



Supply Chain Human Rights Annual Report 2024

In accordance with section 11 of Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (S.C. 2023), this joint report from **Volkswagen Group Canada Inc.** and **Audi Canada Inc.** provides an overview of the steps **Volkswagen Group** has taken to prevent and reduce risks of forced labour or child labour in goods produced for import and distribution into Canada.

Disclaimer : For convenience, this annual report is available in both English and French on applicable Canadian websites. Volkswagen Group's global website links are English-only.

VOLKSWAGEN GROUP – GLOBAL VIEW

The Volkswagen Group is one of the world's leading automobile manufacturers and headquartered in Wolfsburg, Germany. In view of globalization and the increased complexity of its supply chain, Volkswagen Group has transparent information about its global position on **Human Rights** available [here](#):

- Human Rights Policy Statement
- Declaration on Social Rights ("Social Charter")
- Modern Slavery and Human Trafficking Statement

VOLKSWAGEN GROUP CANADA INC. - STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

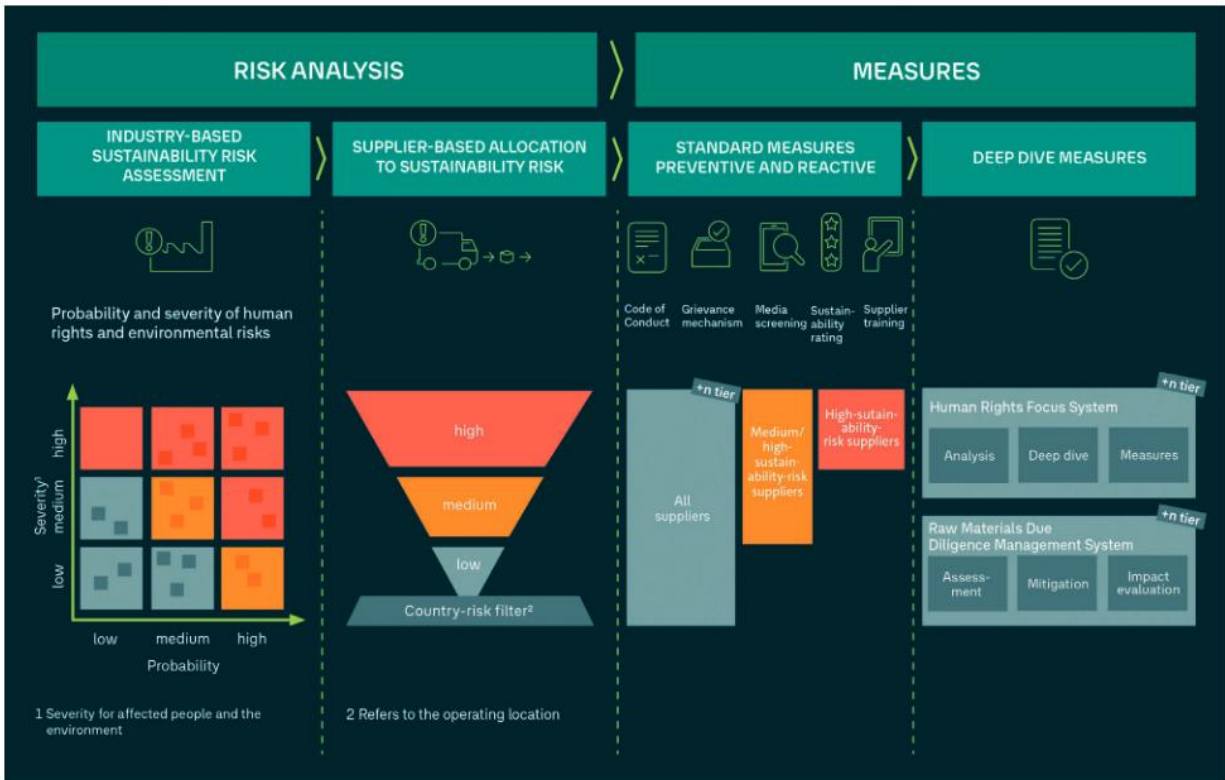
Volkswagen Group Canada Inc, in partnership with our global procurement network, supports the management systems outlined in this report. Collectively, the entities cover the importation and distribution of products into Canada for the following Volkswagen Group brands: Volkswagen, Audi and Lamborghini.

OUR COMPREHENSIVE RISK MANAGEMENT APPROACH

Volkswagen Group takes the integrity of its supply chain seriously and is dedicated to preventing the use of forced labour and child labour in its supply chain. Due to the diversity of its products, the Volkswagen Group's supply chain is extremely complex, globally distributed and subject to constant change. The **Group Procurement Sustainability Department** operationally manages this topic through **a network of experts** from **five continents** continuously working together.

The Group maintains a **Responsible Supply Chain System (ReSC system)** to avoid and minimize human rights, social and environmental risks in our supply chain based on a systematic risk analysis. This system creates a framework anchored in policies and due diligence processes to support many of our environmental and social criteria, including our forced labour and child labour prohibition. It systematically applies higher criteria for risk assessment and management in areas of our industry that may carry a higher degree of risk based on the nature of supply chain (e.g. priority raw materials) or geographical location. A summary of key standard measures are included in this report. More details are available in Volkswagen Group's [2024 Sustainability Report](#).

Responsible Supply Chain System (ReSC system)



STANDARD MEASURES :

Volkswagen Group Code of Conduct

Firstly, Volkswagen Group rejects all use of child, forced or compulsory labour and any form of modern slavery or human trafficking in both our workforce and by our suppliers.

Our **Code of Conduct** serves as a binding guideline for all employees in all brands and companies- all over the world, including Canada. Furthermore, our **Declaration on Social Rights** provides a binding basis for social and industrial relations within the Volkswagen Group.

Our **Code of Conduct for Business Partners** is a core element of our supplier management strategy. It sets minimum requirements for suppliers with respect to key human rights, environmental, social and compliance standards. Volkswagen Group requires Tier 1 suppliers who are generally contractually bound to pass on the forced labour/child labour prohibitions to their sub-suppliers. This also applies to transparency disclosure obligations to support Volkswagen fulfilling relevant legal obligations.

In the event that any of our business partners are found to be engaging in forced labour or other unethical working practices, Volkswagen Group will take steps to address those issues with this business partner, seek to drive improved standards and, if necessary, terminate its relationships with any such business partners.

Supply Chain Grievance Mechanism

Volkswagen Group's independent, impartial and confidential Whistleblower system is a cornerstone of our global Integrity & Compliance program. Employees of the Group and its business partners can anonymously report misconduct at any time.

The supply chain grievance mechanism (SCGM) was implemented to systematically process reports of risks or violations. It is used to process hints of alleged violations of the Code of Conduct for Business Partners by the Volkswagen Group's direct or indirect suppliers. More information is available [here](#).

Media Screening

Group Procurement Sustainability carries out continuous and risk-based media screening of relevant suppliers using a software tool. If the tool identifies indications of possible breaches of our Code of Conduct for Business Partners, these are reviewed and, if necessary, processed in the supply chain grievance mechanism.

Training and Sustainability Ratings (S ratings)

→ The **S-rating** is a Group-wide tool used to assess the sustainability performance of relevant suppliers on environmental, social and integrity aspects to mitigate risks. It is directly relevant to awarding of contracts to create a direct incentive for suppliers to improve their sustainability performance.

Volkswagen Group systematically trains its employees and suppliers on supply chain sustainability. All Procurement employees, including those based in Volkswagen Group Canada, receive sustainability training which varies in intensity, based on the nature of their role. Suppliers receive training on Sustainability and how its operationally driven through S-training framework. Our Human Rights-relevant training emphasizes our policy prohibiting forced labour and child labour in our supply chains.

DEEP-DIVE MEASURES :

Volkswagen Group is the first automotive company, since 2021, that voluntarily and publicly reports on Group-wide measures for mitigating human rights and environmental risks in particularly at-risk supply chains.

Volkswagen Group continued to evolve in 2024 its **Human Rights Focus System (HRFS)** to help identify and address issues with human rights and environmental risks that require more in-depth analysis. This can include in-depth social standard audits aimed at implementing suitable prevention and remedial measures after understanding the structural root causes of human rights violations.

Our **Raw Materials Due Diligence Management System (RMDDMS)** follows the five steps of the OECD Due Diligence Guidance for Responsible Business Conduct and the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. It serves to identify, assess and avoid actual and potential human rights risks in our upstream raw material supply chains. In May 2024, Volkswagen Group released its fourth Responsible Raw Materials Report ([link here](#)) which transparently outlines challenges and specific measures taken for mitigating risks in upstream raw material supply chains. We are working to increase transparency in very complex supply chains and use audits to check raw materials are sourced responsibly. In 2024, audits were an important tool in the RMDDMS for assessing risks in the upstream supply chains and identifying suitable actions.

APPROVAL AND ATTESTATION

This report was prepared based on information regarding Calendar Year 2024 in collaboration with the relevant Sustainability departments in Volkswagen Group's network. It was subsequently reviewed and approved by the appropriate governing body of Volkswagen Group Canada Inc. (which has control of all entities covered by this report). Pursuant to section 11 and subsection 4(b)(ii) of Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, I attest that I have reviewed the information contained in the report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Vito Paladino

Signed on May 20, 2025

Authority to bind entity as:

President & CEO, Volkswagen Group Canada Inc.