

Italdesign – Giugiaro S.p.A.

“Slavery and Human Trafficking Statement”

(Fiscal year 2022)

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 leading company able to inspire, integrate, develop and produce the most cutting-edge solutions in mobility and many industrial fields in today’s globalized market.

Preamble

In view of the advancing globalization and the increased complexity of our value creation and supply chain, we recognize our global responsibility which includes the protection of human rights.

This responsibility does not end at our gates but goes beyond them.

We have extended and affirmed our commitment to the internationally recognized agreements and conventions in the new Declaration by the Volkswagen Group on Social Rights, Industrial Relations and Business and Human Rights (Social Charta).

ITALDESIGN-GIUGIARO S.P.A.

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We adopted this declaration in November 2021, jointly signed by our CEO and our HR Manager, and published it both on our internal and external channels to make it available to all employees and relevant stakeholders.

INTERNAL MEASURES

Italdesign Code of Conduct

The Italdesign Code of Conduct has been implemented in 2017 and updated in 2020 and 2022. 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, and particularly the rejection of all forms of modern slavery and human trafficking forms an important part of this Code of Conduct, in its section dedicated to "Our responsibility as a member of society". In addition, Italdesign bases its actions on the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the requirements of the International Labour Organization (ILO), as set out in the Social Charta.

During 2022 all Italdesign employees attended the second refresher of the web-based training on the Code of Conduct.

This course, mandatory for all employees and managers, allowed them 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. Moreover, the new edition of the training included a dedicated section about importance of Human Rights and the Social Charta.

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 Compliance Measure Set

Italdesign has its own comprehensive Compliance Measure Set in place that, since 2021, also integrates business and human rights in accordance with the UN Human Rights Due Diligence guidelines. A dedicated team has been established in the Company, providing advice and being a point of contact for any Business and Human Rights issue that may arise.

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 and updated it during 2021.

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, 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. Moreover, in abidance to the requirements of the German Supply Due Diligence Act, the Whistleblower System may be used also to report violations of Human Rights committed by Group Suppliers. Violations by the suppliers will be then handled by the relevant Supply Chain Grievance Mechanism.

These channels include the online reporting channel, telephone hotline, e-mail 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.

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 package with a copy of the Code of Conduct and other relevant documents.

They also attend an "Induction day" during which they are instructed about compliance and integrity and on the content of the Code of Conduct, the Whistleblower System and the Organizational Model of the Company.

In addition, all employees and collaborators are able and invited to access 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.

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 (Code of Conduct for Business Partners), whose full text is available on the vwgroupsupply.com website, at the links Cooperation => Sustainability and that was recently updated to include requirements of the German Supply Chain Due Diligence Act, aimed to protect Human Rights and the Environment along the whole supply chain.

A further measure introduced in Italdesign in 2020 and further strengthened in light of the requirements of the German Supply Chain Due Diligence Act in 2022 is the sustainability rating (S-Rating), that indicates relevant suppliers' sustainability performance and opportunities for continuous improvement. It evaluates the ecological performance of suppliers as well as their social sustainability and integrity and is now fully integrated in Italdesign procurement system. The S-Rating is of direct relevance to Italdesign direct suppliers in terms of contract awards. If a supplier does not meet the Group requirements for compliance with sustainability standards, they will not be awarded contracts according to Group rules. This is a direct incentive for suppliers to improve their sustainability performance.

Moreover, the Human Rights violations committed by suppliers of Italdesign can now be reported to the Whistleblower System and will be processed via the Supply Chain Grievance Mechanism.

Furthermore, 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 partner and Political Stakeholder) and the execution of a corresponding contract governing that relationship is only permitted after successful completion of the BPDD (Business Partner Due Diligence).

This means that the Company follows a prequalification process based on a constructed method taking into account data provided 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, Business Partners with a higher level of risk are also asked to sign a Compliance Clause, as well as to attend a specific training on the CoC for Business Partners, in which, in addition to the topics mentioned above, the attention is also drawn to the crimes of corruption, money laundering and embezzlement.

The BPDD must be performed before a new contract is signed, prior to a contract amendment or prior to contract renewal.

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, particularly with the continuous improvement concept of our Compliance Management System.

Italdesign will guarantee that violations to Human Rights will never be tolerated by way of updating and revising internal rules of the Compliance Management System in the light of lessons learned and continuing to raise awareness among its employees and Business Partners about non acceptance of any form of modern slavery and Human Rights abuse.

Compliance with the new German Supply Chain Due Diligence Act, aimed to protect Human Rights and the Environment along the whole supply chain, will be also part of the Italdesign Compliance

Measure Set. A dedicated training about Business and Human Rights will be designed and handed over to the affected employees to further raise the awareness on the topic. Also Italdesign Business partners will be subject to intense awareness measures about the importance of the respect of Human Rights.

Moreover, the avoidance of Human Trafficking and Modern Slavery, being part of the more extended topic of Human Rights and in general social issues (the S in ESG), is now subject to great attention in Italdesign by means of a thorough auto analysis that will lead to improvement actions. Such effort will be reflected in the Sustainability Report that the company voluntarily decided to publish starting from 2024.

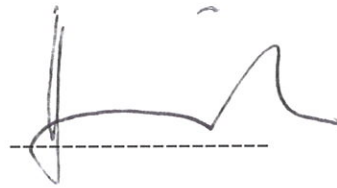
June, 27th 2023

for Italdesign – Giugiaro S.p.A.



Antonio Casu

Chief Executive Officer



Arne Heinrichs

Chief Financial Officer