



Slavery and Human Trafficking Statement – Ducati Motor Holding S.p.A. (fiscal year 2022)

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

PREAMBLE

We are aware of our responsibility to uphold human right at our sites as well as in our complex value and supply chains. For us, this responsibility does not end at our factory gates, but goes beyond it.

1. ORGANISATION AND SUPPLY CHAIN

Ducati Motor Holding S.p.A. (“Ducati”) is a company 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 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 are we able to make sure that sustainability standards are observed.

We currently purchase products, services and parts from approx. 30 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 materials and services in particular are procured and provided worldwide, in the required quality and at the best possible condition. 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. The VW Group currently purchase products, services and parts from approx. 100 countries worldwide.

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 anti-corruption, is a basic prerequisite for successful business activities with our internal suppliers.

Only together with our business partners it is possible to ensure compliance with sustainability standards and thus contribute to the implementation of the Sustainable Development Goals (SDGs) of the United Nations. In order to achieve these goals, we adhere to the have the concept of “Responsible Supply Chain Management” implemented and continuously developed by the Volkswagen Group. Our commitment to responsible supply chains follows a clear strategy that can be divided into three focus areas: environment, people and innovation.

The measures and efforts undertaken by the Volkswagen Group to promote sustainability and to safeguard and respect human rights within the Group companies and in the supply chain also contribute to achieving these goals.

2. INTERNAL MEASURES

Overarching

The integration of the topic of “Business and Human Rights” into the existing compliance management system as well as the central coordination of those responsible in other business units on the topic of



"Business and Human Rights" takes place at Ducati in the Integrity, Compliance and Risk Management department.

Combating modern slavery in our value and supply chain is a focus of our activities in the field of "Business and Human Rights". In particular, child labor and forced labor are taboo for us as serious human violations. We align our action with the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the requirements of the International Labour Organization (ILO)

We set out broad understanding of "Business & Human Rights" on the [Ducati website](#).

This understanding as well as our commitment to our corporate responsibility, which is based on internationally recognized conventions as well as explicitly on the UN Guiding Principles on Business and Human Rights, has been demonstrated by Volkswagen Group and thus also by Ducati in the "Declaration of the Volkswagen Group on Social Rights, Industrial Relations and Business and Human Rights", the so-called Social Charter. In particular on the subject of "no forced labor" it says: "The Volkswagen Group rejects forced labor and all forms of modern slavery including human trafficking.⁷ This includes, in particular, work carried out involuntarily by people due to intimidation, penalty or threat of being disadvantaged (e.g. debt slavery or involuntary prison labor). Employment relationships are based on voluntary participation and can be terminated at any time by the employees of their own free will and within a reasonable period of notice."

In addition to the coordination within our group itself, the VW Group also have on 2022 focuses on cooperation with external stakeholders.

The VW Group will continue to engage in this dialogue with representatives of trade unions, NGOs, science, politics and business in 2023 away. Fighting Modern Slavery and forced labor also plays an important role within our Group.

Furthermore, the VW Group proactively seek dialogue with external stakeholders on the subject of human rights and exchange within the framework of working groups or initiatives, such as the DICO CSR/Human Rights Working Group or the Compliance and Integrity Committee.

On the basis of the exchange with internal expert and internal interest representatives, the VW Group can further develop its commitment in order to better fulfil our corporate responsibility for human rights.

Principles of Conduct of Ducati

In 2022, Ducati updated its Code of Conduct, already adopted in 2001, in accordance with the corresponding principles of the Volkswagen Group and introduced it uniformly in all companies of the Ducati Group.

The Code of Conduct, which is binding for employees at all hierarchical levels, embodies the ethical principles of Ducati and is based on shared values. The focus is compliant and ethical behavior of employees as well as the responsibility of the company as a business partner and member of society. Respect for the worldwide regulations for the protection of human and children's rights is anchored in the Code of Conduct, as is the rejection of any kind of child, forced and compusory labor as well as any form of modern slavery and human trafficking,

The Code of Conduct is a binding guideline for conduct in accordance with the rules and sets out the essential principles for the day-to-day work of Ducati. They are permanently available to all employees on the intranet and to third parties on the Internet. Their importance is continuously communicated proactively.

For example, the Ducati Chief Executive Officer, in one with the DMH Board of Management members and the Ducati Chief Compliance Officer express their commitment for compliance and integrity. Department-specific meetings and company-wide dialogue events also strengthen the so-called "tone from the top" and "tone from the middle".

All employees with a permanent employment contract, managers and Board of Management member inside of Ducati Motor Holding S.p.A. are trained on the Code of Conduct. The training must be repeated on a regular basis and thus the qualification must be renewed. The corresponding training will be updated as needed. This



part of a standard process as part of the compliance management system. Board of Management members and executives from the upper management circle (OMK) complete an annual Code of Conduct certification. In this way, this group of people once again confirms their responsibility and role model function in the context of the Code of Conduct.

For its internal Business Partner, the Ducati has also formulated the Code of Conduct for business Partners and anchored it as binding part of the contract. It specifies the Group's expectations for the attitude and behavior of the internal Business Partner, in particular the inside Suppliers and the inside Distributors. These requirements for the Business Partners inside business activities are the basis for successfully shaping the business relationship between Ducati and its internal Business Partners. This includes the observance of human rights – e.g. the prohibition of child labour as well as environmental protection and fair market behaviour.

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 behaviors 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 of the Ducati Group

The Whistleblower System is the point of contact for "suspicious activity reports" on potential rule violation. This includes, for example, violations of human rights, a situation in which there is generally a "serious violation of the rules". Employees, as well as business partners and customers, have the opportunity to work worldwide, to report misconduct by employees inside of the Ducati Group via various channels. In addition to the e-mail inbox upset and the classic postal service, there is also the option of reporting violation of the rules via a protected online report channel ([BKMS](#)) and via a 24/7 telephone hotline 365 days a years in several languages. In addition, there is the option to send the message via external lawyers commissioned by the Volkswagen Group (ombudspersons) to be submitted. If desired, reports can be made anonymously, in particular via the online reporting channel (with the possibility of consultation with the Whistleblowers).

Strict confidentiality and secrecy apply throughout the process. The Whistleblower System guarantees the highest possible protection for whistleblowers and all persons involved in the investigation and remedying of misconduct and violation of the rules. Discrimination against Whistleblowers and co-workers is generally a serious violation of the rules and will not be tolerated. At the same time, the Whistleblower System safeguards the interest of those affected.



The presumption of innocence applies as long as a violation is not proven.

Risk analysis

Within the framework of the established Risk Management processes, represented by elements including the Quarterly Risk Process (QRP) for acute operational risks, as well as the annual Standard Internal Control System (ICS) regular process at Ducati Motor Holding S.p.A., risk assessments can also be carried out on the following topics: human rights are carried out by the main business units and companies. In addition, the countermeasures taken and control activities are reported.

In the standard ICS control process, control requirements are set for compliance with legal and internal requirements on human rights. Reporting to the Board of Management of Ducati is carried out at least annually as well as on an ad hoc basis.

Ducati has integrated business and human rights into its existing compliance management system and is guided by the requirements of the United Nations for corporate due diligence for human rights. This includes, for example, advising other business units on human rights issues or ad hoc cases. In addition, in 2019, a cross-departmental working group in Group Compliance of the Volkswagen Group developed and implemented a concept for determining the risk exposure for controlled investment companies: the risk exposure resulted from a correlation of country risks and business model risks in the area of "Business and Human Rights".

Based on this, measures were also defined for the Ducati Group companies in preparation for the German Supply Chain Due Diligence Act (LkSG), Volkswagen reviewed and adapted the process in 2022. In the future, there will continue to be a survey of the risk environment of the Audi brand group companies, Ducati included. In addition, other specialist areas, such as HR compliance, occupational health and safety, corporate safety, environmental protection, real estate and material conformity, identify specific risks along the legal positions of the law in those companies on which Volkswagen has a decisive influence and so belong to their "own business area" according to the LkSG.

Qualification of employees

As part of the Compliance Management System (CMS), compliance and integrity training is an effective preventive measure to sensitize employees to existing and potential risks and to counteract violations. All training measures are reviewed on a regular basis within the framework of standardized processes, updated if necessary and continuously improved.

As part of the compliance communication strategy, awareness and transparency in the area of human rights are also to be further increased.

3. MEASURES IN THE SUPPLY CHAIN

The Audi Group, to which Ducati belongs, together with more than 14,000 direct Suppliers worldwide, has a major impact on the environment and society. In doing so, it is taken responsibility along the value chains for fair and human working conditions and integrate our internal partners into the activities in order to live up to this responsibility together. The development and implementation of responsible supply chain management is a central component of the procurement processes. Our commitment in this area is aligned with three strategic focus areas: the environment, people and innovation.

Human right due diligence

In the year under review, one focus was on the further systematization of the main topic of people. To this end, the Human Rights Due Diligence Management System has been further developed. Based on a

systematic risk analysis, the approach aims to avoid or minimize human rights or ecological risks along the Volkswagen Group's supply chain.

The risk analysis is used to identify risks in the Volkswagen Group's supply chain. The analysis is based on the Supplier's business models and takes into account external and internal data on human rights and environmental risks. Based on the assessment of the risks, suppliers are assigned a low, medium or high sustainability risk. For suppliers with a low sustainability risk, a country risk score is also used. If there is an increased country risk for the supplier, it is upgraded to the medium risk range.

Based on the risk analysis, measures are assigned. In addition to the Ducati Code of Conduct for Business Partners or the Supply Chain Grievance Mechanism, these measures also include media screening, the Sustainability Rating and in-depth human rights training, depending on the risk profile.

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

The core element of the management of our Suppliers is the "Ducati Group's requirements for sustainability in relationships with business partners" – the [Code of Conduct for Business Partners](#). It is an integral part of the contract and applies in principle to all partner companies of the Ducati Group. It sets out our expectations of the behaviour of Business partners with regard to central social, integrity and environmental standards. The requirements are based, among other things, on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the relevant conventions of the International Labour Organization (ILO). However, the Code of Conduct for Business Partners is based not only on international standards, but also on the goals, rules and guidelines of the Volkswagen Group.

On the basis of the defined requirements, our goal is to tread the path to more sustainability and responsibility together with our Suppliers in a partnership relationship based on risk.

In order to raise awareness of internal Suppliers we use numerous channels.

In addition to the information on the [One Group Business Platform](#), the information on Audi website, [the information hub on the S-Rating](#) and [training courses with Suppliers](#).

Sustainability requirements as an award criterion

The Group's goal is to know the material sustainability risks in our supply chains and to address them effectively. In 2017, Audi introduced a sustainability rating (S-rating) to identify and eliminate specific risks before they are awarded and to identify opportunities for continuous improvement. On July 1, 2019, this S-rating was made mandatory in the Volkswagen Group and is therefore a binding award criterion for suppliers that supply production materials as well as for relevant Suppliers in general procurement. In the awarding process, the S-rating is on a par with the criteria of cost, quality, technological competence and logistics. It is based on a self-disclosure and is supplemented on a risk-based basis by an on-site inspection and, if necessary, by a compliance check.

Starting from Q4 2023 also Ducati will be enabled to carry out the relevant S-rating checks for its suppliers.

The survey and analysis of the site's sustainability performance is carried out using a standardized questionnaire, the so-called "Self-Assessment Questionnaire" (SAQ) of the Drive Sustainability Initiative. It provides with information on possible risks in the areas of corporate ethics, social affairs and the environment of the respective suppliers. The information and documents in the SAQ are checked and validated by a service company: if a supplier company states that it has processes and policies in place, this must be proven by means of documents. Specifically, it also asks for a policy on human rights, which includes the topics of "forced or compulsory labor and human trafficking". A documented grievance mechanism is also requested: by the end of the reporting period on 31.12.2022, a total of around 16,000 active suppliers of the Volkswagen Group had completed a SAQ as part of the S-Rating.



Appropriate measures have led to an improvement in sustainability performance at around 6,700 Suppliers of the VW Group.

If the self-disclosure questionnaire is not satisfactory, taking into account a country-specific risk, an independent sustainability assessor checks the companies on site – among other things with regard to modern slavery, but also with regard to other aspects such as resource-saving production and occupational safety

In 2022, 252 on-site inspections were carried out for the Volkswagen Group. Deviations are recorded in a catalogue of measures, the so-called Corrective Action Plan, and must be remedied. Subsequently, it is tracked whether the deficiencies identified by the sustainability assessor have actually been remedied. At the end of an S-Rating process, a partner company is eligible for award or not. In the sense of partnership, however, the S-Rating also aims to enable suppliers who have not yet demonstrated satisfactory performance to do so. This is the only way to achieve positive effects on people and the environment. In principle, all Suppliers have the opportunity to undergo a re-evaluation after improvement measures have been carried out.

Another important component of sustainable supply chain management is the Group's Supply Chain Grievance Mechanism (grievance mechanism) for the supply chain, which it is used to investigate indications of possible violations of our sustainability requirements. The process of case management has been 2022 again developed. The channel is accessible on Audi's website via the AUDI AG Whistleblowing System and is open to all potentially affected parties and stakeholders, such as employees of direct and indirect suppliers, civil society actors or representatives of communities in the immediate vicinity of our production sites. The review and processing of the information is uniformly described in a binding guideline, is managed by the Audi Group and carried out jointly with the brands and regions of the Volkswagen Group.

In the event of serious violations, suppliers may be temporarily blocked from new contracts or the business relationship may be terminated

In addition, employees and external parties of the Volkswagen Group have the opportunity to address potential violations of the rules by our Suppliers to the employee representatives of the Volkswagen Group and the trade union federations. The process of the supply chain grievance mechanism is also linked and regulated with the process of the Whistleblower System. During the reporting period, 145 reports of violations were processed in the Volkswagen Group. This concerned suppliers in which non-compliant or contractual behaviour was found on the basis of indications. A total of four Suppliers were temporarily blocked for new awards due to serious violations.

Innovation in the supply chain

Monitoring supply chains is an extremely complex task. This makes it all the more important to understand possible risks and establish connections at an early stage. For this reason, the VW Group operates a holistic risk monitoring system that combines different methods and systems.

In addition to more classic and reactive channels, such as the complaint mechanism, the VW Group also uses digital tools for automated and proactive monitoring. As part of the media screening, publicly available news, including social media channels or local news media, is collected in more than 50 languages from around 150 countries. Subsequently, an artificial intelligence (AI) evaluates the information semantically and consolidates the various sources. The AI understands the meaning of the reports and classifies them according to suspicion of potential sustainability violations.

If the tool identifies indications of possible violations of our Code of Conduct for business partners, these are checked and, if necessary, processed in the Supply Chain Grievance Mechanism of Volkswagen.

Raw Material Due Diligence Management System



Raw material supply chains require special attention. Here, the Volkswagen Group is implementing the five steps of the OECD's "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". In 2020, a raw material due diligence management system was implemented, which is based on the OECD. It is used to identify, assess and prevent actual and potential human rights risks in our upstream raw material supply chains and comprises 16 particularly risky raw materials. These include the battery raw materials cobalt, lithium, nickel and graphite, the conflict minerals tin, tungsten, tantalum and gold (3TG). During 2022, suppliers of Ducati were investigated with respect to the use of the conflict minerals.

Training for employees and Business Partners

The systematic training of our employees and suppliers is a central component of the strategy of the VW Group. In order to improve social and environmental standards in the supply chain, the VW Group use the S-Rating in particular, for which employees and Business partners are trained accordingly in events and workshops.

During the reporting period, around 3,000 suppliers of the VW Group were trained accordingly. This includes 245 Suppliers who have taken advantage of the online training and e-learning offered by the Drive Sustainability initiative. In addition to the training courses, the VW Group is providing current suppliers with an e-learning module on sustainability in nine languages

Since 2019, there has also been a web-based training on the contents of the Code of Conduct for business partners, that is in nine languages on the [ONE. Group Business Platform](#) and is available and the Business Partners also raises awareness of the need to uphold human rights and not tolerate slavery or human trafficking.

4.PROGRESS REPORT

As described in the statement of Ducati for fiscal year 2021, various measures were implemented in fiscal year 2022 to prevent forms of modern slavery and human trafficking. In addition to existing activities and processes, for example in the areas of procurement and sustainability, the implementation of the topic in the compliance management system was continued in the reporting year as part of the ICRA process, taking into account the current legal requirements, and measures were implemented in line with risk exposure.

Moving forward, as responsible members of the corporate community, we will steadfastly oppose any infringements upon human rights, recognizing them as an ever-evolving risk. As a result, we will adapt our monitoring practices to align with emerging developments and strive to raise awareness regarding all manifestations of modern slavery and human trafficking, both within and beyond our organization.

Ducati Motor Holding S.p.A.
30 June 2023

Raffaella Ponticelli
HR & Organization Director
Ducati Motor Holding S.p.A.

Federico Sabbioni
Head of Supply Chain
Ducati Motor Holding S.p.A.

Paola Mocàvero
Chief Compliance Officer
Ducati Motor Holding S.p.A.