

Modern Slavery Statement

Volkswagen Financial Services

Anti-slavery and human trafficking statement

This statement is made pursuant to s.54 of the Modern Slavery Act 2015. It sets out the steps that Volkswagen Financial Services (UK) Limited ("VWFS") has taken, for the financial year ended 31st December 2023 (covering the period 1st January 2023 – 31st December 2023), to ensure that modern slavery and human trafficking is not taking place within its business or supply chain.

VWFS has a zero tolerance approach to any form of modern slavery. VWFS is committed to acting in an ethical manner, with integrity and transparency in all business dealings and is committed to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within its business or supply chain.

Organisation

VWFS is part of the Volkswagen Group and its ultimate parent company is Volkswagen AG. VWFS provides financial products and services to retail customers through the retailer network of Volkswagen Group in the United Kingdom. The core business is the financing of Audi, Volkswagen passenger cars, Volkswagen commercial vehicles, SEAT and Škoda vehicles in addition to its fleet operations. Financing is also available for MAN, Porsche, Bentley and Lamborghini vehicles.

The Volkswagen Group Code of Conduct

As part of the Volkswagen group of companies, VWFS adheres to the Volkswagen Group Code of Conduct ("Code of Conduct"). 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 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. In addition, we base our actions on the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the requirements of the International Labour Organisation (ILO) as laid down in our Declaration on Social Rights.

The Code of Conduct is available at all times to all employees on the intranet and also to third parties via the Volkswagen AG website ([The Code of Conduct of the Volkswagen Group | Volkswagen Group \(volkswagen-group.com\)](#)), 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 their hierarchical level. Additionally, members of senior management confirm their knowledge and responsibility with regard to the Code of Conduct each year, based on the risks that affect them.

The Volkswagen Group has also specially formulated the 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 are regarded as the basis for successfully shaping the business relationship between the Volkswagen Group and its partners. They include observance of human rights, such as the prohibition of child labour, human trafficking and slavery, as well as ensuring environmental protection and preventing corruption. The requirements for business partners were revised in 2022 and amended to include the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains.

In addition to the Code of Conduct for Business Partners, there are further product-specific requirements to which suppliers must adhere. These are set out in specifications and prescribe how certain products are to be produced. For example, the specifications state that there has to be full disclosure of the supply chain for cobalt for battery cells. Such requirements are also binding for the affected suppliers.

No forced labour

The Volkswagen Group completely rejects forced labour and all forms of modern slavery including human trafficking. In particular, this includes work performed involuntarily by people under threat or penalties or other disadvantages (such as debt bondage or involuntary prison labour). Employment relationships must be voluntary and employees are to be able to give notice of their own volition at any time and in observance of reasonable deadlines.

Volkswagen Group Whistleblower System

The Whistleblower System is responsible for reporting Serious Regulatory Violations. The violation of human rights is an example of circumstances that, in principle, constitute a Serious Regulatory Violation. Potential violations of the Code of Conduct for Business Partners, including reports on serious risks and violations regarding human rights and environment, including potential cases occurring at Volkswagen Group as well as at direct and indirect suppliers, can also be reported to the Whistleblower System.

Employees, as well as business partners and customers, have the opportunity to report misconduct by employees or suppliers around the clock, 365 days a year. Written reports can be submitted in all languages in a specially protected online reporting channel and by e-mail. In an international 24-hour telephone hotline, information can be reported in a total of 8 languages. In addition, information can also be submitted in person or through commissioned external lawyers (ombudsmen). If desired, the reports can be made anonymously in all channels. Strict confidentiality and secrecy apply throughout the process. The Whistleblower System guarantees the highest possible protection for whistleblowers and all persons who contribute in investigating and remedying misconduct and violations of the rules. Discrimination against whistleblowers and contributors is in principle a Serious Regulatory Violation and will not be tolerated. At the same time, the Whistleblower System safeguards the interests of the Persons Implicated. The presumption of innocence applies to the Persons Implicated as long as a violation is not proven.

Details of the Volkswagen Group whistleblowing system are publicly available via the Volkswagen AG website at [Ethics, Risk Management & Compliance | Volkswagen Group \(volkswagen-group.com\)](https://www.volkswagen-group.com/ethics-risk-management-compliance).

Risk analysis

Matters such as risk assessments regarding human rights can be recorded in the established Risk Management and Internal Control System (ICS) processes by the key Group areas and companies.

Material business risks are regularly recorded, assessed and followed up with the required countermeasures as part of the quarterly risk process. Control activities are carried out within the annual standard ICS process to minimise litigation risks in material business processes at the Volkswagen Group and are tested for their effectiveness. A standardised risk catalogue is used for this which includes clearly defined control targets. These activities include checks on the specific content of agreements (incl. requirements regarding human rights) in the supply chain and compliance with legal and in-house specifications regarding human rights in the standard ICS. Reports are sent to the brand and Group boards of management and the Audit Committee on a quarterly and annual basis or when the need arises. These reports can also contain risks and material weaknesses in the area of human rights if the degree of materiality for reporting is met.

We have sustainably integrated the topic of business and human rights into the Group's established compliance management system. All active controlled Group companies with their own employees take part in the standardized internal compliance risk management process. Group Compliance made risk assessments for the field of human rights for 805 companies around the world. This means that 100% of our controlled companies within the scope of compliance in a total of 82 countries were audited. This risk analysis incorporates the results and risk assessments of the previous year. In the reporting year itself, 51 risk assessments were made of companies that were added to the scope of compliance from a total of 18 countries. This analysis assessed our business units' human-rights risk situation and, as a result, we can allocate these to the low, medium and high categories. These companies were then given risk-specific measures. The measures must be implemented for all companies in the scope on the basis of their risk profile. The status of implementation of the respective measures is continuously monitored by the Group. In the reporting year, adjustments to the compliance risk management process were prepared in order to fully comply with the requirements of the German Supply Chain Due Diligence Act (LkSG), which entered into force on January 1, 2023. These adjustments were applied in 2023.

Qualification of employees

Preventive measures promote compliance at Volkswagen AG 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. The Volkswagen Group reported on the Code of Conduct, anti-corruption and the Whistleblower System throughout the entire reporting year. Correspondingly, obligatory training courses on these topics rolled out across the Group were implemented in line with the defined repetitive cycles for the specific employee

groups (such as employees in procurement, members of local management). In addition, the Volkswagen Group also trains its business partners in procurement and sales on key aspects of compliance and anti-corruption. In the fiscal year 2023, employees underwent qualification activities in various scopes. For example, the current Code of Conduct training provides an in-depth chapter on human rights for the relevant target groups. The Volkswagen Group also continues to pursue the communication strategy it developed the previous year in order to increase the transparency in human rights.

VWFS's recruitment policies ensure that employee screening checks are carried out to ensure that the individual is legally entitled to work in the UK to safeguard against human trafficking or individuals being forced to work against their will, and expects the same of each of its retailers, suppliers and business partners. Employees are free to leave their employment after reasonable notice and are not required to lodge deposits of money or identity papers with their employer. The compensation and benefits paid to employees for a normal working week comply at least with guaranteed minimum legal requirements, including minimum wage legislation and working hours comply at least with the national legal standards and are not excessive.

VWFS suppliers

VWFS does not act as a producer or manufacturer of physical goods and has no supply chain in relation to such activities. The majority of VWFS's suppliers are located in the UK.

VWFS requires its suppliers to comply with the Volkswagen Group requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners) available via the Volkswagen AG website at [Integrity & Compliance | Volkswagen Group \(volkswagen-group.com\)](https://www.volkswagen-group.com/integrity-compliance) which formulates VWFS's expectations towards the conduct of business partners in relation to central environment, social and compliance standards to ensure compliance with VWFS's sustainability standards along the entire supply chain. The bases for these requirements are the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, as well as the conventions of the International Labour Organisation (ILO). We review and develop our suppliers' sustainability performance on an ongoing basis. This includes various measures such as the SAQ self-assessment questionnaire developed by the Initiative DRIVE Sustainability, sustainability as part of quality audits and focused sustainability audits of suppliers.

All procurement is based on objective and fair criteria that reflect the principles of non-discrimination, equal treatment, transparency, procedural fairness, mutual recognition and proportionality. In addition to carrying out due diligence on prospective suppliers, as part of the tender process prospective suppliers are expected to confirm they are aware of VWFS's sustainability requirements, their agreement to VWFS's contractual terms and conditions, and that they will comply with VWFS's policies and procedures and provide the services in accordance with all applicable laws and regulations. VWFS expects its suppliers to exercise due diligence along their supply chains.

VWFS considers compliance with the Code of Conduct to be essential to its contractual relationships with suppliers and business partners.

Sustainability requirements for our suppliers

In the reporting year, we also adjusted our management approach in procurement to meet the requirements of the new German Supply Chain Due Diligence Act (LkSG). The previous approach of “prevent, detect, react” was replaced by the responsible supply chain system (ReSC system). The new approach has the aim of avoiding and minimizing human-rights, social or environmental risks along the Volkswagen Group’s supply chain based on a systemic risk analysis. It should also help to mitigate breaches and continuously improve suppliers’ sustainability performance. The ReSC system includes the following elements, which build on each other:

- **Risk Analysis:** A regular risk analysis serves to identify risks in the Volkswagen Group’s supply chain in advance. The analysis is made on the basis of the suppliers’ business models and takes account of internal and external data on human-rights and environmental risks. Based on the assessment of the risks, each supplier is allocated a low, medium or high sustainability risk. For suppliers with a low sustainability risk, a country risk score is additionally used. If the supplier has an increased country risk, it is upgraded to the medium risk category. The risk analysis is updated once a year and/or as required by Group Procurement Sustainability in consultation with relevant parent companies of the Volkswagen Group.
- **Standard measures:** These proactive and reactive measures include the Code of Conduct for Business Partners, the supply chain grievance mechanism, media screenings, the sustainability rating and training suppliers and employees.
- **Deep Dive measures:** These encompass the human rights focus system in the supply chain, the raw material due diligence management system and collaboration with external partners to develop the concept of sustainability in the supply chain.

Monitoring and audit

VWFS conducts routine risk assessments of its retailer network to identify risks presented in different segments and an escalation procedure is in place if serious issues are identified, which may include referral to VWFS’s compliance function.

VWFS regularly monitors key suppliers at supplier performance review meetings and any necessary actions and issues, including non-compliance with the Code of Conduct or laws or regulations, are tracked by the relevant operational area and reviewed at the next performance review meeting. VWFS will work to remedy any areas in which suppliers do not meet VWFS standards or do not comply with relevant laws or regulations. In addition, VWFS has the right to audit suppliers for compliance with applicable laws, including the supplier’s obligations to comply with all laws relating to slavery and human trafficking.

VWFS has an autonomous and independent internal audit function which has an unrestricted right to obtain information and to conduct audits within VWFS to determine whether statutory obligations are being fulfilled and reports its findings to the senior managers and directors of VWFS. If there is any specific suspicion of violations of laws, employees are expected to inform internal audit.

This statement has been approved by the board of directors of VWFS on 24th April 2024, who will review and update it as necessary on an annual basis.

Jean Smith

Chief Financial Officer

Volkswagen Financial Services (UK) Limited

24th April 2024