



Slavery and Human Trafficking Statement – Ducati Motor Holding S.p.A. (fiscal year 2020)

This statement has been formulated pursuant to Section 54 of the United Kingdom Modern Slavery Act 2015. In particular, it details all the measures implemented by Ducati to prevent any forms of modern slavery and human trafficking.

PREAMBLE

In view of advancing globalisation and the increased complexity of our value creation and supply chain, we recognise our global responsibility which includes the protection of human rights. For us, this responsibility does not end at our factory gates, but goes beyond them.

1. ORGANISATION AND SUPPLY CHAIN

Ducati Motor Holding S.p.A. ("Ducati") is a stock corporation under Italian law, with headquarters in Bologna, Italy. The Ducati Group and its products are present in all relevant two-wheeled motorcycle markets around the world. The Group procurement structures ensure that production materials, capex and also services are sourced globally in the required quality and on the best possible terms.

For us, global observance of sustainability standards in such areas as human rights, occupational health and safety, environmental protection and anti-corruption form the basis for successful business with our suppliers. Only by working with our business partners we are able to make sure that sustainability standards are observed.

We currently purchase products, services and parts from approx. 20 countries worldwide.

Ducati being part of the Volkswagen Group also amplifies its impact in this field.

With its presence in key markets, the Volkswagen Group's global procurement organisation ensures that production materials, assets and services are sourced worldwide in accordance with sustainability standards. The competitive advantages of the various procurement markets are utilised by the whole Group as a result of the brands' networking of the various procurement organisations.

For the Volkswagen Group, to which Ducati belongs, global compliance with sustainability standards in areas such as human rights, occupational health and safety, environmental protection and combating corruption is a basic prerequisite for successful business with our suppliers.

Only together with our business partners it is possible to ensure compliance with sustainability standards. To achieve this objective, we implemented the "Sustainability in Supplier Relations" concept in 2020 and are continuing to develop it. This concept anchors sustainability in our procurement processes and procurement organisations. In this way, by 2025 the Volkswagen Group intends to effectively prevent environmental, social and corporate governance risks, including human rights risks, and to ensure that most of our direct business partners receive an A- rating in our "Sustainability Rating". The Volkswagen Group has a globally positioned and growing network of sustainability officers in the Procurement departments of the respective brands and regions. This network currently consists of more than 40 experts and assists the Group in gaining a better understanding of local conditions.

2. INTERNAL MEASURES

Ducati Code of Conduct

Ducati has adopted its Code of Conduct since 2001, adhering to a more structured Group version in 2017. IT was then periodically revised and updated till the last version implemented in 2020. It is available to all employees on the intranet and to third parties on the Ducati website at any time, and it is continuously communicated in digital and print media as well as at internal company events. The Code of Conduct embodies the ethical principles of the Volkswagen Group and the Ducati Group and is based on common values, with a focus on honesty, integrity, compliance and ethical behaviour as well as on the subject of responsibility. The Code of



Conduct helps employees observe existing company rules at their workplace, as business partners and as members of society, providing them with practical guidance, assistance and advice. The rejection of all forms of modern slavery and human trafficking is an integral part of the Ducati Code of Conduct.

Regular training on the Code of Conduct is mandatory for all employees, regardless of hierarchical level. Additionally, members of the senior management confirm their knowledge and responsibility with regard to the Code of Conduct each year following a risk based approach.

Ducati has also adopted a Code of Conduct for Business Partners which was specifically formulated by the Volkswagen Group. This details our expectations regarding the attitude and conduct of business partners in their corporate activities, particularly with regard to all suppliers and selected sales partners. The requirements are regarded as the basis for successfully shaping the business relationship between Ducati and its partners. They include observance of human rights, such as the prohibition of child labour, human trafficking and slavery, as well as ensuring environmental protection and preventing corruption.

The Ducati Independent Body and the Organizational and Management Model pursuant to the Italian Legislative Decree no. 231/2001

Ducati employees, business partners and other third parties are provided with internal contact points as well as external ombudspersons in order to be able to report on legal and regulatory violations as provided by the Italian Legislative Decree no. 231/2001.

The Company, to ensure the legality, correctness and transparency in the management of its business and its activities, has adopted the Organizational and Management Model pursuant to the above mentioned Legislative Decree no. 231/2001 as a set of rules and procedures in order to prevent the commission of the different type of crimes provided for in such Decree and considered as relevant for the Company.

In particular, the Company has evaluated the risk of commission of the crimes provided for in art. 25 *quinquies* of the Decree that are those that could lead or help the finding of worker in condition of slavery, for example through the human trafficking. Therefore, expected behaviours towards employees and business partners are defined for running business ethically and not tolerate modern slavery.

Every subject that acts in the name and on behalf of the Company, who during his/her activities become aware of notices related to the commission of the relevant crimes within the Company or of practice not in compliance with the rules of conduct and the provision of the Code of Conduct, is obliged to timely inform the Independent Body of the Company in writing via a dedicated e-mail or at the Company's address, in both cases also in an anonymous way.

The Whistleblower System

Ducati implemented the Volkswagen Group Whistleblower System for the reporting of regulatory violations.

The Whistleblower System is used for reporting also serious rule violations. The violation of human rights is an example of an issue that involves a serious regulatory violation. It enables not only employees, but also business partners and customers around the world to report misconduct by employees any day of the year: written information can be submitted in any language using a specially protected online reporting channel. An international 24-hour telephone hotline is available for reporting information in a total of 17 languages. Information can also be submitted via commissioned external lawyers (ombudspersons). The reports can be made anonymously on all channels, if desired. Strict confidentiality and secrecy are maintained throughout the entire process. The Whistleblower System guarantees the highest possible protection for whistleblowers and affected persons. Discrimination against whistleblowers is a serious regulatory violation and will not be tolerated.

Qualification of employees

Preventive measures promote compliance in Ducati and raise the awareness among the employees. In the reporting period, specific communication and training activities continued to focus primarily on the Code of



Conduct. In addition, Ducati also trains its business partners in procurement and sales on key aspects of compliance and anti-corruption.

Risk analysis

Within the framework of the established risk management processes, represented by elements including the quarterly risk process and the annual regular GRC process, risk assessments on the subject of human rights are also carried out by Ducati within the GRC process and the countermeasures taken are reported on. Within the annual regular GRC process, the identification of potential risks is supported by a list of risk-related focus areas which also includes potential risks from human rights violations. Reports are submitted to the Ducati Board of Management periodically as well as when required.

In addition, a cross-departmental working group in Volkswagen Group Compliance developed a concept in 2019 for assessing risk exposures alongside a correlation of country risks and business model risks in the area of "Business & Human Rights" for controlled entities. Based on this, measures that in particular develop viable and uniform structures for this topic are defined for the entities, Ducati Group entities included. These measures are integrated in the general measures for traditional compliance topics such as the prevention of corruption and money laundering. These measures were communicated to the entities in the reporting period and will become a mandatory component of the internal compliance risk management process at the end of 2021. Moreover, the Volkswagen Group and the Ducati Group are integrating business and human rights into the Group's existing Compliance Management System in accordance with the UN human rights due diligence guidelines.

3. MEASURES IN THE SUPPLY CHAIN

Sustainability requirements for our suppliers –Code of Conduct for Business Partners

We want to fulfil our responsibility in our business relations on a global level and act proactively by meeting legal requirements. In procurement, we pursue a three-pronged approach. The basic prerequisite for these steps is transparency in supplier relationships that go beyond the first level (Tier 1):

- **Prevent:** sustainability requirements are anchored in contracts and specifications, particularly the Code of Conduct for Business Partners; suppliers are periodically invited to trainings and qualifications following a risk-based approach.
- **Detect:** sustainability risks in the supply chain are systematically identified and prioritised. Sustainability is anchored across the Ducati Group in all important contract award decisions and a sustainability performance rating of potential suppliers ("S-Rating") has been established. This is based on self-disclosures and risk-based checks on site.
- **React:** various measures are provided in order to respond to the identified risks and effects. These include a standardised process for dealing with violations by individual suppliers and action plans from on-site inspections.

Clear specifications for suppliers (Prevent)

The "Ducati requirements regarding sustainability in its relationships with business partners" – the code of conduct for business partners – is a key part of our supplier management system. It is applicable for all suppliers of Ducati. Our expectations as regards our business partners' conduct with respect to core environmental, social and compliance standards are set out contractually there. The requirements are based among others on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the relevant conventions of the International Labour Organisation (ILO). However, the Code of Conduct is not only based on international standards, but also on the Group's objectives, rules and directives.

The expanded requirements for suppliers specific to the topic of modern slavery are as follows:



"No slavery and no human trafficking – business partners reject all conscious use of forced or compulsory labour as well as all forms of modern slavery and human trafficking. There is no bonded labour or involuntary prison labour. Employment relationships are entered into on a voluntary basis and may be terminated by employees at their own discretion and within a reasonable notice period."

Systematic determination of sustainability risks (Detect)

Our aim is to be aware of the sustainability risks in our supply chain at all times and effectively address them. A key measure introduced in 2020 is the sustainability rating (S-Rating), which will be fully integrated in the next future. The S-Rating 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. The S-Rating is of direct relevance to our direct suppliers in terms of contract awards. If a supplier does not meet our requirements for compliance with sustainability standards, they will generally not be awarded contracts. This is a direct incentive for suppliers to improve their sustainability performance.

The audits for the S-Rating are carried out using a multi-stage, risk-based process. The company's sustainability performance is analysed using a standardised self-assessment questionnaire (SAQ) that was developed together with other European original equipment manufacturers (OEMs). The information and documents in the SAQ are checked and validated by a service provider. If a supplier states that it has specific processes and policies in place, it must provide the documents to prove this. Specifically, a question is asked regarding a human rights policy which includes the topic of "Forced or compulsory labour and human trafficking".

Using a risk-based approach, further checks are carried out on site after an initial analysis of the supplier's details. If the results of the check show severe deficits in the implementation of our sustainability requirements, the supplier will receive a negative rating. This means that no contract can generally be awarded.

Achieving improvements together (React)

A range of measures are available in order to be able to react to risks identified in the supply chain and to specific violations by suppliers, and therefore to actively effect improvements.

An important part of sustainable supply chain management is the Group's grievance mechanism "Supply Chain Grievance Mechanism", with which it is possible to respond to suspected violations of sustainability requirements that suddenly arise. The Group's case management process was revised and reorganised again in 2020 to become a comprehensive complaint management system. It is accessible via the Group's website, a dedicated email address and an anonymised channel and is open to all stakeholders and potentially affected persons such as employees of suppliers, social organisations or representatives of communities in the immediate vicinity of our production sites. The cases are handled according to a binding policy, managed by the Group and processed together with the Volkswagen Group brands and regions. If violations are identified, measures are initiated immediately. If there are particularly serious violations, the business relationship may even be terminated.

Employees and external parties can also report potential violations by our suppliers using the Group Whistleblower System or contact sustainabilitysupplychain@ducati.com. This concerns possible violations by our direct suppliers as well as by subcontractors in the supply chain. External ombudspersons are another point of contact.

4. PROGRESS REPORT

As announced in the Ducati Modern Slavery and Human Trafficking Statement issued in 2019, various measures were taken during 2019 to heighten awareness of any forms of modern slavery and human trafficking.

The Volkswagen Group, to which Ducati belongs, also remains in regular contact with NGOs, researchers and politicians in the form of stakeholder dialogues to incorporate further knowledge and the expertise of independent third parties in the area of human rights in our business strategy.

Looking forward, we as a corporate citizen will continue to reject any violation of human rights, which we see as a dynamic risk. Consequently, we will be adjusting our monitoring activities in the light of new developments and



continue to work on heightening awareness of any forms of modern slavery and human trafficking both inside and outside our Company. In the coming year, we will continue to expand our activities to implement sustainability in our supply chains and we are taking steps to streamline our supply chains even better. Our aim is not only to identify risks in the future, but also to continuously minimise them using various instruments such as auditing, certification and qualification. To this end, we are working to structure our processes relating to due diligence under human rights perspective even more systematically. The objective is to identify, prioritise and then prevent or mitigate our sustainability risks comprehensively. This aim follows a risk-based approach and fundamentally applies to the entire supply chain.

The Volkswagen Group, to which Ducati belongs, reports the entire Group's objectives and activities and the progress of the management system in an annual report.

Ducati Motor Holding S.p.A.
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