

# Ducati Code of Conduct for Business Partner

Ducati requirements regarding sustainability  
in its relationships with business partners



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# 1. Preface

The following requirements define the Ducati Motor Holding S.p.A. (“Ducati” or “Company”)’s expectations regarding the mindset and conduct of business partners in their corporate activities, in particular with reference to suppliers and sales partners. The requirements are considered the basis for successful execution of business relations between Ducati and its partners.

Ducati not only manufactures and markets high quality products but it does so in a way that reflects the commitment of Ducati and its subsidiaries to conduct its business activities in full compliance with applicable laws and to be guided by integrity and honesty, in the respect of the expectations of the entire Audi and Volkswagen Group, which Ducati belongs to.

In general Ducati supports and encourages operating practices that are sustainable, as specified in the paragraphs below. Sustainability is deemed to make a significant contribution towards any company’s success and to safeguard its future development; and is an integral part of Ducati’s supply strategy and supplier development.

Ducati expects similar behavior from all parties that it deals with as business partners, especially from Ducati suppliers, and particularly where human rights, health and safety at work, environmental protection and combatting corruption are concerned.

These sustainability requirements for business partners are based on national and international provisions and conventions, such as the principles of the UN Global Compact, the Business Charter for Sustainable Development of the International Chamber of Commerce, 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), as well as the Guiding Principles to Enhance Sustainability Performance in the Supply Chain issued as part of the Drive Sustainability initiative. In addition, the sustainability requirements are also based on internal standards and values such as the declaration on social rights and industrial relations at Volkswagen, the Occupational Safety Policy in the Volkswagen Group, Volkswagen’s Environmental Policy and the environmental objectives and guidelines derived from this, the quality policy, and the Volkswagen Group Code of Conduct for

employees.

The Code of Conduct of Ducati and the Organizational and Management Model adopted by Ducati in accordance with the Italian Legislative Decree no. 231/2001 (to which the Code of Conduct is attached), already prescribe the Ducati values and principles.

The present Code of Conduct for Ducati Partner (“the Code”) specifies and helps the continued implementation of the Ducati Code of E by establishing certain minimum standards that Ducati asks its suppliers - including their employees, agents and subcontractors that it is the suppliers’ responsibility to educate - to respect and to adhere to when conducting business.

It is specified that if the business partner of Ducati is party of a contract agreement as contractor, Ducati requires such contractor also to fulfill all the obligations provided by the applicable law for contractors and sub-contractors.

## 2. Purpose and motivation

Our goal is to maintain a competitive edge through the quality and lasting value of our products and services as well as through our successful and sustainable business activities. Our company's long-term success also depends on how promptly we identify risks and opportunities, and that we consistently comply with laws, regulations, ethical principles and our own voluntary commitments.

Not only do we set high standards within the Ducati Group, we also work to ensure compliance with these standards along the entire value chain. This approach is based on recognition of the simple fact that responsible conduct and commercial success are not mutually exclusive, but actually foster one another.

We expect this understanding and this mindset not only from all our employees, but also from our business partners. Our business partners convey these principles and the obligations they entail to their own employees as well as to their business partners. They may also implement additional rules.

## 3. Cooperation

The business partners play an integral part in the Ducati brand's business success and therefore in the Volkswagen Group, to which Ducati belongs. Partnership creates lasting business relationships which are mutually beneficial. Therefore, the Group is focused on close cooperation with its business partners.

Applying the sustainability requirements, we are aware of our responsibility for the economic, ecological and social impact of our actions. We also expect this of our business partners, particularly where human rights, health and safety at work, environmental protection and combatting corruption are concerned.

## 4. Scope and coverage

The following sustainability requirements apply to all business relations between the Ducati and its business partners, insofar as they apply to the respective business activities.

This Code is therefore address to all Ducati suppliers with the goal of strengthening the mutual understanding of how sustainability should be practiced in day-to-day business.

Ducati expects the suppliers to continuously strive towards improving the efficiency and sustainability of their operations.

Furthermore, business partners must take appropriate steps to also ensure compliance with these requirements by their own business partners and along the supply chain.

## 5. Requirements

### 5.1 Environmental protection

Ducati manufactures and markets high quality products and takes responsibility for continually improving the environmental compatibility of its products and services as well as for reducing the demands made on natural resources throughout the life cycle while taking economic factors into account. Business partners must comply with all applicable environmental laws and regulations in all countries in which they operate.

The following policies and standards are binding for suppliers:

- Ducati's Environmental Policy;
- The environmental targets of the Technical Development division;
- The Ducati contractual requirements based on Sections 2.1 (Objectives of standard), 8 (Environmental compatibility), 9.1 (Material requirements and prohibitions) and 9.2 (Material requirements) of VW Standard 99000 (General Requirements for the Performance of Component Development Contracts); and
- The specifications in the standard parts specifications.

In addition, the Volkswagen Group, to which Ducati belong, expects all its business partners to observe and comply with the following:

#### **Creation and application of environmental management systems**

Environment-oriented management is one of the main objectives of corporate policy. Therefore, Ducati requires all business partners with the relevant risk profiles to have a suitable environmental management system in place.

Ducati expects those business partners that operate production sites with more than 100 employees to have a certification according to the international standard ISO 14001 (that Ducati has obtained) or the EMAS Regulation of the European Union. For sales partners, the Volkswagen Group and Ducati recommend the international standard ISO 14001 or alignment with ISO 14001.

#### **Active approach to environmental challenges; avoidance of damage to the environment and health**

Business partners shall tackle ecological challenges with due care and foresight. The development and dissemination of environmentally-friendly technologies shall be encouraged. Suppliers are expected to improve the environmental performance of products and services by setting targets and monitoring environmental key performance indicators. Impacts on the environment and the health of employees must be avoided or kept to a minimum in all activities throughout the entire lifecycle of the products and services. Business partners shall in particular make efforts to minimize air emissions that pose a risk to the environment and health, including greenhouse gas emissions. In order to improve the environmental key performance indicators for products and services, suppliers must provide for proactive management of the most important environmental indicators, including the reduction of greenhouse gas emissions along the entire supply chain.

#### **Resource efficient products and processes**

The efficient use of energy, water and raw materials, the use of renewable resources and the minimization of damage to the environment and health are all taken into consideration in the development, raw material extraction, manufacture, product service life and recycling stages as well as in other activities.

#### **Registration, evaluation and restriction of substances and materials**

Business partners must avoid the use of substances and materials with adverse environmental or health impacts. To that end, business partners must identify alternative environmentally-friendly solutions that are effective over the long term. Business partners are obliged to register, declare and, if applicable, obtain approval for substances pursuant to legal requirements in the respective markets.

#### **Waste and recycling**

Avoiding waste, re-using resources, recycling as well as the safe, environmentally-friendly disposal of residual waste, chemicals and waste water must be taken into account in the development, production, product service life and subsequent end-of-life recycling as well as in other activities.

## Quality and safety

Upon delivery, all products and services must meet the contractually agreed quality and safety criteria and must be safe for their intended use.

## 5.2 Human rights and labor rights of employees

For Ducati, respect of the internationally recognized human rights forms the basis of all business relationships. Our business partners undertake to respect the rights of employees and other stakeholders and to treat them according to the rules of the international community.

### No slavery and no human trafficking

Business partners reject all conscious use of forced and compulsory labor as well as all forms of modern slavery and human trafficking. There is no bonded labor or involuntary prison labor. 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.

### No child labor and protection of young employees

Child labor is prohibited. The minimum age for admission to employment in accordance with state regulations must be observed. Convention C138 of the International Labour Organisation (ILO) shall apply if no such state regulations exist. Under the terms of this Convention, no child under 15 years of age may be employed or work directly or indirectly, except in those cases set out in Articles 6 and 7 of the Convention.

Business partners must ensure that young employees under 18 years of age do not work overtime or night shifts and are protected against working conditions that harm their health, safety, morale or development.

### No discrimination and no harassment

Business partners reject all forms of discrimination and harassment. Business partners must not discriminate against any employees, for example on the grounds of ethnic origin, skin color, gender, religion, nationality, sexual orientation, social background, age, physical or mental limitations, marital status, pregnancy, membership in a trade union or political affiliation insofar as this is based on democratic principles and tolerance towards those of a different opinion. In general, employees are selected, employed and supported on the basis of their qualifications and capabilities.

Business partners undertake to ensure a working environment free from harassment. They shall promote a social environment that fosters respect for the individual. Business partners shall ensure that employees are not subjected to physically or psychologically inhuman treatment, physical punishment or threats.

### Compensation and benefits

The compensation and benefits paid or received for a normal working week correspond at the very least to the legally valid and guaranteed minimum. Where statutory provisions or collective bargaining agreements do not exist, they are based on industry-specific, customary local compensation and benefits that ensure an appropriate standard of living for the employees and their families.

### Working hours

The business partner must ensure that working hours correspond at least to the respective national legal requirements or the minimum standards of the respective national economic sectors. If there are no legal requirements or minimum standards, the international standard of the ILO of a maximum of 48 hours of work per week with a rest period of at least 24 consecutive hours every seven days shall apply. According to the ILO, a maximum of 12 hours of overtime, temporarily and in the case of emergencies, such as urgent repair work, may be completed per week.

### Occupational health, safety and fire safety

Ducati business partners must comply with the national occupational health, safety and fire safety legislation. All occupational health and safety measures shall not involve any expenditure for the employees (ILO Convention 155). Furthermore, a process enabling the continuous reduction of work-related health hazards and improvement of occupational health, safety and fire safety must be established.

To that end, business partners must in particular:

- Inform employees of identified hazards and the associated preventive and corrective measures put in place to minimize hazards. The information must be available in the languages relevant for employees.
- Conduct sufficient employee training on the prevention of work-related health disorders, the prevention of accidents at work, first aid, chemicals management and fire safety.
- Provide suitable protective equipment and protective clothing free of charge.
- Install appropriate fire protection equipment such as fire detectors and fire extinguishers.
- Monitor and control work-related health hazards and the resulting protective

measures.

- Label the chemicals used pursuant to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) or the Classification, Labelling and Packaging Regulation in European countries. Chemicals must be stored in line with national regulations.
- Provide appropriate emergency plans, fire protection equipment and first aid material for medical first assistance in the event of an accident and organize adequate transport for the further treatment of casualties.
- Ensure an appropriate number of emergency exits, escape routes and emergency assembly points which are marked with sufficient signage.

In the event that an accident at work occurs despite all efforts of the business partner, first aid must be provided in line with the relevant country-specific provisions.

### **Working and living conditions**

Business partners provide employees with toilet facilities and drinking water – taking account of national laws and regulations or standards. All facilities for the consumption and preparation of food as well as for food storage must be hygienic. If the nature of the work requires the provision of dormitories for workers, these must be clean and safe, and provide sufficient space.

### **Freedom of association**

The basic right of all employees to form trade unions and employee representations and to join them is respected. In countries where this right is restricted by local laws, alternative legitimate options for employee participation shall be supported.

## **5.3 Transparent business behavior**

### **Commissioning business partners**

Ducati and its business partners bear responsibility for their own actions and for selecting their business partners. Therefore, Ducati conducts risk-based integrity due diligence with regard to its business partners. Ducati's business partners act with integrity and protect the reputation of the Company. They, in turn, work towards ensuring that they only maintain business relations with appropriately checked business partners that act in compliance with rules and

regulations. They take appropriate actions to remediate identified violations and prevent them in the future.

### **Avoiding conflicts of interest**

The Ducati's business partners make decisions solely on the basis of objective criteria and are not influenced by financial or personal interests or relationships.

### **Prohibition of corruption**

Ducati and its business partners do not tolerate corrupt practices and take action against such practices. Therefore, Ducati supports national and international efforts not to influence or distort competition through bribery. Ducati requires its business partners to reject and prevent all forms of corruption, including what are known as facilitation payments (payments to speed up the performance of routine tasks by officials). Business partners must ensure that their employees, subcontractors and agents do not grant, offer or accept bribes, kickbacks, facilitation payments, improper donations or other improper payments or benefits to or from customers, officials or other third parties.

## **5.4 Fair market behavior**

### **Free competition**

The business partners respect fair and free competition. Therefore, Ducati requires its business partners to comply with the applicable competition and antitrust regulations. In particular, they must not enter into anti-competitive arrangements or agreements with competitors, suppliers, customers or other third parties and do not abuse a possible market dominant position. Business partners must ensure there is no exchange of competitively sensitive information or any other behavior that restricts or could potentially restrict competition in an improper manner.

### **Import and export controls**

The business partners strictly comply with all applicable laws for the import and export of goods, services and information. Furthermore, they comply with sanctions lists, which contain, for example, an indication of embargoed countries or natural persons subject to restrictions in international transactions.

### **Money laundering**

The business partners ensure compliance with the applicable legal provisions against



money laundering.

### **Protection of confidential information**

The business partners must use and protect all information in an appropriate manner. Furthermore, data must be managed in line with its classification. Business partners must ensure that sensitive data is properly collected, processed, saved and deleted. The business partners commit their employees to keep business secrets confidential. Confidential content may not be published, transmitted to a third party or made available in any other form without the necessary authorization.

The processing of all personal data relating to employees, customers and business partners (e.g. capture, storage, collection, use, provision) must be carried out in accordance with the applicable data protection legislation.

### **5.5 Duty of care to promote responsible raw material supply chains**

Our suppliers are required to comply with their due diligence obligations with regard to relevant raw materials in particular tin, tantalum, tungsten, gold, cobalt and mica.

This includes the implementation of measures aimed at identifying risks – inter alia in relation to the direct or indirect financing of armed conflicts and serious violations of human rights, including child labor, forced labor and slavery – and taking appropriate measures to minimize such risks.

This also includes continuous efforts by suppliers to enhance transparency along the upstream supply chain extending back to raw material extraction. Information regarding smelters or refineries used by suppliers or sub-suppliers must be disclosed to the Volkswagen Group upon request by Ducati.

We expect suppliers to avoid using raw materials from smelters or refineries that do not meet the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

These due diligence requirements are an extension of the above sustainability

requirements regarding environmental protection, human rights and employee labor rights, transparent business relations and fair market behavior, which are integral parts of the due diligence process.

### **5.6 Integration of sustainability requirements in organization and processes**

Ducati expects the values anchored in these sustainability requirements to be integrated in day-to-day business through structured and competent management of the business partner. Management must identify and assess legal and other requirements and train employees to ensure compliance with these requirements.

#### **Policy statement**

Ducati recommends that business partners create an internal policy statement (e.g. a code of conduct) which sets forth their commitments to social, ethical and ecological standards. This statement shall be written in languages understood by employees at the business partner's locations.

#### **Documentation**

To the extent required by law, business partners must keep records of the relevant documents and notes to ensure compliance with regulations. This includes keeping records of necessary permits and licenses.

#### **Training**

Business partners shall develop training programs to improve the definition of guidelines, the implementation of processes and the communication of expectations towards their employees. Business partners shall continually qualify their employees and encourage them to act according to rules and regulations.

#### **Responsibility**

Ducati recommends that business partners appoint a sustainability officer or a similar officer who reports to the management of the respective business partner. This officer shall develop and implement sustainability targets and measures within the company and ensure compliance with a code of conduct.

#### **Dealing with misconduct**

Ducati expects that employees of the business partner are able to speak up in

the event of non-compliance with the requirements set out in this document.

## 6. Verification of compliance with the requirements by the Volkswagen Group

Ducati reserves the right to verify compliance with these requirements using appropriate means. This verification may take the form of questionnaires or involve the deployment of experts on-site.

An on-site audit of this nature is only carried out following prior notification and in the presence of representatives of the business partner during regular working hours and in accordance with applicable laws, in particular with regard to data protection.

The verification/on-site audits described above may also take place prior to commissioning of the business partner and are then mandatory for the contract. Any identified non-compliance with the sustainability requirements in the supply chain of a supplier will be assessed by the supplier within a reasonable period of time; the supplier is responsible for remedying such non-compliance at no additional cost to the Ducati.

## 7. Reporting options and points of contact for reporting misconduct

Misconduct must be identified, processed and remedied immediately to protect the Ducati brand, its employees and business partners. That calls for vigilance on the part of everyone along with a willingness to draw attention to possible serious regulatory violations on the basis of concrete evidence. We also value information of this nature from business partners, customers and other third parties.

The Volkswagen whistleblower system is responsible for reports on serious regulatory violations and violations of the law by Group employees. These are in particular violations that significantly harm the reputation or the financial

interests of the Volkswagen Group or one of its Group companies.

In the context of a fair and transparent procedure, the whistleblower system protects the company, the persons implicated and the whistleblowers. The system is founded on standardized and swift processes along with the confidential and professional processing of reports by internal experts.

- If there is concrete evidence of potential misconduct on the part of Volkswagen Group employees or business partner employees when collaborating with the Volkswagen Group or its Group companies, please report this to the Volkswagen whistleblower system. The whistleblower system, including the ombudspersons, can be accessed in various ways, (all the reporting channels can be found in the Governance, Risk and Compliance section Ducati website: [www.ducati.com](http://www.ducati.com)).

- If there is concrete evidence of potential misconduct by suppliers' employees, please report this by emailing [sustainabilitysupplychain@ducati.com](mailto:sustainabilitysupplychain@ducati.com) or via the Volkswagen whistleblower system.

The Volkswagen whistleblower system offers the option of using an internet-based communication platform for contacting lawyers working in the Investigation Office, exchanging documents and staying in touch via a separate mailbox. This platform is confidential and protected. Whistleblowers can decide for themselves whether they wish to provide their names when making a report.

External ombudspersons are also available as a further point of contact. These are lawyers who are bound by the oath of professional secrecy, including towards Volkswagen Group. Consequently, whistleblowers who do not wish to reveal their names can be assured of anonymity towards Volkswagen Group. With approval of the whistleblowers the ombudspersons forward reports anonymously if the whistleblower so wishes to the Volkswagen whistleblower system.

## 8. Legal consequences of violation of these requirement

Ducati considers compliance with the requirements set out in this document to be essential to its business relations. The Company reserves the right to take appropriate legal action if a business partner of Ducati does not comply with these requirements.

The ultimate decision lies with Ducati as to whether it is willing to forego such consequences and instead to take alternative action if the business partner can credibly assure and prove the Ducati that it has implemented immediate countermeasures to prevent comparable violations in the future.

Bologna, November 23<sup>th</sup>, 2020

### Ducati Motor Holding S.p.A. Board of Management



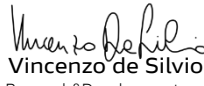
**Claudio Domenicali**  
CEO – Chairman of the Board




**Oliver Stein**  
Group Finance & Information



**Francesco Milicia**  
Global Sales & After Sales



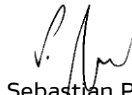
**Vincenzo de Silvio**  
Research&Development



**Federico Sabbioni**  
Supply Chain



**Andrea Gesi**  
Production



**Sebastian Patta**  
HR&Organization

## 9. Contractual obligations

In those cases, where obligations have been agreed with the business partner under individual contracts that diverge from the principles in this document, such divergent obligations prevail.



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A Sole Shareholder Company  
A Company subject to the Management  
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