

Modern Slavery and Human Trafficking Statement by TRATON GROUP (Fiscal year 2020)

This statement has been prepared pursuant to section 54 of the United Kingdom Modern Slavery Act 2015. In particular, it details the measures implemented throughout the TRATON GROUP ("TRATON") to prevent forms of modern slavery and human trafficking.

At TRATON we respect, protect and promote all regulations in force to protect human rights and children's rights as a fundamental and general requirement throughout the world. We reject all use of child labor and forced or compulsory labor as well as all forms of modern slavery and human trafficking.

ORGANISATION

TRATON (formerly Volkswagen Truck & Bus) was established in 2015 to concentrate the activities of the three commercial vehicle brands Scania, MAN and Volkswagen Caminhões e Ônibus. Those three brands together with RIO form the TRATON GROUP today.

TRATON's most important products are heavy-duty trucks, medium- and light-duty trucks, buses and vans. The Group's Industrial Business also includes the sale of engines and components for marine and industrial applications, as well as used vehicles. In addition to its new and used vehicle offering, TRATON has an aftersales business, which contributes a significant portion to its sales revenue and operating result. The Group's services further comprise a range of digital solutions, including an extended service offering based on a connected ecosystem, as well as flexible maintenance plans.

TRATON is dedicated to creating a global champion in the transportation industry – a leader in profitability, with global presence and customer-focused innovation. The TRATON's "Global Champion" strategy to achieve this goal seeks to drive growth, improve profitability and leverage synergies.

Within TRATON, TRATON SE fulfills and coordinates certain strategic and operational tasks centrally for its affiliated companies. TRATON SE is headquartered in Munich, Germany with 277 employees (as per 31.03.2021). Activities are mainly concentrated in Munich and in its branch in Södertälje, Sweden. The brands of TRATON have operations in Europe, Latin America and Asia with facilities for global interchange of both components and complete vehicles. In addition, there are regional production centers in Africa, Asia and Eurasia.

INTERNAL MEASURES TO PREVENT MODERN SLAVERY AND HUMAN TRAFFICKING

COMPLIANCE AND INTEGRITY

Integrity and Compliance are key cornerstones of our entrepreneurial activities. They form the basis for the Group's reputation, for the trust that our customers and business partners place in us, for the well-being of our employees, and for our long-term commercial success.

TRATON does not tolerate illegal or irregular conduct. Compliance with applicable laws and the Code of Conduct, which covers our guiding principles for acting with integrity, are basic precondition for the success of our business.

Code of Conduct

The principles laid down in the Code of Conduct are based on TRATON's shared corporate values: customer focus, integrity, respect, team spirit, and determination. The Code of Conduct focuses on the integrity and responsibility of each individual. It also uses practical examples to explain how each individual can live up to this responsibility and act with integrity — especially in conflict situations. Integrity means for us to act responsibly and in compliance with laws and ethical values — everywhere and at all times. This applies equally to every single one of us. We do not tolerate infringements of the law. The Code of Conduct is binding for all employees.

Human Rights are explicitly addressed in the Code of Conduct. TRATON rejects all use of child labor and forced, bonded or compulsory labor as well as any forms of modern slavery and human trafficking.

This applies not only to all cooperation and all conduct within TRATON but also to the conduct of and towards business partners and suppliers as specified in our TRATON Code of Conduct for Suppliers and Business Partners.

Qualification of employees

Communication and employee training play a key role in compliance and sustainability work across all hierarchy levels. TRATON conducts regular face-to-face and online training sessions on compliance and integrity topics. A new web based training on the Code of Conduct was developed in 2020 and rolled out group-wide. This training includes information on Business & Human Rights and is aimed at increasing the awareness of risks in this area for all employees.

Reporting Compliance violations

The “Speak up!” whistleblower online portal of TRATON is used for reporting potential regulatory violations, such as the violation of human rights. It enables not only employees, but also third parties such as business partners and customers around the world, to report suspected misconduct any day of the year. Written information can be submitted anonymously in any language using a specially protected online reporting channel. Additionally, an international toll free 24-hour telephone hotline of VW AG is available for reporting information in a total of 17 languages. Whistleblowers can also turn to the external ombudsman engaged by VW AG. Furthermore, whistleblowers can also report potential regulatory violations directly to the TRATON or brand Compliance Organization or dedicated whistleblower system within the Compliance Organization under a designated e-mail address or telephone number.

Strict confidentiality and secrecy are maintained throughout the entire process, as far as legally possible. Our whistleblower system guarantees the highest possible protection for whistleblowers and concerned persons.

Discrimination against whistleblowers is considered a regulatory violation and will not be tolerated.

Risk analysis

Within the framework of the established risk management processes risk assessments on the subject of human rights are also carried out at TRATON. Within the Compliance Risk Assessment, the identification of potential risks is supported by a list of risk-related focus areas which also includes potential risks from human rights violations.

RESPONSIBILITY IN THE SUPPLY CHAIN

Procurement at TRATON Group aims to optimize material costs, ensure security of supply, and reduce environmental and social risks in the relationship with suppliers. As well as maximizing cost-effectiveness and efficiency, we are also committed to improving sustainability aspects.

As part of the Volkswagen Group, we have adopted the “Sustainability in Supplier Relations” concept. In our procurement activities, we pursue a sustainability management system in supplier relations, which is a three-step approach to establishing sustainable supply chains, respecting human rights, and combating corruption.

- **Prevent:** Sustainability requirements are laid down in contracts and specifications, particularly in the TRATON Code of Conduct for Suppliers and Business Partners. As part of the tendering and

supplier approval process, suppliers confirm that they will comply with the terms of the TRATON Supplier Code of Conduct. The TRATON Supplier Code of Conduct is based on the UN Global Compacts' ten principles, with principle 4 specifically aiming at the elimination of all forms of forced and compulsory labor. With the Supplier Code of Conduct, TRATON requires all its suppliers not to tolerate any form of modern slavery, human trafficking, child, forced, bonded or compulsory labor by or in relation to the supplier's employees or the supplier's suppliers.

- **Detect:** Sustainability risks in our supply chain are systematically identified and prioritized accordingly. Sustainability is an established aspect of key contract award decisions throughout the Group and potential suppliers are assigned a rating ("S-Rating") that reflects their sustainability performance. The S-Rating is based on a combination of self-disclosures and risk-based on-site inspections and will be implemented in stages. It is used to check suppliers' sustainability performance and identifies potentials for continuous improvement. It evaluates suppliers' social performance as well as their ecological sustainability and integrity. For the former, the self-assessment questionnaire includes questions on policies, management systems and trainings on human rights and working conditions. A positive S-Rating result is mandatory for nomination: if a supplier falls short of our requirements regarding compliance with sustainability standards, the supplier is not eligible for a contract award. This provides a direct incentive for suppliers to continuously improve their sustainability performance.
- **React:** Various measures are available to allow us to respond to the risks identified and the impact of these risks. The main objective is to prevent or mitigate negative impacts of our suppliers and to take effective action to improve our suppliers' sustainability performance. They include a standardized ad hoc process for dealing with breaches committed by individual suppliers, which is for instance communicated via our externally accessible grievance mechanism. After asking our supplier for a written statement, usually an on-site check is conducted by our external service provider. Any resulting findings are recorded in an action plan, which need to be corrected by the supplier within a firm deadline.

Procurement employees are trained on sustainability requirements, including Business & Human Rights, in the supply chain. Furthermore, suppliers can access the VW e-learning module on sustainability.

Human rights due diligence

As part of our sustainable supplier management system, we are particularly committed to protecting those groups that are exposed to a high risk of potential human rights violations at all stages in our supply chain. We are guided in these efforts by the implementation of human rights due diligence processes as required by the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In line with the requirements of a risk-based approach, our measures focus on those supply chains that, according to our analyses, are associated with particularly high risks of a negative impact. In

order to be able to analyze and, as a result, avoid general human rights impacts in supplier relationships in a more targeted manner, we joined the VW Human Rights Working Group in 2020. First measures will be implemented in 2021.

Responsible raw materials procurement

We are aware that the potential effects on people and the environment arise primarily in the upstream value chains, for example in raw materials extraction or the production of primary products. As a manufacturer with global supply chains, enforcing our sustainability requirements right down to the last link in the supply chain is a particular challenge, in particular when it comes to the responsible handling of conflict minerals. To effectively manage risks in our complex supply chains, a raw materials due diligence management system was established within the VW Group in 2020. This provides further details on the prioritization and processing of the 16 raw materials that we classify as being particularly high-risk. The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas serves as a guideline for the responsible sourcing of raw materials. It includes guidance on management approaches, risk identification and prevention, checks on smelting, and communication and reporting tools. We are working closely with our direct suppliers and require them to disclose the origin of materials associated with potential human rights violations.

RESPONSIBILITY FOR PEOPLE

As one of the world's leading players in the commercial vehicles industry, TRATON relies on having a workforce of qualified and motivated employees. We offer our employees a safe and attractive working environment that allows them to develop to their full potential. This is made possible by our values-based culture of diversity, openness, and transparency.

Diversity and Inclusion

Diversity and Inclusion are key success factors for TRATON, and goes far beyond creating opportunities for women. TRATON is committed to fulfil standards that ensure diversity and inclusion.

Diversity, inclusion, and equal opportunities are essential to our business success and our ability to take good decisions, achieve our goals as a company and as a responsible employer. We respect all colleagues and strive to create an atmosphere of respect and mutual trust. Together with the HR functions of the brands in TRATON GROUP, the central Human Resources function of TRATON SE develops common methods and tools and bundle competencies with the aim of leveraging synergies and reaching high quality standards.

We stand for respect and tolerance. We have made a clear commitment to embrace diversity and not to discriminate based on age, gender, religion, disability, ethnic origin, or sexual orientation. The following policies provide guidance for our human resources work around the globe: UN Global Compact, OECD Guidelines for Multinational Enterprises, the TRATON Code of Conduct, the Charter on Labor Relations, the Charter on Temporary Work and the International Framework Agreement of the MAN Group based on the Conventions of the International Labour Organization.

Employee rights

TRATON GROUP recognizes the rights of workers to form and participate in unions and to engage in collective bargaining. Almost all permanent staff in Germany are covered by collective bargaining agreements. Around the globe, the share of our workforce which falls under collective agreements stands at 89%.

OUTLOOK

TRATON is continuously improving its measures to prevent modern slavery and human trafficking. Because TRATON regards human rights violations as a dynamic risk, TRATON will align its monitoring procedures with ongoing developments such as implementing Business & Human Rights in the Compliance Risk Assessment and Monitoring Process. TRATON continues to raise public awareness for Business & Human Rights; the brands MAN and Scania are for example a member of the UN Global Compact.

TRATON SE

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