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**Slavery and Human Trafficking Statement by Volkswagen Poznań Sp. z o.o.  
(Fiscal year 2023)**

This statement has been prepared pursuant to section 54 of the United Kingdom Modern Slavery Act 2015. In particular, it details the measures implemented in the Volkswagen Poznań Sp. z o.o. to prevent forms of modern slavery and human trafficking. For detailed information on the Volkswagen Group's implementation of the same obligation, please see the following website:

<https://www.volkswagen-group.com/en/policies-16116>



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### **Preamble**

In view of the advancing globalisation and the increased complexity of our value creation and supply chain, each of the Volkswagen Group companies recognises global responsibility which includes the protection of human rights. For This responsibility does not end at factory gates, but goes beyond them.

Our Group have extended and consolidated this understanding and our commitment to the internationally recognised agreements and conventions in the “Declaration by the Volkswagen Group on Social Rights, Industrial Relations and Business and Human Rights” (Social Charter). This declaration was signed jointly by the Group Executive Board and the European and Global Group Works Council on 27 November 2020 and can be found here: <https://www.volkswagen-group.com/en/policies-16116>

### **Organisation and supply chain**

Volkswagen Poznań is a limited liability company with its registered office in Poznań, Poland. In organisational terms, Volkswagen Poznań belongs to the Volkswagen Group. Volkswagen Poznań is part of the Volkswagen Commercial Vehicles brand and comprises four production sites, in Poznan, Swarzędz and in Września. The product range includes the following vehicles: Caddy, Transporter and Crafter and components for the automotive industry, manufactured in the Volkswagen Poznań foundry. With about **9 400** employees, Volkswagen Poznań is one of the largest private employers in Greater Poland.

### **Internal measures**

Volkswagen Poznań is part of the Volkswagen Group and fully integrated into Volkswagen AG’s compliance program. Consequently, the Group’s Code of Conduct is obligatory for all employees of Volkswagen Poznań. The integration into the Volkswagen Group additionally enables Volkswagen Poznań employees to access the whistleblower system and the qualification program to support compliance prevention purposes. These measures sensitize employees and business partners of Volkswagen Poznań to comply with the applicable rules within the



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Volkswagen Group.

### *General*

As the very first company listed in the German stock index, Volkswagen AG created the independent function of a Human Rights Officer in August 2022. This position serves as the first point of contact for all human rights related issues from authorities, NGO's and the public.

One of the substantial tasks of the Human Rights Officer is to monitor the adequacy and effectiveness of risk management under the obligations of the German Act on Corporate Due Diligence Obligations in Supply Chains (known as the Lieferkettensorgfaltspflichtengesetz, abbreviated as LkSG) carrying out the function provided by § 4 (3) LkSG, thus exercising risk-based controls.

In order to avoid both Human Rights and environmental risks, the LkSG specifies several obligations concerning due diligence that companies must adhere to. These obligations include, among others, the implementation of risk analyses, the establishment of preventive measures, the adoption of remedial actions once legal violations have been identified as well as the establishment of a whistleblower system. The effectiveness of measures need to be checked and documented continuously.

The adherence to these obligations applies both to the Volkswagen Group's own business as well as to its supply chain and therefore also applies to Volkswagen Poznań. This supply chain, consisting of direct and indirect suppliers, is both complex and globally spread out due to the diversity of the Volkswagen Group's products.

Combating human slavery in our value and supply chain is a focus of Volkswagen Poznań activities.

Link to the Group's HR website:

<https://www.volkswagen-group.com/en/human-rights-16108>



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Only suppliers who accept Volkswagen Group requirements for sustainability and commit to fulfil these are able to enter into a business relationship with the Volkswagen Poznań. Suppliers who enter into a business relationship with the Volkswagen Poznań are urged to then pass these sustainability requirements on to their business partners along the supply chain. Together with our business partners, we at the Volkswagen Group reject any form of forced labour and discrimination. The Group takes its corporate responsibility and due diligence obligation to uphold human rights around the world extremely seriously. The work at our factories, sales companies and suppliers is based on our principles, which include respect for minorities, employee representation, and social and working standards. And we expect the same of our business partners around the world.

#### *Volkswagen Group Code of Conduct<sup>2</sup>*

The Volkswagen Group updated its Code of Conduct in 2023 and since 01.01.2024 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 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.

We do not tolerate violations of the Code of Conduct. Anyone who violates our rules must take into account the appropriate consequences.

#### No forced labour

The Volkswagen Group completely rejects forced labour and all forms of modern

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<sup>2</sup> <https://www.volkswagen-group.com/en/policies-16116>



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slavery including human trafficking<sup>3</sup>. 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.

The 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 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.

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<sup>3</sup> IAO conventions 29 and 105.



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#### *Volkswagen Group Whistleblower System<sup>4</sup>*

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.

#### *Polish law on protection of Whistleblowers*

Volkswagen Poznań closely followed the work on the draft Polish law on the protection of whistleblowers, which accelerated after the European Commission sent a complaint to the Court of Justice of the European Union in April 2023 against Poland for failure to implement in the Polish legal system Directive 2019/1937 of the European Parliament and of the Council (EU) of October 23, 2019 on the protection of whistleblowers. Volkswagen Poznań has a corporate system for

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<sup>4</sup> <https://www.volkswagen-group.com/en/our-whistleblower-system-16041>



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protecting whistleblowers, as described above, but after the final law is passed in Poland Volkswagen Poznań will have to conduct an analysis of whether whistleblowers' rights are protected differently in Polish legislation than under current internal regulations.

### *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.

In addition, a cross-departmental working group within Group Compliance at the Volkswagen Group developed a concept in 2019 for assessing risk exposures using 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 entities. These measures are integrated in the general measures for traditional compliance topics such as the prevention of corruption and money laundering. These measures were communicated to the entities and became a mandatory component of the internal compliance risk management process at the end of 2021. For non-controlled companies, respective compliance risks are assessed individually in close cooperation with our business partners. We rely on the cooperation of these partners. The Volkswagen Group integrates business and human rights into the Group's existing Compliance Management System in accordance with the UN human rights due diligence guidelines. The Business & Human Rights Centre of Competence advises other business units on human rights issues, ad hoc cases and



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implementation of legal requirements, especially those related to compliance. This advisory function has been established in the Volkswagen Group since 2020.

#### *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 2022, 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.

In December 2023, the Management Board of Volkswagen Poznań decided to introduce mandatory and cyclical training at the company for all employees, those indirectly but also directly in production, aimed at sensitization in the field of human rights.

#### **Measures in the supply chain**

Volkswagen Poznań accordingly procures to the rules of the Volkswagen Group. With its demands for sustainability in supplier relationships, the Group sets a standard that Volkswagen Poznań has anchored in its procurement process. The procurement process stipulates that, separated according to procurement volume, the processes are conducted through the Group procurement division, the Volkswagen Commercial Vehicles brands' division or Volkswagen Poznań procurement.





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### *Sustainability requirements for our suppliers*

In 2022, Volkswagen Group adjusted 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.

*Standard measures: the foundations of our ReSC System*



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### *Code of Conduct for Business Partners<sup>5</sup>*

The core element of our supplier management is the “Volkswagen requirements for sustainability in relations with business partners” – the Code of Conduct for Business Partners. It sets out our expectations of our business partners’ conduct with respect to key human-rights, environmental, social and compliance standards. The requirements are based, among other things, on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the relevant International Labour Organization (ILO) conventions. The Code of Conduct is, however, not just based on international standards, but also objectives, rules and policies of the Volkswagen Group.

Specifically with regard to modern slavery, we have retained in our revised 2023 Code of Conduct for Business Partners the expanded requirement for suppliers is as follows: “Business partners must take appropriate and adequate measures to eliminate debt bondage, forced and compulsory labour, as well as all forms of modern slavery and human trafficking in their own area of responsibility and/or along the supply chain. Business partners ensure that employment relationships are voluntary and allow employees to give notice of their own volition in observance of a reasonable notice period. Employees of business partners are given a contract at the time of hiring that complies with applicable law and is in a sufficiently documented form (e.g. written or electronic), is written in a language they understand and in which their rights and obligations are truthfully and clearly set out. Furthermore, business partners must not mislead or defraud potential employees about the nature of the work, ask employees to pay recruitment fees or inappropriate transportation fees, and/or confiscate, destroy, conceal, and/or deny access to employee passports and other identity documents issued by government and/or restrict the employees’ freedom of movement or require employees to involuntarily use accommodation provided by the company for no operational reason.”<sup>6</sup>

### *Supply Chain Grievance Mechanism*

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<sup>5</sup> <https://www.volkswagen-group.com/en/compliance-and-integrity-15705>

<sup>6</sup> <https://www.volkswagen-group.com/en/publications/more/code-of-conduct-for-business-partner-1885>



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An important part of sustainable supply chain management is our complaint mechanism “Supply Chain Grievance Mechanism”, with which we respond to sudden suspected violations of our sustainability requirements. The mechanism accessible via the channels of the Volkswagen Group Whistleblower System<sup>7</sup> and is open to all potentially affected stakeholders – such as employees of suppliers, citizens or representatives of communities in the immediate vicinity of our production locations. The processing of cases is uniformly described in a binding manual and is managed by the Group. Cases are processed together with the brands and regions of the Volkswagen Group. Breaches identified are categorized by their severity to ensure adequate processing. Depending on the categorization of the breach, appropriate measures are then introduced. If there are serious breaches, it is possible to temporarily block suppliers from eligibility for the award of new contracts or to terminate the business relationship with them.

#### *Media screening*

Group Procurement Sustainability carries out continuous and risk-based media screening of relevant suppliers<sup>8</sup> using a software tool. If the tool identifies indications of possible breaches of our Code of Conduct for Business Partners, these are reviewed and, if necessary, processed in the supply chain grievance mechanism.

#### *Sustainability rating*

Our aim is to know the material sustainability risks in our supply chain and to address them effectively.

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<sup>7</sup> <https://www.volkswagen-group.com/en/our-whistleblower-system-16041>

<sup>8</sup> The relevance of a business partner for the media screening comes from factors such as company size or risk exposure, which is derived from the type of service.



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A sustainability rating (S rating) was introduced in 2019 as a key measure for all relevant companies and suppliers with a high sustainability risk. The S rating is used to audit the sustainability performance of relevant suppliers and reveal opportunities for continuous improvement. It assesses the environmental performance of suppliers and their social sustainability and integrity. The S rating is directly relevant to awarding contracts: If a supplier does not meet our requirements for compliance with sustainability standards, it is fundamentally not eligible for the award of contracts. There is thus a direct incentive for suppliers to improve their sustainability performance.

The check for the S rating takes place via a multistage, risk-based process. The company's sustainability performance is analysed using a standardised self-assessment questionnaire (SAQ) that was developed together with other European Original Equipment manufacturers (OEMs). The information and documents in the SAQ are checked and validated by a service provider. If a supplier states that it has appropriate processes and guidelines, it must prove this with documents. Specifically, suppliers are asked about a human rights policy that 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 a contract can generally not be awarded.

#### *Sustainability training for employees and suppliers*

Systematic training of our employees and suppliers is a central component of our strategy and essential for the improvement of sustainability in the supply chain. We currently use two different formats to do this. One format is live training courses held online, as it was not possible to conduct training courses in person during the reporting year. Secondly, there are e-learning courses that can be taken online at any time.

We also continue to focus our training measures on specific target groups. For example, an intensive, specially structured training course was held for buyers of components with increased sustainability risks. We have been training our buyers on the specific challenges in battery supply chains since 2017.



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To allow continuous supplier development, we carry out sustainability training courses and workshops for our suppliers on specific subjects.

The Volkswagen Group offers online training courses with shorter sessions to teach suppliers about our requirements and how to implement them. In addition to the training courses, we provide our current suppliers with an e-learning module on sustainability, which also includes content on modern slavery, in nine languages of defined risk countries.

As part of the DRIVE Sustainability initiative, online training courses were also held in Germany, Italy, Mexico and the USA regarding the specific sustainability challenges in these countries. As part of the initiative, we offer our suppliers an e-learning training course so that they receive an introduction to sustainability and managing the n-tier supply chain.

*Consolidation measures: additional elements of our RESC System, the Human Rights Focus System*

As part of our sustainable supplier management, we are also committed to protecting those groups along our supply chains that may face a high risk of potential human rights violations. To help us comply with international frameworks, requirements and, in particular, the German Act on Corporate Due Diligence Obligations in Supply Chains, we implemented a Human Rights Focus System (HRFS) in 2022. This system aims, in particular, to identify and properly address high risks in our supply chain in connection with human rights violations and the environment. In addition, we analysed the data collected during the reporting period from our Supply Chain Grievance Mechanism, the on-site checks and information from studies, NGO reports and discussions from stakeholders to come up with a long list of relevant topics.

*Raw Material Due Diligence Management System*



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Our raw material supply chains require special attention in this respect. To effectively deal with the sometimes extensive risks in these supply chains, we have also set up a Raw Materials Due Diligence Management System. This details the prioritisation and processing of raw material supply chains which we classify as particularly prone to risks. Our actions for responsibly sourcing of raw materials are guided by the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This includes guidelines on management approaches, risk identification and prevention, checking smelters, and communication and reporting instruments. Currently, our key activities in this regard include the battery raw materials cobalt and lithium. In close cooperation with our battery cell suppliers, our aim is to gain transparency of the supply chain from extraction at the mine through to the manufacture of the finished product.

To fulfil our human rights due diligence obligation, we therefore cooperate closely with our direct suppliers and in suspected cases demand disclosure of the origin of materials linked to potential breaches of human rights such as child labour, forced labour or any form of modern slavery and human trafficking. Among other things, this includes working conditions in the extraction of raw materials such as mica or natural rubber. Because these processes are highly elaborate due to the complexity of the supply chains with up to eight stages, we take a risk-based approach.

If on-site visits indicate breaches of human rights, we agree a mandatory plan of measures with the supplier to eliminate the deficits. If this is not effective, sanctions are imposed. Our complaints process is crucial for violations that are reported to us via other channels or are identified by us. In such cases, we enter into a dialogue with the supplier on an individual basis with the aim of achieving an improvement. If there is no improvement in the event of serious violations, this can lead to exclusion from the supply chain.

#### *Digital innovations for greater transparency and safety in the supply chain*

To increase transparency in upstream supply chains and prevent risks in the procurement of raw materials, the Volkswagen Group requests direct suppliers to disclose relevant supply chains, and also uses second-party supply chain mapping audits. These risks include forms of modern slavery.



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Another approach that has been pursued since 2020 is the use of a service provider to carry out comprehensive supplier checks with the help of artificial intelligence. Constant monitoring of freely available internet sources including social media allows information on possible violations by suppliers to be reported in real time.

#### *Commitment to international initiatives*

In addition to working closely with our direct and indirect suppliers, we are involved in initiatives and on-site projects to address human rights risks in the upstream supply chain and beyond our contractual relationships. These initiatives, which are both industry-wide and, in some cases, raw material-specific, are listed in our annual Responsible Raw Materials Report<sup>9</sup>.

The aim of our cooperation with partners in the automotive industry and along the value chain includes knowledge transfer, the development of standardised tools for risk assessment and the introduction of standards for responsible raw material supply chains in terms of human rights, environment and compliance. One example of our approach includes Volkswagen AG joining the Initiative for Responsible Mining Assurance (IRMA), a multi-stakeholder alliance which advocates for higher standards in mining.

For the battery raw material cobalt, the Volkswagen Group works together with other partners in the Cobalt for Development project in the Democratic Republic of Congo to improve the working and living conditions of the people affected by the small-scale mining of cobalt and the communities surrounding the mines. The pilot project aims to strengthen compliance with legislation and to improve health and safety conditions as well as the social well-being of the communities in the area. More information can be found on the project's website.<sup>10</sup>

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<sup>9</sup> <https://www.volkswagen-group.com/en/reporting-15808#>

<sup>10</sup> <https://cobalt4development.com/>



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For the battery raw material lithium, the Volkswagen Group and other partners have established the Responsible Lithium Partnership initiative which promotes the responsible use of natural resources and sustainable lithium extraction in the Salar de Atacama in Chile. This is to be achieved through a multi-stakeholder platform that includes all relevant actors in the Salar watershed – from civil society groups, including indigenous communities, to state institutions and local mining companies.

Beyond our activities in the area of raw materials, our commitment to CSR Europe's DRIVE Sustainability industry initiative continues to be central to our activities.

### **Supply chain progress report**

Volkswagen Poznań will continue to align to the guidelines and standards of the Volkswagen Group. The sustainable ongoing development of business-partner relationships will accordingly be an elementary feature of Volkswagen Poznań.

**Volkswagen Poznań Sp. z o.o.**

Poznań, June 2024

**Stefanie Hegels**

Chairwoman of

Volkswagen Poznań sp. z o.o.

**Jolanta Musielak**

Board Member of

Volkswagen Poznań sp. z o.o.