

VOLKSWAGEN GROUP AUSTRALIA MODERN SLAVERY ACT

2020



This Modern Slavery statement has been prepared in accordance with the provisions of section 16 of the *Modern Slavery Act 2018* (**the Act**) and covers the activities of Volkswagen Group Australia Pty Ltd ABN 14 093 117 876. Volkswagen Group Australia Pty Ltd (**VGA**) modern slavery statement (**Statement**) summarises VGA's structure and operations, supply chains, modern slavery risks and controls in place for the period 1 January 2020 – 31 December 2020 (**Reporting Period**).

This statement also incorporates the Slavery and Human Trafficking statement of Volkswagen Aktiengesellschaft (**Volkswagen Group**), which sets Volkswagen Group's global approach, processes and principles to combat slavery and human trafficking. The Volkswagen Group statement is updated annually. Where applicable, VGA has adopted these or similar processes in its operations in Australia. For the latest version of the Volkswagen Group's statement and Business Human Rights in the Volkswagen Group, please see the link below:

- ## 2. STRUCTURE AND OPERATIONS

3. SUPPLY CHAINS

VGA's second supply chain part is its locally appointed suppliers (the majority of those being non-automotive-specific) of which 651 suppliers and service providers were actively used during the Reporting Period. These suppliers and service providers are located in Australia, and elsewhere in the world and engaged to fulfil VGA's business operations as an importer and distributor. This supply chain is locally managed by VGA with 22 suppliers accounting for 80% of VGA's total procurement spend.





4. RISKS OF MODERN SLAVERY IN VGA'S OPERATIONS AND SUPPLY CHAIN

With the assistance of its independent consultant, VGA sought to understand and identify the inherent modern slavery risks in VGA's operations and supply chains. This included an assessment of the sectors and industries in which VGA's locally managed suppliers operated during the Reporting Period, geographical location and spend.

VGA Operations

The risk of modern slavery in VGA's own operations (distribution of vehicles, parts and accessories) is low. There is no known susceptibility to modern slavery in our activities, these sectors are highly regulated in Australia.

VGA Supply Chains

VGA undertook a risk based approach with its locally managed supply chain to build a comprehensive picture of priority suppliers and service providers to assess in higher risk categories.

The review, which included the categorisation of VGA's specific supplier engagements as presenting a high, medium or low responsible sourcing risk, was undertaken to formulate a more targeted supplier risk management approach. The local risk assessment was conducted based on supplier (a) annual expenditure, (b) industry and (c) geographical location.

The risk based process helped to identify 51 priority suppliers and services providers which VGA will focus on and address any issues identified. VGA has undertaken the following additional actions:

- VGA has completed a detailed supplier diagnosis of its locally appointed supply chain to identify key categories of products and services that it procures with a higher propensity for modern slavery risk. As a result, VGA requested business partners identified in the higher risk categories to complete a self-assessment questionnaire (**Drive Sustainability SAQ**). Whilst this will enable VGA to better identify risk, whilst also providing for a better knowledge of our business partners understanding of the issues and the mitigations they have in place, VGA will continue to develop its SAQ locally to ensure careful, diligent and progressive review of our supply chain.
- VGA has further strengthened the business partner due diligence performed as part of tenders, partner selection and on-boarding to confirm its business partners are aware of VGA's sustainability requirements.
- VGA has reviewed its standard form contracts to incorporate appropriate contractual clauses in its newly awarded supplier contracts that requires suppliers to commit to upholding minimum standards in their supply chains and urges them to proactively address any major risks relating to modern slavery that they may uncover.

5. CONTROLS TO ADDRESS MODERN SLAVERY RISKS IN AUSTRALIA

(a) Code of Conduct for Employees

All employees of the Volkswagen Group including VGA are required to comply with the [Volkswagen Group Code of Conduct for Employees \(Code\)](#). The Code is based on shared values which determine how we work, make decisions and interact with one another and supports ethical and responsible conduct with a focus on our responsibility as a member of society, our responsibility as a business partner and our responsibility in the workplace.

At VGA, we respect human rights and support the observance of these rights. We reject all deliberate use of forced or compulsory labour. Child labour is prohibited. We comply with all applicable Australian employment laws, including the minimum age requirements for employment.

(b) Code of Conduct for Business Partners

In addition to the Code of Conduct for Employees, supplier relations are governed by the [Volkswagen Group Code of Conduct for Business Partners](#), which sets out the Volkswagen Group's expectations of our business partners conduct with respect to core environmental, social and compliance standards, including internationally acknowledged human rights. By progressively integrating these requirements in our local procurement process, we seek to ensure that our sustainability standards are observed along our supply chain.

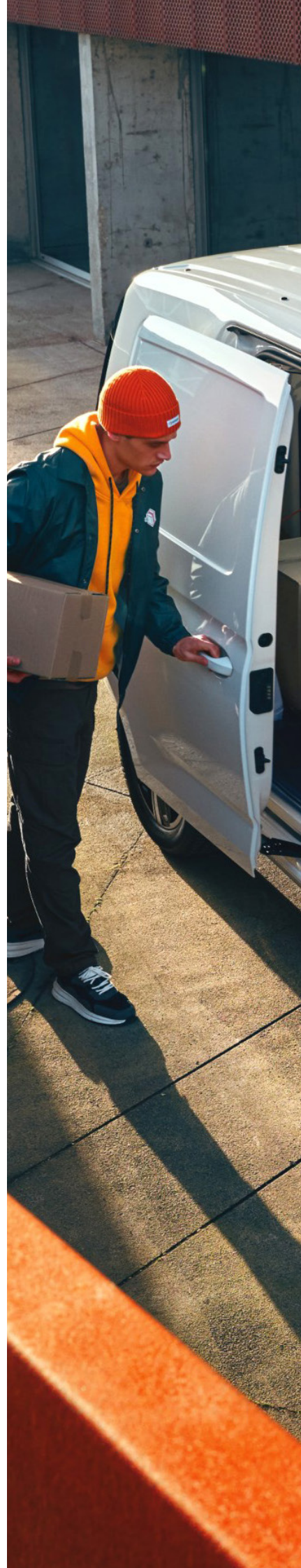
Supplier Contracts

(c)

Contractual agreements include specific provisions requiring suppliers/service providers to:

- Comply with Modern Slavery laws and not engage in any form of Modern Slavery.
- Take all reasonable steps to ensure that its suppliers do not engage in any form of Modern Slavery (including undertaking due diligence in its selection of suppliers, and continually monitoring and auditing its suppliers for this purpose).
- Allow VGA to audit the supplier/service provider for compliance with the Act.

VGA maintains its zero tolerance approach to any form of modern slavery. VGA acknowledges that modern slavery exists and is a risk to all businesses. In the event that any of VGA's business partners are found to be engaging in slavery or other unethical working practices, VGA will take steps to address those issues with this business partner, seek to drive improved standards and, if deemed necessary, will either suspend or terminate its relationships with any such business partners.





(d) Speak Up Culture/Whistleblower System

On a local level, our culture is underpinned by our organisational values or as we refer to it the V-Way. The V-Way provides the framework for how we operate on a daily basis and include – Courage, Genuine, Efficient, Customer Oriented, Mindful and Together. The Courage value focuses on the importance of speaking up, holding others accountable and creating a no blame culture that enables people to learn from their mistakes.

The Volkswagen Group has established a [Whistleblower System and Policy](#) which places great importance on fostering a speak-up culture that encourages employees, business partners and third parties to speak up and report suspected wrongdoing and raise concerns relating to serious misconduct. Reportable misconduct includes modern slavery concerns and suspicions of human rights violations.

Reports can be made via telephone, e-mail, mail and via an online tool, in person and anonymously, on request. Strict confidentiality and privacy is maintained throughout the entire process. The Whistleblower System guarantees the highest possible protection for whistle-blowers and affected persons. Discrimination against whistle-blowers is a serious regulatory violation and is not tolerated.

(e) Training and Awareness

As part of our internal training and communication plan, our employees receive information specific to modern slavery risks, as well as periodic training on the Volkswagen Group Code of Conduct, which also includes a focus on Business Human Rights.

We believe that awareness is equally important for our business partners. In 2020 we encouraged our business partners to register on the [Volkswagen Group Global Sourcing Platform](#). This platform provides our business partners with important information on our expectations, but equally provides them with resources and information to better understand and mitigate risks they may have in their own supply chains.

In 2020, our Sales Partners (franchised dealer network) undertook web-based training on the Code of Conduct for Business Partners. Similar to our employee training, content focused on the Volkswagen Group's expectation of Business Partners with a focus on Business Human Rights.

6. TRACKING THE EFFECTIVENESS OF OUR ACTION OVER THE NEXT 12 MONTHS

VGA is aware that as a responsible corporate, we must continue to work collaboratively with business partners to ensure the risks of Modern Slavery are managed effectively. To that end, during the course of 2021 and beyond, VGA's objective is to work collaboratively with our locally appointed business partners, to ensure the risks of Modern Slavery are identified and managed as much as possible and to positively influence sustainability performance.

To this end, we plan to track the effectiveness of our planned actions by:

- Continuing to develop our local risk assessment processes;
- Conducting Board training and awareness;
- Conducting Employee training and awareness;
- Ensuring Modern Slavery measures are continually developed our Procurement tools and processes;
- Reviewing legacy contractual agreements to identify and rectify any gaps that may not reflect our new Modern Slavery requirements.

7. CONSULTATION AND COMMITMENT OF THE BOARD OF MANAGEMENT

The preparation of this Modern Slavery Statement has been undertaken in consultation with our parent entity, Volkswagen AG; specifically in collaboration with the Centre of Competence Group for Business & Human Rights. The continuous monitoring of the effectiveness of VGA's Modern Slavery controls will continue to be managed operationally by VGA's Group Procurement Manager in consultation with local Compliance Officers and the Volkswagen Group Business Human Rights team.

This statement was approved by the Board of Management of Volkswagen Group Australia on 14 April 2021.



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VOLKSWAGEN

GROUP AUSTRALIA

This Modern Slavery Statement has been prepared by Volkswagen Group Australia Pty Ltd (ABN 14 093 117 876) of 24 Muir Road Chullora, NSW 2190. The information in this report is provided for general information purposes only. While Volkswagen Group Australia uses its best endeavours to ensure the information in this report is accurate and up-to-date at the time of publishing, it is not necessarily comprehensive and may change over time. To the extent permitted by law, Volkswagen Group Australia is not liable for any damage or loss suffered from relying upon the information contained in this report whether by way of negligence or otherwise.