

## **Volkswagen Financial Services anti-slavery and human trafficking statement for the financial year ended 31<sup>st</sup> December 2018**

This statement is made pursuant to s.54 of the Modern Slavery Act 2015. It sets out the steps that Volkswagen Financial Services (UK) Limited ("VWFS") has taken, and is continuing to take, to ensure that modern slavery and human trafficking is not taking place within its business or supply chain.

VWFS has a zero tolerance approach to any form of modern slavery. VWFS is committed to acting in an ethical manner, with integrity and transparency in all business dealings and is committed to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within its business or supply chain.

### **Organisation**

VWFS is part of the Volkswagen Group and its ultimate parent company is Volkswagen AG. VWFS provides financial products and services to retail customers through the retailer network of Volkswagen Group in the United Kingdom. The core business is the financing of Audi, Volkswagen passenger cars, Volkswagen commercial vehicles, SEAT and Škoda vehicles in addition to its fleet operations. Financing is also available for MAN, Porsche, Bentley and Lamborghini vehicles.

### **The Volkswagen Group Code of Conduct**

As part of the Volkswagen group of companies, VWFS adheres to the Volkswagen Group Code of Conduct ("Code of Conduct"). The Code of Conduct offers VWFS employees guidance on proper conduct and support in overcoming legal and ethical challenges. Compliance with internationally recognised human rights is part of this and VWFS attaches great importance to ensuring that its corporate activities are in keeping with values set out in such international conventions and guidelines on human rights.

The Code of Conduct is publicly available via the Volkswagen AG website ([www.volkswagenag.com](http://www.volkswagenag.com)).

VWFS expects its employees, retailers, suppliers and business partners and each of their employees to act responsibly and comply with the requirements of the Code of Conduct.

### **Whistleblowing policy**

VWFS has a whistleblowing policy intended to encourage and enable staff to report suspected wrongdoing and raise serious concerns within the workplace. VWFS employees, business partners and other third parties are provided with internal and external contact points to report on legal and regulatory violations, including suspicions of human rights violations, in connection with the Volkswagen Group. VWFS is committed to ensuring that any staff concerns are taken seriously and properly investigated.

Details of the Volkswagen Group whistleblowing system are publicly available via the Volkswagen AG website ([www.volkswagenag.com](http://www.volkswagenag.com)).

### **Qualification of employees**

VWFS treats its employees with respect and dignity and operates internal policies to ensure that it is conducting its business in an ethical and transparent manner. VWFS's policies and procedures are reviewed and updated on an annual basis and are available to staff and on-site contractors via its internal policy and procedure hub.

VWFS's recruitment policies ensure that employee screening checks are carried out to ensure that the individual is legally entitled to work in the UK to safeguard against human trafficking or individuals being forced to work against their will, and expects the same of each of its retailers, suppliers and business partners. Employees are free to leave their employment after reasonable notice and are not required to lodge deposits of money or identity papers with their employer. The compensation and benefits paid to employees for a normal working week comply at least with guaranteed minimum legal requirements, including minimum wage legislation and working hours comply at least with the national legal standards and are not excessive.

## **VWFS suppliers**

VWFS does not act as a producer or manufacturer of physical goods and has no supply chain in relation to such activities. The majority of VWFS's suppliers are located in the UK.

VWFS requires its suppliers to comply with the Volkswagen Group requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners) available via the Volkswagen Group website ([www.vwgroupsupply.com](http://www.vwgroupsupply.com)) which formulates VWFS's expectations towards the conduct of business partners in relation to central environment, social and compliance standards to ensure compliance with VWFS's sustainability standards along the entire supply chain. The bases for these requirements are the principles of the UN Global Compact, the charter of the International Chamber of Commerce for viable long-term development, as well as the conventions of the International Labour Organisation.

All procurement is based on objective and fair criteria that reflect the principles of non-discrimination, equal treatment, transparency, procedural fairness, mutual recognition and proportionality. In addition to carrying out due diligence on prospective suppliers, as part of the tender process prospective suppliers are expected to confirm they are aware of VWFS's sustainability requirements, their agreement to VWFS's contractual terms and conditions, and that they will comply with VWFS's policies and procedures and provide the services in accordance with all applicable laws and regulations. VWFS expects its suppliers to exercise due diligence along their supply chains.

VWFS considers compliance with the Code of Conduct to be essential to its contractual relationships with suppliers and business partners. VWFS may end its relationship with a supplier or business partner if the supplier or business partner does not comply with these requirements or take alternative action if the supplier or business partner is able to prove to VWFS's satisfaction that it has implemented immediate countermeasures to prevent comparable violations occurring in future.

VWFS has obligations in its agreements with suppliers requiring suppliers to comply with all laws including those relating to slavery and human trafficking to ensure that there is no trafficked, bonded, child or forced labour within their supply chain. VWFS may terminate the relevant contract immediately if the supplier does not comply with these requirements.

## **Monitoring and audit**

VWFS conducts routine risk assessments of its retailer network to identify risks presented in different segments and an escalation procedure is in place if serious issues are identified, which may include referral to VWFS's compliance function.

VWFS regularly monitors key suppliers at supplier performance review meetings and any necessary actions and issues, including non-compliance with the Code of Conduct or laws or regulations, are tracked by the relevant operational area and reviewed at the next performance review meeting. VWFS will work to remedy any areas in which suppliers do not meet VWFS standards or do not comply with relevant laws or regulations. In addition, VWFS has the right to audit suppliers for compliance with applicable laws, including the supplier's obligations to comply with all laws relating to slavery and human trafficking.

VWFS has an autonomous and independent internal audit function which has an unrestricted right to obtain information and to conduct audits within VWFS to determine whether statutory obligations are being fulfilled and reports its findings to the senior managers and directors of VWFS. If there is any specific suspicion of violations of laws, employees are expected to inform internal audit.

This statement has been approved by the board of directors of VWFS on 2<sup>nd</sup> April 2019, who will review and update it as necessary on an annual basis.



Mike Todd  
Chief Executive Officer

**Volkswagen Financial Services (UK) Limited**  
2<sup>nd</sup> April 2019