Italdesign – Giugiaro S.p.A.

"Slavery and Human Trafficking Statement"

(Fiscal year 2018)

This statement has been issued in accordance with Section 54 of the United Kingdom Modern Slavery Act 2015. It describes all the measures taken by Italdesign in order to avoid any forms of modern slavery and human trafficking.

Organization

Italdesign – Giugiaro S.p.A. – a Sole Shareholder Company, subject to the Management and Coordination activities of AUDI AG – ("Italdesign", or "the Company") is an Italian company part of the Audi/Volkswagen Group, whose HQs, today covering a total area of over 50,000 square meters, are located in Moncalieri (Turin-Italy) and are a true campus of design and engineering, a state of the art development center.

Italdesign is one of the world's leading companies in the provision of development services for the automotive industry, whose mission is to provide a wide range of services dedicated to the development of new vehicles and industrial products, from styling to engineering and from prototypes manufacturing to testing and validation.

INTERNAL MEASURES

Italdesign Code of Conduct

The Italdesign Code of Conduct has been updated in 2017. It provides Italdesign employees, managers and collaborators with a practical guide, summarizing the key basic principles for correct conduct and providing support should they ever face legal or ethical challenges. The observance of internationally recognized human rights forms an important part of this Code of Conduct, in its section dedicated to "Our responsibility as a member of society".

All employees who join Italdesign are requested to read the Code of Conduct carefully and are instructed about the principles and set of rules contained into it. Moreover, it is always available for their consultation on the Intranet. The Company is also planning specific trainings on the Code of Conduct, mandatory for all employees and managers.
For all suppliers, and all those who have business relationship with the Company and/or act on behalf of Italdesign towards third parties, both internally and externally, relevant compliance clauses are introduced in the respective contracts.

**Italdesign’s Oversight Body and the Organizational and Management Model pursuant to Legislative Decree 231/2001**

Italdesign communicated to its employees, business partner and other third parties internal contact points, as well as external ombudspersons (Oversight Body) to whom they can report legal and regulatory violations, as provided for by the Italian Legislative Decree 231/2001.

In order to ensure the legality, correctness and transparency in the management of its business and its activities, the Company has adopted the Organizational and Management Model pursuant to Legislative Decree 231/2001. The Organizational Model sets out rules and procedures aimed at preventing the commission of the different types of crimes provided for in the Decree and considered as relevant for the Company.

Every subject that acts in the name and on behalf of Italdesign, that during their activity become aware of notices related to the commission of crimes within the Company, or of practices not in compliance with the rules of behavior and the provisions of the Code of Conduct or of the Organizational Model, shall timely inform the Oversight Body of the Company in writing by a dedicated email, if desired also in an anonymous way at the following e-mail addresses:

- odv@italdesign.it or
- odv_anonymous@italdesign.it (for further guarantee of confidentiality) or to the
- Company’s post address "To the attention of the Oversight Body", Via Achille Grandi n. 25 Moncalieri (TO).

In accordance with the established procedural principles, the best possible protection of the information provider as well as the person concerned will be ensured, guaranteeing an effective investigation and punishment.

**Whistleblower System**

In order to further strengthen the chance for employees and third parties to report possible misconduct, in January 2019 the Company introduced the whistleblower system. The whistleblower system is responsible for receiving and processing reports of serious regulatory violations. Violations of human rights are strong indicators of a serious regulatory violation.
Our employees, business partners and other third parties may use various channels in the whistleblower system to report possible serious regulatory violations of group employees. These channels include the online reporting channel, telephone hotline, email inbox and personal contact with the Investigation Office, as well as contact via ombudspersons and the Oversight Body. All these contacts can be found in Italdesign website and employees can also find them into the Intranet.

The system ensure that all reports can be forwarded anonymously to the Investigation Office. Information on possible serious regulatory violations can be submitted in any of the major languages used by the Group and is treated confidentially. The main procedural principles and safeguards are the protection of both the whistleblower and the person implicated. Any retaliatory action against whistleblowers constitutes a serious regulatory violation and will not be tolerated.

Qualification of employees

By taking preventative measures, Italdesign promotes compliance with regulations in its organization and raises awareness of its employees. This is why information and employee training play a key role in compliance work across all hierarchy levels. All employees joining Italdesign receive a welcome in the Company during the “Induction day”, during which they are also instructed about compliance and on the content of the Code of Conduct, of the Whistleblower System and of the Organizational Model of the Company.

In addition, all employees and collaborators are able and invited to access to the Intranet where the Code of Conduct, the Whistleblower system policy and the Organizational Model are contained.

MEASURES IN THE SUPPLY CHAIN: SUSTAINABILITY REQUIREMENTS FOR OUR BUSINESS PARTNERS

In order to maximize the benefit of potential synergies, we select suppliers in close consultation with Volkswagen Group Procurement. All measures and efforts taken by the Volkswagen Group in promoting sustainability in the supply chain, as well as to safeguard and respect human rights, also contribute to achieve Italdesign goals, in addition to the independent activities undertaken.

Furthermore, the Sustainability in Supplier and Business Partner relations concept is based on the Code of Conduct in its section “Our Responsibility as Business Partner”.

This formulates Italdesign’s expectation for that also its Suppliers and Business Partners respect key environmental, social and compliance standards.
Italdesign’s goal is to ensure compliance with its sustainability standards along the entire global supply chain by integrating them into the procurement process on a contractual level, either through contract clauses or through purchase orders.

Although each Supplier and Business Partner has its own responsibility for running its business ethically, Italdesign does not tolerate any form of modern slavery in its activities or supply chains.

Italdesign expects its Suppliers and Business Partners to pursue the environmental and social sustainability objectives and therefore it requires its partners to comply with the principles of legality, integrity, fairness and transparency, with reference to the issues of the rights of workers, with particular reference to freedom of association, safety and health of workers, respect for working hours, equal opportunities, prohibition of exploitation of child labour.

Italdesign also demand its Suppliers and Business Partners to comply with the requirements of the Volkswagen Group on sustainability in the relations with trading partners, whose full text is available on the vwgroupproducts.com website, at the links Cooperation => Sustainability.

Moreover, before undertaking business relationships with Business Partners, the Company follows a prequalification process based on a constructed method taking into account data provided by the Partner in order to evaluate its reputation, through a verification tool (AUDI PASS) based on the peculiarity of the market where the Partner operates or based on risk oriented manner.

OUTLOOK

In the coming year, we will continue to expand our activities to implement sustainability. Our aim is to continue to not only identify risks, but also continuously minimize them by various means.

Italdesign will guarantee intolerance to human rights violations by way of updating and revising internal rules ad continuing to raise awareness among its employees and Business Partners about non acceptance of any form of modern slavery and human rights abuse; to this purpose the Company will enhance the training upon the principles of its Code of Conduct among its employees and continue to disclose the relevant principles to its Business partners.

June 20th 2019

Italdesign – Giugiaro S.p.A.

Joerg Astalosch
Chief Executive Officer

Salvatore Cieri
Chief Financial Officer