

Slavery and Human Trafficking Statement 2020

Background

This statement has been prepared pursuant to section 54 of the United Kingdom Modern Slavery Act 2015. In particular, it details the measures implemented at CARIAD SE to prevent any forms of modern slavery and human trafficking.

In view of the advancing globalization we recognize our global responsibility which includes the protection of human rights.

Organization

CARIAD SE was established in 2020 as “Car.Software Organisation” and is a 100% subsidiary of Volkswagen Group. With more than 10 million vehicles sold annually, Volkswagen Group is one of the largest automotive groups on the planet and unites loved car brands like Volkswagen, Audi, or Porsche and many others.

CARIAD SE is on a mission to build one unified software platform and tech stack for all these brands, enabling them to excite their customers with always-fresh digital experiences. We are building the leading tech stack for the automotive industry, aiming to create a new automotive experience and increase the innovation speed of Volkswagen Group to make the car a sustainable, safe and seamlessly-connected mobility companion in a digital world.

Our Commitment

We take our corporate social responsibility very seriously and will not tolerate or condone slavery or human trafficking in any part of our organization. Our expectations for responsible, ethical and legal conduct are applicable to all parties who work with or for us worldwide, including employees, partners, suppliers and their suppliers. CARIAD SE will continue to be committed to ensuring that modern slavery is not taking place within our organization or in any of our supply chains. We expect that our suppliers will hold their own suppliers to the same high standards.

Internal measures

Our commitment and integrated approach are included in e.g. our Code of Conduct, our Whistleblower System, our Compliance Management System and Risk Management System.

Code of Conduct

Our Code of Conduct is an adaption of Volkswagen Group Code of Conduct and it is readily available to all employees on the Intranet. The Code of Conduct supports ethical and responsible conduct. It is supplemented by internal guidelines and provisions in employment contracts. It also goes without saying that we comply with national and international statutory provisions. We have a duty to observe the law under which we operate in all business decisions we make.

As a result, compliance with the Code of Conduct is mandatory for all personnel: it is a condition for working with us. The Code of Conduct is based on shared values, with a focus on honesty, integrity, compliance and ethical behavior. The rejection of all forms of modern slavery and human trafficking is also an integral part of the Code of Conduct.

This important document includes a section dedicated to human rights. Stating *"We respect, protect and promote all regulations in force to protect human rights and children's rights as a fundamental and general requirement throughout the world. We reject all use of child labor and forced or compulsory labor as well as all forms of modern slavery and human trafficking. This applies not only to cooperation within our Company but also as a matter of course to the conduct of and toward business partners."*

Furthermore, *"we recognize the basic right of all employees to establish trade unions and employee representations. We are committed to working with employee representatives in candor and trust, to conducting a constructive and cooperative dialogue, and to striving for a fair balance of interests."*

We also going to adapt the Volkswagen Group Code of Conduct for Business Partners in 2021. 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.

Whistleblower System

We participate in the VW Whistleblower System which is used for reporting suspicions of Serious Regulatory Violations. The violation of human rights is an example of an issue that may constitute a Serious Regulatory Violation. Other Regulatory Violations are handled by the Compliance organization of CARIAD SE.

The VW Whistleblower System enables not only employees, but also business partners and customers around the world to report misconduct by employees any day of the year: written information can be submitted in any language using a specially protected online reporting channel. 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.

Compliance Management System

Since the establishment of our company in July 2020, we are in the process of building our own Compliance Management System, which is rooted in VW Group's Integrity & Compliance standards and guidelines. As part of the Group wide Compliance Management System, VW

Group Compliance developed a concept for assessing risk exposures alongside a correlation of country risks and business model risks in the area of “Business & Human Rights” for controlled entities. Based on this, measures that in particular develop viable and uniform structures for this topic are defined for the Group entities. These measures are going to be communicated to us and will become a mandatory component of the internal Compliance risk management process at the end of 2021.

Risk Management System

Along with the establishment of our company in July 2020, we are also building our own Risk Management System, which will eventually establish comprehensive Risk Management Processes, such as the quarterly risk process and the annual regular GRC process already existent in the VW Group, ensuring the identification of potential risks supported by a list of risk-related focus areas which also includes potential risks from human rights violations.

Training for employees

Employees’ at all hierarchical levels play a key role in our Code of Conduct training. Every new employee of CARIAD SE is obligated to participate in a Code of Conduct training, which includes e.g. human rights aspects. The training will be web based, to be repeated every 2nd year. This will be concluded with an awareness test at the end.

Employees in a Group internal personnel leasing relationship with CARIAD SE receive their Code of Conduct training regularly through the training processes of their home companies Volkswagen, Audi and Porsche.

The board of management of CARIAD SE will receive additional Code of Conduct training in 2021.

Measures with partners and supply chain

We want to fulfil our responsibility in our business relations on a global level and act proactively beyond simply meeting legal requirements. In 2020 our procurement was primarily provided by the procurement organizations of VW Group including Audi and Porsche, which follows strict sustainability guidelines.

VW Group procurement pursues a three-pronged approach. The basic prerequisite for these steps is transparency in supplier relationships that go beyond the first level:

- **Prevent:** Sustainability requirements are anchored in contracts and specifications, particularly the Code of Conduct for Business Partners; suppliers are fully trained and qualified.
- **Detect:** Sustainability risks in the supply chain are systematically identified and prioritized. Sustainability is anchored across the Group in all important contract award decisions and a sustainability performance rating of potential suppliers (“S-Rating”) is used. This is based on self-disclosures and risk-based checks on site.

- **React:** Various measures are provided in order to respond to the identified risks and effects. These include a standardized process for dealing with violations by individual suppliers and action plans from on-site inspections.

More detailed information on the VW Group's procurement activities and sustainability requirements can be found on the www.vwgroupsupply.com.

In 2021 we will continue implementing procurement processes and policies in order to lay the ground for an own procurement organization in 2022.

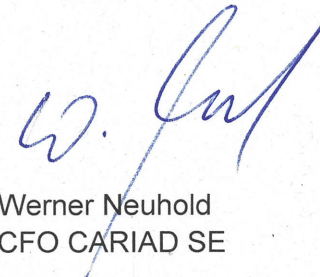
Business Partner Due Diligence

Business Partner Due Diligence was consequently conducted in 2020 by the VW Group procurement organization. However, we are going to implement VW Group Policy 29 (Business Partner Due Diligence) in 2022 in parallel to the implementation of an own procurement organization to ensure that the business practice of business partners are based on integrity.



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