

**PACR I**

**CODE  
OF  
BUSINESS  
CONDUCT**

To our Employees:

The manner in which PACCAR conducts its business, and the opinion of our shareholders, employees, customers and the public, is very important to the continued success of PACCAR. Over the years PACCAR, through its commitment to integrity and honesty demonstrated by PACCAR's directors, officers and employees, has earned a reputation for adhering to the law and maintaining the highest level of honest and ethical conduct.

PACCAR's Standard Policy 10, Principles of Conduct, states:

PACCAR conducts business so as to reflect the highest ethical standards, fulfill our legal obligations, and meet our social responsibilities. We strive to gain the favorable regard of customers, shareholders, employees, governments, and the general public through superior performance and effective communications.

The purpose of this Code of Business Conduct is to comply with the law and heighten awareness of and sensitivity to the ethical aspects of our business so that we continue to uphold the principals of Standard Policy 10 in our daily decision making. It is the responsibility of each director, officer and employee of PACCAR to review the Code of Business Conduct and become familiar with how the Code applies to specific business situations. Every individual business action taken has an impact on PACCAR's excellent reputation. The important message being reiterated in the Code of Business Conduct is that everyone in PACCAR will comply with the law and the highest standards of honest and ethical conduct.

Mark C. Pigott  
Chairman and  
Chief Executive Officer

## INTRODUCTION TO THE CODE OF BUSINESS CONDUCT

The Purpose of the Code of Business Conduct. In today's competitive environment, building on Company strengths is a necessity. PACCAR's strength derives from the Company's quality product lines, and also from its reputation for honest and ethical conduct. Everyone with PACCAR communicates Company values by the way they act as individual directors, officers and employees, and as citizens of the community. As such, each employee has a responsibility to follow the Code of Business Conduct on the job and during their involvement with outside activities that may affect or reflect on the Company.

Laws Supporting the Code of Business Conduct. PACCAR conducts business throughout the world, and has employees in many countries. As such, PACCAR's operations are subject to the laws, rules and regulations of multiple jurisdictions, including not only countries, but also States, Provinces and Municipalities. Because PACCAR is incorporated and headquartered in the U.S., the Code of Business Conduct is based primarily upon U.S. law, which can be applicable to transactions occurring outside of U.S. borders. However, the principles contained herein are reflected in the laws of many of the jurisdictions in which PACCAR transacts business. Where there is a potential conflict between the laws of two or more jurisdictions, you should contact PACCAR's Law Department for assistance in determining what law applies.

The Code of Business Conduct is Applicable to Everyone at PACCAR. All of the officers, directors and employees (full-time or part-time) of PACCAR Inc and its subsidiaries ("Employees") shall comply with this Code of Business Conduct (the "Code of Conduct"). The Code of Conduct requires, among other things, compliance with all laws, rules and regulations applicable to the Company and to each of its business units. The principles embodied in the Code of Conduct are further explained and implemented in PACCAR Standard Policies (the "Standard Policies" or "SPs") and other memoranda. The Company's senior financial officers (the principal executive officer, the principal financial officer and the principal accounting officer) are also required to comply with the Company's Code of Ethics for Senior Financial Officers (the "Code of Ethics"), a copy of which is attached to this Code of Conduct. The Code of Conduct and the Code of Ethics are referred to collectively as the "Codes."

Penalties for Violations of the Codes. Any Employee determined to have violated the Codes after an investigation by the Company will be subject to discipline, up to and including termination. In determining what action is appropriate in a particular case, the Company shall take into account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action and whether or not the individual in question had committed other violations in the past. Any waiver of the Codes involving a director or executive officer may only be made by the Board of Directors and will be publicly disclosed to shareholders in an appropriate manner. If evidence of criminal wrongdoing is identified, the evidence shall be reported to the appropriate enforcement authorities.

Ask When You Have a Question or Concern. The best way to meet the requirements of the Codes is for every Employee to be proactive and ask any questions or raise concerns before questionable behavior or a violation of the Codes occurs. All Employees are encouraged to ask questions and to seek clarification whenever they have a good faith concern that an action they have been asked to take may present issues under the Codes.

You Must Report Possible Violations of the Codes and Cooperate with Any Investigation. If any Employee believes that an actual or possible violation of the Codes has occurred or is likely to occur, that person is required to report their concerns to the appropriate Company personnel, as provided herein. A failure to report a possible violation of the Codes is itself a violation of the Codes. You may report an actual or possible violation and remain anonymous, if you desire. All Employees are required to cooperate fully with and to maintain the confidentiality of any investigation of a possible violation of the Codes.

You Will Be Protected From Retaliation for Asking Questions or Reporting Possible Violations.

It is a serious violation of the Codes for anyone (including any officer, director, employee, contractor, subcontractor or agent) acting or purporting to act for the Company to retaliate against any Employee who acted in good faith in asking questions or reporting possible violations of the Codes. Retaliation includes, without limitation, any actual or attempted discharge, demotion, suspension, threat, harassment or discrimination of any kind or in any manner. Any person retaliating or attempting to retaliate against an Employee is subject to discipline, up to and including termination of employment. In addition, any Employee who attempts to retaliate as defined in this Code of Conduct could also be personally exposed to civil and criminal penalties. An intentional false accusation of a violation of the Codes is not protected by the Codes, and any Employee making an intentional false accusation will be subject to discipline, up to and including termination of employment.

How to Ask Questions and Report Possible Violations. You may use any of the methods described below to ask questions or to report possible violations of the Codes. The methods are listed in the order that is most appropriate for the routine questions and reports that may arise. If you think that one suggested method would be inappropriate, choose the method that you believe is the most appropriate. If you want to remain anonymous, make your report using the toll-free hotline operated by Global Compliance Services. The important step is for you to ask the question or make the report.

1. Questions and issues may be raised initially with your supervisor, such as the propriety of a contemplated course of conduct, or concerns about whether actions of a co-worker are consistent with Company policy.
2. Questions and issues related to specific types of situations may be referred to the managers at your business unit with responsibility for the business area. For example, employment related questions and issues (including concerns about any type of discrimination) can be raised with the Human Resources Manager for your business unit. Accounting and financial questions may be raised with the Controller for your business unit.
3. If the Employee considers it more appropriate, a question or issue may be raised with the appropriate corporate level managers or executives. For example, employment related matters may be referred to the Director of Human Resources, and accounting and financial matters may be referred to the Vice-President and Controller or to the Director of Internal Audit.
4. All legal questions, including compliance with applicable laws and satisfying legal requirements, should be referred to PACCAR's General Counsel.
5. If you want to remain anonymous, you may make your report using the Company's toll-free hotline at 1.800.300.1826, which is operated by Global Compliance Services. Global Compliance Services is an independent company that provides reporting services to many large corporations throughout the world. You will be able to call toll-free

(follow the calling instructions provided herein and on the PACCAR web site ([www.paccar.com](http://www.paccar.com))). You do not need to be fluent in English to use this service; Global Compliance Services can get translators on the phone line. You do not have to reveal your identity when you make the call. Global Compliance Services will ask you a series of questions to document your question or concern, and it will then send a report to the Company with any related information you provided. However, if you choose to remain anonymous, the Company will not be able to contact you for any additional information needed to proceed with its investigation. Global Compliance Services will give you an identity code and ask you to call back after a specified period. When you call back, Global Compliance Services will ask for any additional information the Company needs and give you a status report on your question or concern.

What Happens with Your Questions. Most questions about typical business issues should be answered shortly after they are asked. The supervisor you talked to may have to discuss your question with management before questions can be answered (for example, questions concerning possible conflicts of interest, business opportunities, etc). If you have not received an answer within a reasonable time, please check with the person you initially talked to for the status of your inquiry. If you believe that you still have not received a response within a reasonable time, you may resubmit the question using any of the other methods set forth above.

What Happens with Your Reports of Possible Violations of the Codes. Every manager or supervisor who receives a report of a possible violation of the Codes is required to record the information submitted by the reporting Employee and to forward the record according to procedures established by PACCAR's Investigations Officer, the General Counsel, who will determine how the report will be investigated and handled. The contents of the report and the identity of the Employee making the report (except for anonymous reports submitted through Global Compliance Services) will be disclosed only to those Employees who have been selected by management to investigate reported violations of the Codes. Any report of a possible violation of the Codes by an executive officer will be promptly reported to and investigated under the direction of the Audit Committee.

Feedback on the Company's Response to Your Report of a Possible Violation of the Codes. After the Company has completed its investigation, you will be given a brief summary of the results of the investigation. Because of the privacy rights of other Employees who may have been involved, you will only be told whether a violation of the Code was found and, if a violation was found, that appropriate discipline was imposed. If you reported your concerns through Global Compliance Services, the summary will be available to you when you call back to Global Compliance Services with your identification code. If you have not received the summary of the results of the investigation within a reasonable time and you have not seen evidence that the Company is investigating your report, submit an inquiry about your report (or resubmit your report) using Global Compliance Services.

What to Do if You Believe that You Are Being Subjected to Retaliation. If you believe that you are being subjected to any actual or threatened retaliation, intimidation or harassment because you reported (or indicated that you intended to report) a possible violation of the Codes, immediately report the retaliation as a violation of the Codes using Global Compliance Services.

## I. CONFLICTS OF INTEREST

A conflict of interest is any activity that is inconsistent with or opposed to the legitimate best interests of the Company. The basic conflict of interest rule is that Employees should avoid any activity, investment or interest that might reflect unfavorably upon their own integrity and reputation or the Company's. Employees should not use their Company position improperly to benefit themselves, relatives, friends or other businesses. Employees have a duty to perform their jobs in the best interests of the Company. Employees should avoid situations and relationships which compete with their loyalty to the Company and which might affect their judgment in performing their duties.

An Employee who conducts PACCAR business with an organization that employs a relative, for example, should take appropriate precautions to avoid a potential conflict of interest or the appearance of preferential treatment.

### **DISCLOSURE IS THE KEY**

Many questions relating to conflict of interest issues can be avoided by timely and adequate disclosure of facts. When the facts are known and reviewed, the Company may consent to Employee involvement in a situation that otherwise might appear to create a conflict of interest. The intent is not to have a policy that infringes on the personal lives of Employees. However, it must be recognized that an Employee assumes certain responsibilities of loyalty and trust when accepting employment with the Company.

At the back of this Code of Conduct is a disclosure form. Whenever an Employee encounters a situation that may involve a conflict of interest, the Employee is encouraged to complete this disclosure form and deliver it either to his or her immediate supervisor or to the Law Department for review. This procedure will permit appropriate guidance in advance to avoid unfair charges against either the Company or the Employee based on incomplete or erroneous information. The underlying principle of this policy is that in most cases, questions of ethical conduct can be readily resolved through full disclosure and a reasonable review of all the facts by management.

Described below are several of the more common situations in which conflict of interest issues arise. It is not intended to be an all-inclusive list.

#### **A. Outside Activities**

**Employment:** Employees should not engage in any outside employment if the time demands of the position will impair the Employee's ability to fulfill employment obligations to PACCAR. PACCAR's Standard Policies require prior approval from the first and second level of supervision above the Employee (other than directors) for Employees to accept second jobs. No Employee should accept a position with a PACCAR customer, supplier or competitor or provide services to these groups as a consultant or independent contractor. Use of information or work generated in the course of employment at PACCAR to provide services outside the Company will likely constitute a breach of PACCAR's confidentiality policy. If you intend to accept employment outside the Company or to start your own business, you should complete the disclosure form contained at the back of this Code of Conduct and obtain prior review of your decision.

**Investments:** Personal investment in PACCAR customers, suppliers or competitors raises the same ethical concerns as part time employment with these groups. Because the opportunity for personal gain at the expense of the Company may be involved, investments of this kind should be avoided. Such an investment would be a violation of this Code of Conduct if based in any way on information that you have acquired, or expect to acquire, because of your relationship with the Company.

**Political and Civic Activities:** PACCAR encourages Employee participation in community affairs, including political activities and community service projects. However, an Employee's responsibilities related to any political or civic activities should not interfere with that Employee's performance of his or her job. Additionally, Employees may not use Company resources - personnel, telephones, copying machines, computers, office supplies, etc. - to advance a cause or candidacy.

Employees who consider running for or accepting appointment to political office should represent themselves as individual citizens and not promote or trade on their affiliation with PACCAR. Any Employee who intends to accept a political position should advise the Law Department so that appropriate steps can be taken to assure that no Company action will be construed as an attempt to influence political decisions. If the possibility of a conflict arises while the Employee is in office, the Employee will be expected to recuse him or herself as necessary to prevent the conflict from actually occurring.

## **B. Dealing with Suppliers**

PACCAR's policy is to select suppliers in an impartial manner on the basis of quality, suitability and price of the product or service. Employees should do nothing that could imply selection of a supplier on any basis other than the best interests of the Company. When a competitive bidding procedure is employed, the rules must be objective and enforced uniformly. No action should be taken that could give one supplier an improper advantage over others.

For example, using Company relationships with suppliers for personal purchases (except under a Company-sponsored program for Employees) should be strictly avoided. The incentive of obtaining a discounted price for personal benefit is inconsistent with the policy of impartial selection of suppliers because it would appear to others that the supplier providing the personal benefit would be favored.

## **C. Gifts and Gratuities**

Giving or receiving gifts of more than nominal value presents the most obvious situation creating a potential conflict of interest. In accordance with Company policy, an Employee should not seek or accept services, payments, excessive entertainment or travel or any other gift above nominal value in any amount.

The intent of this policy is not to eliminate participation in legitimate business functions because they are sponsored by an entity which does business with the Company, unless participation creates the possible obligation or expectation to reciprocate with business decisions in favor of the sponsor. Likewise, the policy is not intended to preclude accepting advertising samples, souvenirs or similar items of nominal value. When gifts prohibited by Company policy are offered, they should be politely refused. If a gift cannot be politely returned or refused, it should be donated to a charitable organization after consulting with one's manager or supervisor.

We should recognize that most other companies follow policies similar to PACCAR's in this area. Therefore, to avoid placing business associates of other companies in an uncomfortable situation, gift giving also should be avoided.

You should also be aware that military personnel and administrators involved in government procurement are strictly forbidden from accepting anything. This policy includes everything from hotel accommodations to food served in Company cafeterias. This firm policy is intended to eliminate any need for interpretation in a specific situation. When dealing with government employees subject to this policy, you must be aware of and fully respect the rules under which your relationship must be conducted.

## **II. CORPORATE OPPORTUNITIES**

You may not exploit for your own personal gain opportunities that are discovered through the use of PACCAR property, information or position unless the opportunity is disclosed fully in writing to the Company. If you are interested in pursuing an opportunity that you discovered in the course of your employment, you should disclose the opportunity in writing to your manager or supervisor. Until the Company declines to pursue the opportunity, you should not pursue it.

## **III. CONFIDENTIALITY OBLIGATIONS**

### **A. Company Information**

Information is a valuable corporate asset that Employees have a duty to protect. Generally speaking, confidential and proprietary information is information that has not been disclosed to the general public, if it gives PACCAR an advantage over its competitors or that could expose the Company to harm or liability if inappropriately disclosed. Examples include corporate financial information, business strategies, patent applications, trade secrets, computer and software systems and other proprietary information about PACCAR, its business activities or its dealers, suppliers, customers and employees . All such information should be treated as confidential, and the duty to preserve PACCAR's confidential and proprietary information is not limited to the period of employment, but continues even after an Employee has left PACCAR.

Except to the extent legally required, confidential information should not be disclosed to people inside or outside PACCAR who do not have a legitimate, work-related need to know. Confidential information should not be discussed in public places like elevators, airplanes or restaurants. Employees should follow SP-21, "Protection of Confidential Information and Trade Secrets", which addresses handling of the Company's confidential information, whether financial or otherwise.

### **B. Third Party Confidential Information**

Employees should never attempt to acquire a competitor's confidential information through improper means. Stealing confidential information or otherwise inducing disclosures by past or present employees of other companies is prohibited. While PACCAR may, and occasionally does, employ former employees of competitors, PACCAR respects the obligations of those employees not to use or disclose the confidential information of their former employers.

## IV. THE WORKPLACE

### A. Discrimination

PACCAR will not discriminate against individuals on the basis of race, color, religion, national origin, gender, sexual orientation, age, disability, veteran or other legally protected status. This applies to recruitment, selection, placement, promotion, termination, rates of pay, and other conditions of employment.

### B. Harassment

Harassment based upon a person's race, color, religion, national origin, gender, sexual orientation, age, disability, veteran or other legally protected status is a violation of PACCAR policy. Harassment includes disparaging or derogatory comments, or other improper conduct by a manager or supervisor, coworker or a non-employee business contact such as a supplier or contractor and may occur on or off PACCAR premises.

## V. AREAS OF SPECIAL LEGAL CONCERN

It is PACCAR's policy to comply with all applicable governmental laws, rules and regulations. No Employee of PACCAR may violate any applicable governmental law, rule or regulation or direct another Employee to violate an applicable law, rule or regulation on behalf of the Company.

Any situation that raises questions about proper legal compliance should be disclosed to PACCAR's General Counsel for review by the Law Department. In addition to the Law Department's availability to address specific legal questions that arise, it conducts in-depth preventive law seminars, audits and training sessions on areas of the law of special concern to the Company. The Law Department has brochures and handbooks on specific topics of interest. Employees may contact the Law Department for a list of training materials, brochures and handbooks.

Laws of particular interest to PACCAR include:

### A. The Antitrust Laws

**Business conduct that has the effect of restraining competition in the marketplace may violate the antitrust laws. Some of the more common examples of problematic, and sometimes prohibited, conduct are listed below:**

1. Price Fixing. Any agreement or understanding with a competitor regarding prices is illegal. This includes specific agreements or understandings on the price itself, and also any other conditions of sale including credit terms, discounts, or trade-in allowances.
2. Agreement Not to Compete. Allocations of customers, territories or product markets among or between competitors are illegal.
3. Boycotts. Any agreement or understanding with a competitor not to deal with a particular customer or supplier is illegal.

4. Tying Agreements. A tying agreement is a refusal to sell product A unless the customer also purchases product B. These agreements may be illegal where the seller's position in the marketplace is such that customers who desire product A will be forced to purchase product B, which they may not want. Thus, other suppliers of product B are foreclosed from selling to the customer.

5. Reciprocal Dealings. An understanding with another company to purchase that firm's products or services only on the condition that Company products are purchased in return may be illegal. The question of illegality may turn on whether there was coercion to make the purchase. Accordingly, any proposed reciprocal purchasing arrangements should be reviewed by senior management and the Law Department.

6. Price Discrimination. It is unlawful to discriminate in the price charged to customers for goods of like grade and quality where the effect may be to substantially injure or prevent competition between the seller and its competitors or between the customers themselves. A difference in price may be permissible under certain limited circumstances such as where the lower price is given to one customer in order to meet competition. A difference in price may also be justified where there are cost savings in manufacturing resulting from a volume purchase.

## **B. Unfair Methods of Competition**

Certain competitive practices are generally not considered ethical and may possibly be illegal. Included among the list of "unfair methods of competition" are:

1. Wrongfully inducing a competitor's customer to breach a contract with that competitor.
2. Committing industrial espionage to acquire a competitor's trade secrets.
3. Bribing an employee of either a competitor or a customer for any purpose.
4. Making false or disparaging comments about a competitor's product.
5. Making unfounded or misleading advertising claims.

## **C. Insider Trading**

Use of material inside information about any publicly traded company acquired through your position as an Employee for the purposes of trading in that company's stock or recommending the purchase of that company's stock to others is unlawful and a violation of this Code of Conduct. "Material" information is information which could influence an investor's decision to buy or sell the company's stock.

## **D. Defects**

PACCAR strives at all times to produce premium products, and its consistent performance as a quality manufacturer is critically important to its operations. Any known or suspected defect in a product must be reported immediately to the appropriate quality supervisor.

## **E. Foreign Sales**

1. The Foreign Corrupt Practices Act. The FCPA prohibits paying or promising to pay anything of value to foreign officials, political parties or candidates for foreign political office in order to obtain or retain business or secure any improper advantage.

2. Export Compliance. The United States government uses economic sanctions and trade embargoes to further various foreign policy and national security objectives. Employees must abide by all applicable economic sanctions or trade embargoes that the United States has adopted, whether they apply to foreign countries, political organizations or particular foreign individuals and entities, as well as any related reporting requirements.

3. Antiboycott Rules. Antiboycott laws prohibit PACCAR from agreeing to participate in the boycott by another nation or a third nation, and businesses organized under the laws of that third nation, unless the boycott is sanctioned by the U.S. government (with a limited exception when importing into the boycotting country). It is also often illegal to provide a certification that PACCAR is not doing business with a country or company subject to an unsanctioned boycott. Under the Antiboycott Rules, such requests generally must be reported.

4. Money Laundering. The Company and its Employees will comply with all applicable laws prohibiting money laundering.

## **F. Accounting Procedures and Internal Controls**

U.S. law requires PACCAR to make sure that its books and records accurately and fairly represent transactions and dispositions of its assets in reasonable detail. Additionally, it is a violation of Company policy for any Employee to cause PACCAR's books and records to be inaccurate in any way. Employees may not create or participate in the creation of records that intentionally are misleading or inaccurate and are expected to cooperate fully with PACCAR's internal and independent auditors. In particular, the following requirements must be strictly respected by all Employees:

1. Accurate Books. All Company books and records should be true and complete. Intentionally false or misleading entries are strictly prohibited, and the Company will not condone any undisclosed liabilities or unrecorded bank accounts or assets established for any purpose.

2. Proper Payments. No Employee may authorize payment of Company funds knowing that any part of the payment will be used for any purpose other than the purpose described in the documents supporting the payment.

3. Use of Company Assets, Transactions on Management's Authorization. Use of Company assets is permitted only in accordance with management's general or specific authorization and transactions must be executed only in accordance with those authorizations. Transactions involving the Company must be recorded to permit preparation of financial statements in conformity with generally accepted accounting principles and related requirements and to maintain accountability for the Company's assets.

4. Appropriate Controls and Records Retention. Administrative and accounting controls, including PACCAR's Records Retention Policy, have been implemented to provide reasonable assurance that the Company is in compliance with the above requirements and that financial and other reports are accurately and reliably prepared, and fully and fairly disclose all required or otherwise material information. Employees should comply with the requirements of those controls.

#### **G. Complete, Accurate and Timely Disclosure**

PACCAR's shares are publicly traded. As a result, the Company is legally obligated to make various disclosures to the public. PACCAR is committed to full compliance with all requirements applicable to its public disclosures. It has implemented disclosure controls and procedures to assure that its public disclosures are timely, compliant and otherwise full, fair, accurate and understandable. All Employees responsible for the preparation of the Company's public disclosures, or who provide information as part of that process, have a responsibility to assure that such disclosures and information are complete, accurate and in compliance with the Company's disclosure controls and procedures.

**FREQUENTLY ASKED  
QUESTIONS INVOLVING  
THE CODE OF CONDUCT**

**YOU BE THE JUDGE:**  
(Answers are on the following pages)

1. I enjoy working with computer software but my job at PACCAR is not primarily dependent on utilization of my computer skills. With some other friends I have developed a software package with small business applications. May I market it to outside companies and individuals?
2. I have identified a product (or services) that may be useful and needed by PACCAR. I am collaborating on its marketing and distribution with a close friend. May I try to sell the product (or service) to PACCAR?
3. A current PACCAR customer has asked me to be a consultant for them in developing a product unrelated to the product lines of PACCAR. I often deal with the customer off the job. Could this be a conflict of interest?
4. I have been invited to attend an open house sponsored by a supplier. New product offerings will be displayed, but there will also be some purely social functions. May I attend?
5. May I go out to dinner with a representative of a supplier or vendor with whom I regularly deal?
6. I have been offered a discount on a product sold by a supplier to the Company. May I take advantage of the discount?
7. I attended a seminar at the Company's expense where I won a door prize worth \$100. Three hundred people attended and only four door prizes were available. May I keep it?
8. It is the holiday season and I have just received at home a 10-pound box of prime steaks from a supplier with a card that says "Merry Christmas." May I keep the steaks?
9. I have become aware of financial information on one of the Company's suppliers that indicates the supplier is in better financial condition than most people realize. I wish to purchase the supplier's stock. May I do so in compliance with Company policy?
10. I have access to a Company truck which is not currently being used, and I want to use it to move my furniture to a new apartment. I plan to pay for the gas I use. Is this in violation of Company policy?
11. I am active in my local school district and volunteer my time and effort to improve the quality of education for the residents of my district. An important levy is on the ballot and I am actively campaigning for its passage. May I use Company reproduction equipment to make copies of information in support of the issue so that my neighbors will be informed?
12. I previously worked in the engineering division of another truck manufacturer. I now work in the design department of Kenworth, working on chassis design. May I provide information to my supervisor about how PACCAR's competitor engineered its chassis?

13. A foreign company has agreed to purchase 150 trucks per year for the next five years on the condition that PACCAR and its subsidiaries refrain from shipping any PACCAR products using any shipping lines incorporated in a country being boycotted by the foreign company's country of incorporation. Is it a violation of Company policy to agree to such a term?
14. I ran into an acquaintance from college at a party. As we are catching up, he mentions that he works for the research and development division of another truck manufacturing company and is currently engaged in cutting-edge research on cooling systems. He then asks me where I work. Do I have an obligation to tell him?
15. My next door neighbor received a "hot tip" from her friend that PACCAR stock is about to split. She asked me if the rumor is true. I know that she has incorrect information. May I tell her that her information is wrong?
16. I am negotiating with a major manufacturer of truck parts for the sale of 100 trucks. I would like to strengthen my negotiating position by offering to purchase half of the hydraulics systems necessary to satisfy PACCAR's North American manufacturing needs from that supplier for each of the following three years in return for its purchase of 100 trucks. May I offer such a term?

## ANSWERS

1. The answer depends on:
  - whether Company time, material, equipment or proprietary information was used in developing the software.
  - whether it would be marketed to anyone with whom PACCAR does business directly or indirectly including suppliers, dealers and users of PACCAR products or competitors.
  - whether it is similar to any product PACCAR has or plans to market. Assuming negative answers to these questions, there is probably no problem.
2. SP-5 and SP-20 provide policy direction regarding purchasing products (or services) from Employees or an outside business with which an Employee is affiliated. However, it is essential that such business dealings be conducted at arms length with all applicable procurement procedures strictly followed. This is the kind of situation where prior disclosure would permit the establishment of appropriate guidelines to eliminate any appearance of impropriety.
3. A financial arrangement with a customer could create the appearance of a conflict of interest because of the financial reward for services rendered. Since other customers, suppliers or Employees will not know the details of the arrangement, it would be difficult to defend as objective and arm's length. This situation creates the possibility that the Employee's credibility and independence could be challenged.
4. As long as the business courtesies are modest, others attending hold comparable positions with other companies and your supervisor has approved, your attendance would probably not create a conflict of interest. However, you should avoid accepting gifts or prizes except of nominal value.
5. As a general policy, modest and infrequent meals with business associates may be accepted. However, the invitation should be reviewed with your supervisor. Also, you must consider the likely reaction of other vendors or fellow Employees. Timing is often an issue in these cases. Obviously, a dinner invitation accepted immediately prior to the award of a major contract would be viewed differently than if no major purchase were pending.
6. If the discount is offered Company-wide and approved by management, you may accept it. Otherwise, accepting personal discounts may create the appearance that some favor has been extended in the past or could be expected in the future.
7. The random selection of the prize winners helps avoid any appearance that your Company business decisions may be influenced. However, you should review the case with management to determine if it should be given to charity.
8. No. Return the steaks to the donor or seek supervisor or Employee Relations guidance on donation to a food bank. A polite thank you letter and explanation of Company policy on accepting business courtesies of appreciable value would be appropriate.

9. You may not purchase this stock until the financial information is known to the public. Information of this sort may have been provided to the Company on a confidential basis by the supplier. Using this information for personal purposes or disclosing it to others is possibly illegal.
10. Yes, it is a violation of the Code of Conduct. Use of Company property for personal reasons is clearly a violation of the Code of Conduct. Any exception to this policy must have the approval of management.
11. It is Company policy to encourage its Employees to participate in the political process and to be active in the community. However, the use of Company reproduction equipment for this purpose would be a violation of Company policy unless approved by management.
12. The answer depends on whether you have an obligation to that previous employer to keep the information confidential. If you do, you may not share that information, and no one should ask you to provide that information.
13. To agree would be a violation not only of Company policy, but of law. Under the Antiboycott Rules such a request must be reported to the Department of Commerce's Office of Antiboycott Compliance.
14. While it is not a violation of law, it is a violation of Company policy to withhold the name of your employer if you are withholding that information in the hopes of accessing otherwise confidential information about a competitor. If your acquaintance chooses to provide information about his research project after being put on notice that you work for a rival truck manufacturer, that is his decision, but you should not gain such information through deception or coercion.
15. No. Providing such information to your neighbor would reveal material, nonpublic information about the Company, a violation of both law and the Code of Conduct.
16. Such an offer may not be legal, depending on the terms of the transaction, the relevant positions of PACCAR and the supplier in the market, and a variety of other factors. You should discuss the terms with your contact at the Law Department so that they may analyze the transaction. You may also violate the Code of Conduct. Suppliers are to be chosen on the basis of product quality and price. Such a term should be discussed and approved by senior management.

NAME \_\_\_\_\_

DIVISION/SUBSIDIARY \_\_\_\_\_

DATE \_\_\_\_\_

**CONFLICT OF INTEREST DISCLOSURE FORM:**

**Address:** Law Department

Supervisor

**Areas of Possible Conflict:**

Use of Company Property

Accepting Business Courtesies

Outside Employment

Political Activity

Dealing with Relative, Customer,  
Friend, Supplier

Investments

Other

**SUMMARY OF FACTS:**

**Explanation of Why You Believe That No Conflict Exists:**

Action Taken: Approved  Disapproved

Signed: \_\_\_\_\_

Dated: \_\_\_\_\_

Cut along this line