

Italdesign – Giugiaro S.p.A.

“Slavery and Human Trafficking Statement”

(Fiscal year 2019)

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 a state-of-the-art customer-centric, method and fact based Company operating in four major areas, Design, Engineering, Production and New Mobility Solutions, 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. As already reported, it was launched and became mandatory for all the Companies part of the Volkswagen Group by the end of 2017. The content of the Code of Conduct is thus identical for all the brands and companies. It is readily available to all employees on the Intranet and also to third parties on the Internet and is continuously communicated in digital media as well as at internal company events. 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”.

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A socio unico - soggetta a direzione e coordinamento di Audi AG

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All Italdesign employees attended a specific web-based training on the Code of Conduct between the end of 2019 and the beginning of 2020. This course, mandatory for all employees and managers and with a recurrence every two years, allows everyone to become familiar with the principles expressed in the Code, providing an orientation criterion to be followed in difficult situations, also thanks to examples and exercises. A specific module of this training was dedicated to the importance of the respect of human rights.

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 (the Code is always available for their consultation on the Intranet). Moreover, they are required to carry out the above-mentioned web-based training on the Code of Conduct within a few days of joining the Company.

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

In order to ensure the legality, correctness and transparency in the management of its business and its activities, Italdesign adopted its own 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. It is understood that violations of human rights are part of the crimes envisaged by the Decree 231/2001 and the Organizational Model of the Company serves as a defence against the possible commission of these kind of behaviours.

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, which 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 Audi Investigation Office, as well as contact via ombudspersons, 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.

Furthermore, Managers are obliged, on the basis of their function as role models and their responsibility for the business, to report Reasonable Suspicion of Serious Regulatory Violations to the Central Investigation Office, the Audi Investigation Office or the Ombudspersons. Managers can also meet their above mentioned obligation by reporting to their supervisor, to the respective Human Resources Dept. (IG/S), to the Company Legal Dept. (IG/F), to the Compliance Dept. (IG/G) or to the Board of Management of Italdesign.

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.

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. To achieve this goal even more effectively, Italdesign is getting ready to implement a specific process to integrate the Group's sustainability rating system in its purchasing process.

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 already demanded 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 vwgroupsupply.com website, at the links Cooperation => Sustainability.

Moreover, the establishment or continuation of a business relationship with a Business Partner (Sales Partners and Suppliers, which for their business model are considered high risk and provide Intermediary services on behalf of Italdesign, as well as Consortium partners and Political Stakeholders) and the execution of a corresponding contract governing that relationship is only permitted after successful completion of a specific BPDD (Business Partner Due Diligence). This means that the Company follows a prequalification process based on a constructed method taking into account data providing by the Business Partner in order to evaluate its reputation, the adoption by it of adequate compliance structures and the subsistence of integrity concerns against it, its possible interaction with public authorities etc. In general, the plausibility of the answers provided by the Business Partner is also verified. As part of this process, Sales Business Partners with a higher level of risk have to sign a clause are also asked to attend a specific training on the CoC for Business Partners, where they are further instructed about the importance of the respect of human rights along all the business chain. The BPDD must be performed before a new contract is signed, prior to a contract amendment or prior to contract renewal.





Furthermore, all suppliers will be required to attend a training on the Code of Conduct and all Compliance topics that will be provided throughout 2020.

OUTLOOK

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

Italdesign will guarantee intolerance to human rights violations by way of updating and revising internal rules and 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 require all Business Partners to attend a specific training about the Code of Conduct for Business Partners.

June 03rd 2020

Italdesign – Giugiaro S.p.A.

Joerg Astalosch

Chief Executive Officer

Salvatore Cieri

Chief Financial Officer

