
VOLKSWAGEN

KONZERNLOGISTIK

Slavery and Human Trafficking Statement

Volkswagen Konzernlogistik GmbH & Co. OHG (2020 financial year)

This statement has been prepared pursuant to section 54 of the United Kingdom Modern Slavery Act 2015. It details the measures implemented by Volkswagen Konzernlogistik to prevent forms of modern slavery and human trafficking.

Preamble

In view of the advancing globalisation and the increased complexity of our value creation and supply chain, we recognise our global responsibility which includes the protection of human rights. We are committed to the Social Charter of the Volkswagen Group and its declaration on social rights and industrial relations as well as “business and human rights”.

Organisation and supply chain

Volkswagen Konzernlogistik GmbH & Co. OHG (Group Logistics) is a subsidiary of the Volkswagen Group and is domiciled in Wolfsburg, Germany. The business operations of Group Logistics include the global planning, procurement and transportation of Volkswagen Group materials and vehicles on land, by air and by sea.

For us, global compliance with sustainability standards in areas such as human rights, occupational health and safety, environmental protection and combating corruption is a basic prerequisite for successful business with our suppliers and service providers. Only together with our business partners is it possible to ensure compliance with sustainability standards and contribute to the implementation of the United Nations Sustainable Development Goals (SDGs). To achieve these goals, we implemented the "Sustainability in Supplier Relations" concept back in 2014 and continue to develop it further. This concept anchors sustainability in our procurement processes. In this way, by 2025 we intend to effectively prevent ESG risks (environmental, social and corporate governance), including human rights risks, in our supply chains and to ensure that as many of our direct business partners have an A grade in our sustainability rating.

Internal measures

Volkswagen Group Logistics is fully integrated in the Volkswagen Group's Compliance Programme. The Code of Conduct for the Volkswagen Group is binding in this respect for all employees of the company. All employees must undergo the qualification programme for the Code of Conduct (web-based training). Group Logistics employees also have the possibility to access the Group Whistleblower System. These measures raise awareness among our employees and encourage them to adhere to the rules applicable at the Volkswagen Group.

*Volkswagen Group Code of Conduct*¹

The Volkswagen Group updated its Code of Conduct in 2017 and rolled it out uniformly in all brands and companies worldwide. The Code of Conduct embodies the ethical principles of the Volkswagen Group and is based on shared values. It focuses on honesty, integrity, compliance and ethical behaviour as well as on the subject of responsibility. The Code of Conduct helps employees observe existing company rules at their workplace, as business partners and as members of society, providing them with practical guidance, assistance and advice. The rejection of all forms of modern slavery and human trafficking is an integral part of the Volkswagen Group Code of Conduct.

The Volkswagen Group Code of Conduct is available at all times to all employees on the Intranet and also to third parties on the Internet, and is continuously communicated in digital and print media as well as at internal company events. Regular training on the Code of Conduct is mandatory for all employees, regardless of hierarchical level. Using a risk-based approach, members of upper management and top management furthermore affirm their knowledge and responsibility in relation to the Code of Conduct on an annual basis.

The Volkswagen Group has also specially formulated a Code of Conduct for Business Partners. This details the Group's expectations regarding the attitude and conduct of business partners in their corporate activities, particularly with regard to suppliers and sales partners. The requirements form the basis for successfully structuring business relationships between the Volkswagen Group and its partners and include observance of human rights, such as the prohibition of child labour, human trafficking and slavery, in addition to other aspects such as protection of the environment or the ban on corruption.

¹ https://www.volkswagenag.com/presence/konzern/documents/Code_of_Conduct_2017_VW_Konzern_deutsch.pdf

Volkswagen Group Whistleblower System²

The whistleblower system was developed for reporting serious rule violations. The violation of human rights is an example of an issue that involves a serious regulatory violation. Employees and business partners as well as customers throughout the world have the opportunity to report misconduct by employees 24 hours a day, 365 days a year. Written information can be submitted in any language using a specially protected online reporting channel. In addition, an international 24-hour telephone hotline is available for reporting information in a total of 17 languages. Information can also be submitted via commissioned external lawyers (ombudspersons). The reports can be made anonymously on all channels, if desired. Strict confidentiality and secrecy are maintained throughout the entire process. The whistleblower system guarantees the highest possible protection for whistleblowers and affected persons. Discrimination against whistleblowers is a serious regulatory violation and will not be tolerated.

Risk analysis

Within the framework of the established risk management processes, represented by elements including the quarterly risk process and the annual regular GRC process (Governance, Risk Compliance), risk assessments on the subject of human rights are also carried out by the main Group divisions and companies and the countermeasures taken are reported on. Within the annual regular GRC process, the identification of potential risks is supported by a list of risk-related focus areas which also includes potential risks from human rights violations. Reports are submitted to the Group Board of Management and the Audit Committee on a quarterly or annual basis, as well as when required.

A concept was developed at Group level in relation to the Internal Compliance Risk Assessment for evaluating risk exposures in line with a correlation of country risks

² <https://www.volkswagenag.com/en/group/compliance-and-risk-management/whistleblowersystem.html>

and business model risks in the area of “business & human rights”. Measures were defined to develop sustainable and uniform structures for the topic. The measures are integrated in general measures for traditional compliance topics such as the prevention of corruption and money laundering. The intention is for the measures to become a mandatory component of the internal compliance risk management process by the end of 2021.

Qualification of employees

Preventive measures also promote compliance and raise compliance awareness among employees. Target group-oriented communication and training measures for employees at all hierarchical levels play a key role in this. In 2020, specific communication and training activities continued to focus primarily on the Code of Conduct, the whistleblower system and the prevention of corruption. The Volkswagen Group also continues to pursue the communication strategy it developed the previous year in order to increase the transparency in human rights. In addition, the Volkswagen Group also trains its business partners in procurement and sales on key aspects of compliance and anti-corruption.

Measures in the supply chain

Group Logistics purchases services in accordance with the rules of the Volkswagen Group. Regarding sustainability requirements when working with suppliers, the Group sets a standard that Group Logistics has enshrined in its procurement process.

Sustainability requirements of our suppliers (Code of Conduct for Business Partners)³

We aim to meet our responsibility in our business relationships at the global level. In procurement, we pursue a three-pronged approach for establishing sustainable supply chains:

• **Prevent:**

Sustainability requirements are anchored in contracts as a mandatory component. Suppliers are qualified and made aware of issues by means of training courses and communication materials.

• **Detect:**

Sustainability risks in the supply chain are systematically identified and prioritised. Sustainability is anchored across the Group in all important contract award decisions and a sustainability performance rating of potential suppliers (S-Rating) will be rolled out in 2021. This is based on self-disclosures and risk-based checks on site.

• **React:**

Various measures are available for responding to risks and their effects. These include a standardised process for dealing with violations by individual suppliers and action plans from on-site inspections.

Clear specifications and awareness-raising for business partners (Prevent)

The “Requirements of the Volkswagen Group for Sustainability in Relationships with Business Partners” – the code of conduct for business partners – is a key part of our supplier management system. Our expectations as regards our business partners’

³ <https://www.volkswagenag.com/presence/nachhaltigkeit/documents/policy-intern/2016%20Code%20of%20Conduct%20for%20Business%20Partners%20DE-EN.pdf>

conduct with respect to core social, compliance and environmental standards are set out there. The requirements are, among other things, based on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the relevant conventions of the International Labour Organization (ILO).

The expanded requirements for suppliers specific to the topic of modern slavery are as follows:

“No slavery and no human trafficking – business partners reject all conscious use of forced or compulsory labour as well as all forms of modern slavery and human trafficking. There is no use of debt-servitude or non-voluntary prison labour. Employment relationships are voluntary and employees can give notice of their own volition in observance of a reasonable notice period.”

In order to raise awareness among suppliers, we expanded the information and qualification opportunities in 2020. This includes the provision of information on the ONE. Group business platform, workshops with suppliers and training courses in the context of the Drive Sustainability Initiative. We will continue these measures in 2021.

Systematic determination of sustainability risks (Detect)

One of our aims is to be aware of and effectively address the sustainability risks in our supply chain. A key measure introduced in 2019 is the sustainability rating (S-Rating), which will be fully integrated by the end of 2021. The S-Rating indicates relevant suppliers' sustainability performance and opportunities for continuous improvement. It evaluates the ecological performance of suppliers as well as their social sustainability and integrity. The S-Rating is of direct relevance to our direct suppliers in terms of contract awards. If a supplier does not meet our requirements for compliance with sustainability standards, they will generally not be awarded

contracts. This provides suppliers with a direct incentive to improve their sustainability performance.

The audits of suppliers for the S-Rating are carried out using a multi-stage, risk-based process. A standardised questionnaire / self-assessment questionnaire (SAQ), developed jointly with other European OEMs, is used to analyse a company's sustainability performance. The details and documents in the SAQ are checked and validated by a service provider. If a supplier claims to have relevant processes and policies, this must be demonstrated by appropriate documentation. Specifically, a question is asked regarding a human rights policy which includes the topic of "Forced or compulsory labour and human trafficking".

Using a risk-based approach, further checks are carried out on site after an initial analysis of the supplier's details. If the results of the check show severe deficits in the implementation of our sustainability requirements, the supplier will receive a negative rating. This means that no contract can generally be awarded to the supplier.

Achieving improvements together (React)

A suite of measures is available in the Volkswagen Group for responding to identified risks in the supply chain and specific violations by suppliers and thus actively bringing about improvements.

An important part of sustainable supply chain management is the Volkswagen Group's complaint mechanism "Supply Chain Grievance Partner", which allows suspected violations of sustainability requirements that suddenly arise to be followed up. The case management process was revised and reorganised again in 2020 and enhanced to become what is now a comprehensive complaint management system. The channel is generally accessible via the Volkswagen AG website, an email address and an anonymised channel. The cases are handled for the

Group as a whole according to a binding guideline, managed centrally by the Group and processed together with the Volkswagen Group brands and regions. If violations are identified, measures are initiated immediately. If there are particularly serious violations, the business relationship may even be terminated immediately.

Both employees and external parties can also report potential violations by our suppliers to the Volkswagen Group employee representations or trade union federations, or use the Volkswagen Group whistleblower system or contact sustainability@vwgroupsupply.com. This concerns potential violations along the entire supply chain. External ombudspersons are another point of contact.

In the reporting period, the (Volkswagen Group) Procurement division dealt with 34 cases and measures were agreed by Group Audit together with suppliers. These were suppliers where conduct in violation of regulations or contracts had been identified as a result of information received or through audits. Overall, collaboration with 17 Group suppliers was terminated or they were excluded from new contract awards based on the activities of the (Group) Procurement and Audit divisions.

Training for employees and partners

The systematic education and training of our employees and suppliers is a key building block of our strategy and is essential for improving sustainability in the supply chain. We currently use three different formats to do this. Firstly, we regularly conduct face-to-face training around the world. Secondly, however, since these could only take place to a very limited extent in 2020, we extended our offering of live online training courses. Thirdly, there are e-learning courses that can be taken online at any time.

An in-depth human rights training course has been available since 2020. An e-learning system was also introduced in the year under review. This is available in principle to all employees and deals, in particular, with the sustainability

requirements of the Volkswagen Group and how they are reviewed as part of the S-Rating.

To allow continuous supplier development, we usually carry out sustainability training courses and workshops for our suppliers on specific subjects at selected sites. However, because this was severely restricted in the reporting period, we developed an online format for these situations too, so that suppliers can receive training on our requirements and their implementation in shorter sessions. The contents were available in English, German and Spanish from June 2020. Over 950 suppliers' employees throughout the entire Volkswagen Group took up the offer in the reporting period.

In addition to the training courses, the Volkswagen Group provides the current suppliers with an e-learning module on sustainability in nine languages of defined risk countries. The e-learning was completely revised in terms of content and technology in 2020. Approximately 12.000 Volkswagen Group suppliers completed the new e-learning up to the end of the year under review.

Supply chain progress report

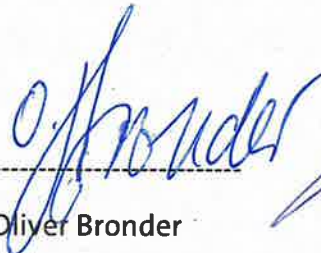
Various measures aimed at preventing forms of modern slavery and human trafficking were enhanced in the 2020 financial year, while rollout of the sustainability rating implemented in 2019, which also takes account of human rights risks, was continued. Integration in the awarding process of the global procurement organisation is planned for 2021. During the reporting period, an on-site check of logistics service providers was also introduced and piloted by Volkswagen AG, which takes account of decentralised service provision, for example with more employee interviews. Group Logistics will continue to be guided by the guidelines and standards of the Volkswagen Group. Therefore, the ongoing development of sustainability requirements in conjunction with employees and

business associates will remain a fundamental component of the company's compliance and procurement work.

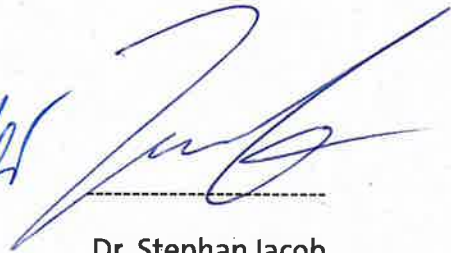
Volkswagen Konzernlogistik GmbH & Co. OHG



Simon Motter
Chairman of the Board



Oliver Bronder
Managing Director
Vehicle Logistics



Dr. Stephan Jacob
Managing Director
Finance and Procurement

June 2021