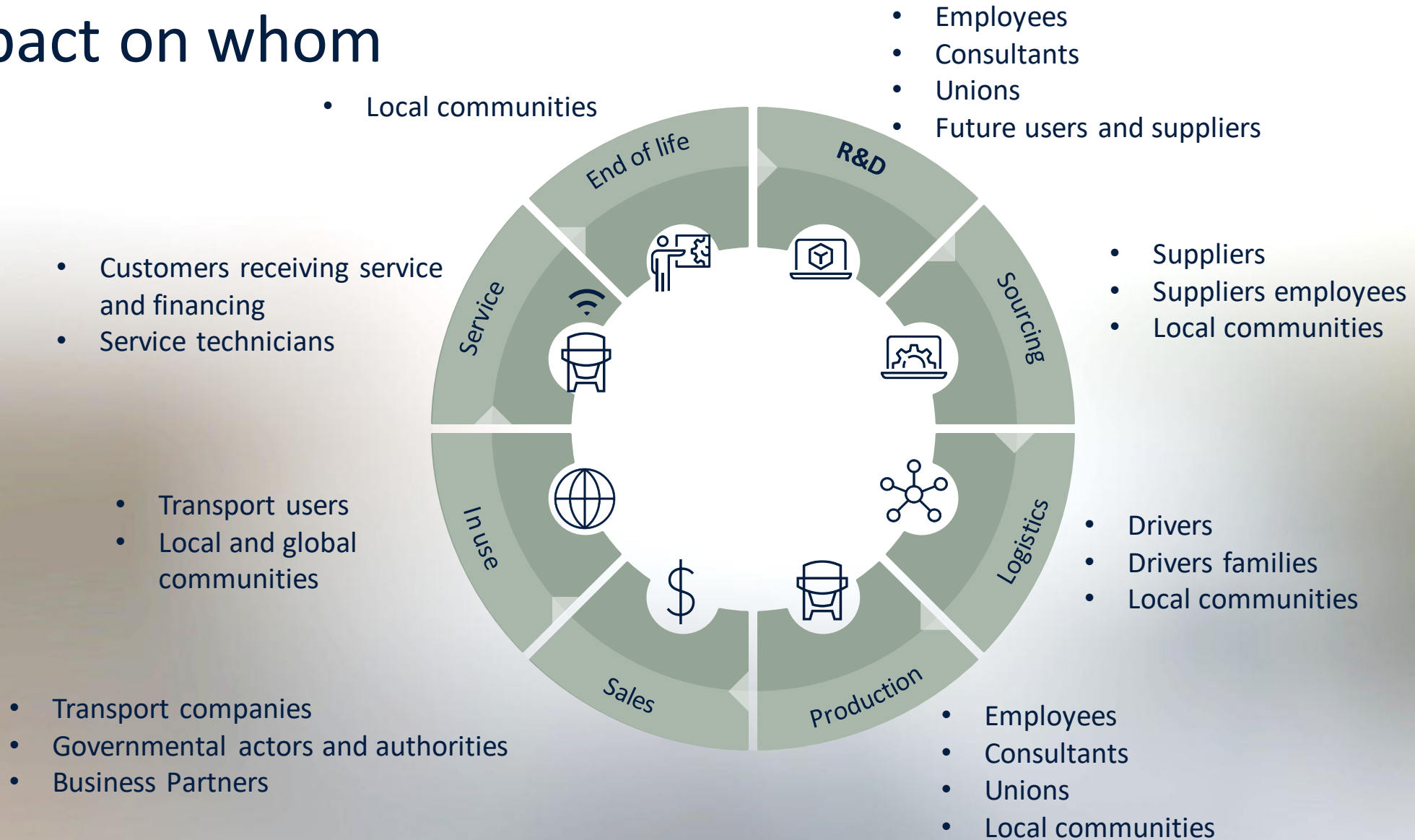
**THE GLOBAL GOALS**

For Sustainable Development





# Impact on whom





# Scania sustainability governance

Executive Board

Sustainability Advisory Board

Green Bond Committee

Research and  
Development

Production and  
Logistics

Sales and  
Marketing

Commercial  
Operations

Financial Services

Purchasing

Human  
Resources

Corporate Functions



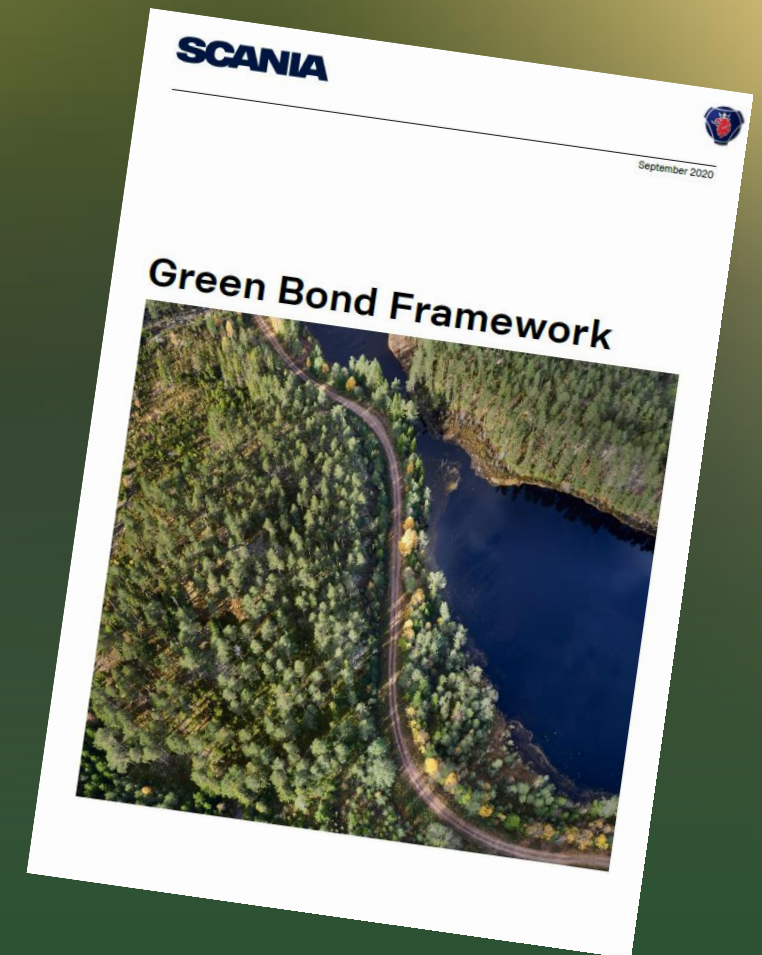
# Green bond framework

**SCANIA**



# Introduction

- Scania's Green Bond framework aligns our strategy with financing opportunities towards a fossil free transport system.
- The Green Bond framework is aligned with both the ICMA Green Bond Principles (GBP) and the LMA Green Loan Principles (GLP)
- Cicero have provided a Second Party Opinion with a Dark Green shading and Scania's governance performance is rated as: Excellent





# Green Bond use of proceeds

## Products and solutions

- Fossil free sustainable transport solutions

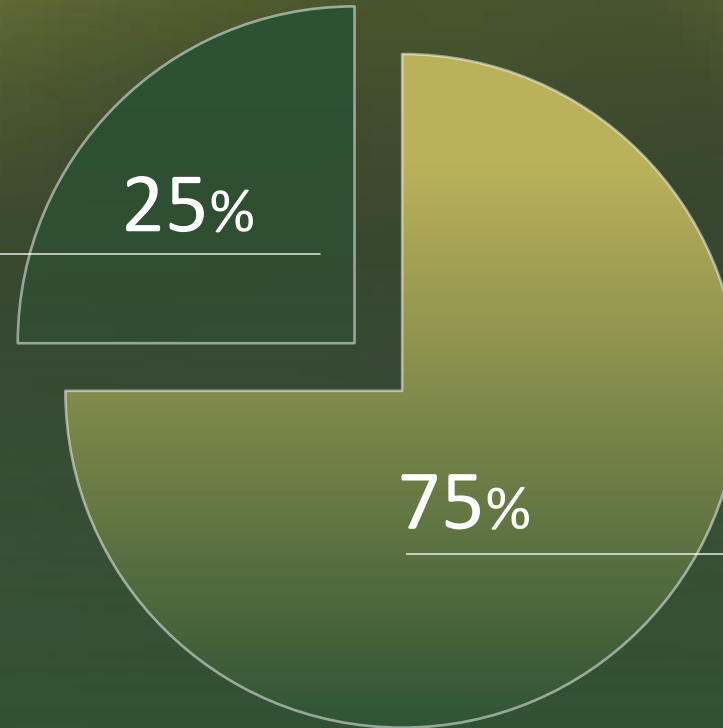
## Sustainable operations

- Energy and resource efficiency
- Sustainable water and wastewater management
- Waste handling and recycling
- Green buildings



Sustainable operations

## Allocation of proceeds



Fossil free sustainable transport solutions R&D





# Elements of the green bond framework

## Process for project evaluation

Green financing committee responsible for the eligible green projects from selection to reporting.

Identification

Selection

Tracking

Transparency

## Management of proceeds

Proceeds will be allocated to the eligible green project portfolio with a three year look back period

Project will be tracked and adjusted on a quarterly-annual basis via the portfolio approach

Unallocated proceeds will be earmarked placed on a bank account.

## Reporting

Scania will publish a Green Bond impact report annually

### Allocation reporting

- Allocation of net proceeds
- Proportion used for financing and re-financing
- Unallocated proceeds

### Impact reporting

- The relevant environmental impact, metrics and methodology.



# Scania Green Bond - sEcond party opinion

## Strengths

It is a strength that Scania focuses its framework exclusively on the development and production of fossil free transport solutions

It is a strength that Scania includes investments in development of charging infrastructure as this goes hand in hand with the deployment of electric vehicles.

We find no material weaknesses in Scania's green bond framework.

## Pitfalls:

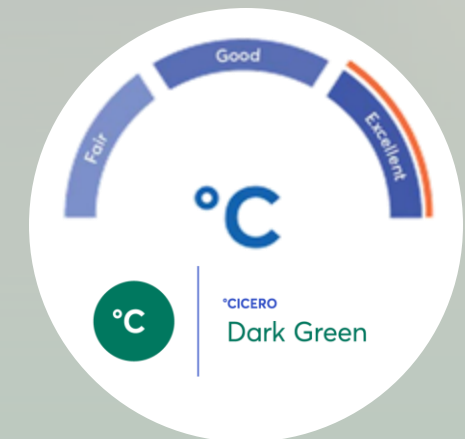
It is a pitfall that substantial increase in electric truck production could lead to increased pressure on rare earth material sourcing and other environmental impacts that might occur especially in regions with environmental regulation that is less strict than in the EU. Scania is aware of this challenge and is taking active measures to address these issues, e.g., establishing partnerships to secure sustainable production of batteries.

It is a pitfall that Scania does currently not implement TCFD recommendations. However, Scania has conducted scenario analysis on low carbon transportation, is currently considering implementing respective measures and will start including parts of what is needed for reporting in accordance with TCFD in the Q1 2021 annual report.

## SHADES OF GREEN

Based on our review, we rate the Scania's green bond framework **CICERO Dark Green**.

Included in the overall shading is an assessment of the governance structure of the green bond framework. CICERO Shades of Green finds the governance procedures in Scania's framework to be **Excellent**.





# Previous investment

## Electric Roads



Gävle, Sweden  
Frankfurt, Germany  
Baden Wettingen, Switzerland

## Hydrogen vehicles



Norway  
Hydrogen powered fuel cells

## Green Buildings



Solarpanels projects



# Electrification projects

Start of production in 2023-2024



Serial development started during 2020



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