

SLAVERY AND HUMAN TRAFFICKING STATEMENT

[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 in SEAT, S.A. (hereinafter referred to as SEAT) to prevent forms of modern slavery and human trafficking.

PREAMBLE

In view of the 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. The broad understanding of The Volkswagen Group on the topic “Business & Human Rights” has been published under this [link](#) since the United Nations’ International Human Rights Day 2019 (10 December 2019). We have extended and affirmed this understanding and our commitment to the internationally recognised agreements and conventions in the new Declaration by the Volkswagen Group on Social Rights, Industrial Relations and Business and Human Rights. This declaration was published on 8 December 2020 and can be found [here](#).

ORGANIZATION AND SUPPLY CHAIN

SEAT is the only company that designs, develops, manufactures and markets cars in Spain. A member of the Volkswagen Group, the multinational has its headquarters in Martorell (Barcelona), sells vehicles under the CUPRA and SEAT brands, while SEAT MÓ is the business unit that covers urban mobility products and solutions. The company also has the SEAT: CODE software development centre, located in Barcelona.

SEAT exports more than 80% of its vehicles and is present in 75 countries. The company employs over 15,000 professionals and has three production centres – Barcelona, El Prat de Llobregat and Martorell-, where it manufactures the SEAT Ibiza, SEAT Arona, Leon family and the CUPRA Formentor. Additionally, SEAT produces the Ateca in the Czech Republic, the SEAT Tarraco in Germany and the SEAT Alhambra in Portugal.

SEAT will invest 5 billion euros through to 2025 to develop new models for the two commercial brands, SEAT and CUPRA, and to electrify the range. The company aims to play a relevant role in the electrification of urban electric vehicles, with a special focus on the transformation of the Spanish automotive industry. In addition, and as part of its commitment to decarbonisation, it is developing Move to ZERØ, SEAT's environmental strategy that aims to reduce the environmental impact throughout the whole product life cycle.

With its presence in key markets, the Volkswagen Group's global procurement organisation ensures that production materials, assets and services are sourced worldwide in the required quality, in accordance with sustainability standards and at the best possible terms. The competitive advantages of the various procurement markets are utilised by the whole Volkswagen Group as a result of the brands' networking of the various procurement organisations. We currently purchase products, services and parts from approx. 100 countries worldwide.

For the Volkswagen Group, 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 at around 65.000 locations is it possible to ensure compliance with sustainability standards and contribute to the implementation of the UN Sustainable Development Goals (SDGs).

To achieve this objective, we implemented the "Sustainability in Supplier Relations" concept as early as 2006 and are continuing to develop it. This concept anchors sustainability in our procurement processes and procurement organisations. In this way, by 2025 we intend to effectively prevent environmental, social and corporate governance risks, including human rights risks, and to ensure that 85% 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 Volkswagen Group in gaining a better understanding of local conditions.

GENERAL

In January 2019, the Volkswagen Group Board of Management, – specifically Hiltrud D. Werner, Integrity and Legal Affairs, and Gunnar Kilian, Human Resources – appointed a Business & Human Rights coordinator, who is part of Group Compliance. Combating modern slavery in our value and supply chain is one of the focal areas of our activities in “Business & Human Rights” –embodied, for example, in the key points of our “salient issues “business & human rights”-. For the Volkswagen Group, child labour and forced labour are serious violations of human rights and are therefore in particular prohibited.

SEAT GROUP¹ CODE OF CONDUCT ²

The SEAT Group updated its Code of Conduct in 2019, which was launched and became mandatory for all the entities belonging to the SEAT Group by the end of 2017. The Code of Conduct embodies the ethical principles of the SEAT 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 SEAT Group Code of Conduct. In addition, we base our actions on the Declaration of Human Rights adopted by the United Nations, the OECD Guidelines for Multinational Enterprises and the requirements of the International Labour Organisation (ILO).

All employees joining SEAT undertake the contractual obligation to comply, among others, with the SEAT Group Code of Conduct. The content of the Code of Conduct is thus identical for all the companies and only with local specific amendments. It is readily available to all employees on the intranet and also to third parties on the internet, and is continuously communicated in digital and print media, as well as, at internal company events and trainings. Regular training on the Code of Conduct is mandatory for all employees, regardless of hierarchical level. Additionally, non-tariff employees and managers confirm their knowledge and responsibility with regard to the Code of Conduct each year following a risk-based approach.

In addition, Volkswagen Group has specially formulated the Code of Conduct for Business Partners. This details the Group's expectations regarding the attitude and conduct of business partners in their corporate activities, particularly with regard to suppliers and sales partners. The requirements are regarded as the basis for successfully shaping the business relationship between the Volkswagen Group 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.

¹ For the purpose of this document, SEAT Group is defined as the following group of companies: SEAT, S.A.; SEAT CUPRA, S.A.; SEAT Metropolis Lab Barcelona, S.A.; Connected Mobility Ventures, S.A.; and SEAT Deutschland GmbH.

² <https://www.seat.com/company/compliance.html>

SEAT GROUP WHISTLEBLOWER SYSTEM³

The Whistleblower System is used to report Regulatory Violations by SEAT's employees. Specifically, violation of human rights qualifies as Serious Regulatory Violation. Our employees and external persons can report Regulatory Violations via e-mail (transparencia@seat.es, io@volkswagen.de) or through the BKMS online communication platform, as well as to the external Ombudsmen (local and VW Group), also anonymously, on request. The ombudsmen are external lawyers appointed by the company. Information regarding potential Regulatory Violations can also be provided via a 24/7 telephone hotline (+800 444 46300) which has been in operation since 2018. Employees and business partners as well as customers throughout the world have the opportunity of reporting information in all the major VW Group languages 365 days a year, 24 hours a day. 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 qualifies as a Serious Regulatory Violation and will not be tolerated.

³ <https://www.seat.com/company/whistleblower-channels.html>

RISK ANALYSIS

Within the framework of the established risk management processes, represented by elements including the quarterly risk process and the annual regular Governance, Risk and Compliance process (hereinafter referred as to “GRC process”), risk assessments on the subject of human rights are also carried out by all entities belonging to the SEAT Group 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 SEAT and Group Board of Management, the Audit and Good Practices Commission (AGPC) a quarterly or annual basis, as well as when required.

In addition, a cross-departmental working group in Compliance of the Volkswagen Group 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. 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 our internal compliance risk management process at the end of 2021. The Volkswagen group integrates “Business & Human Rights” into the Group’s existing Compliance Management System in accordance with the UN human rights due diligence guidelines. The “Business & Human Rights” compliance team advises other business units on human rights issues, ad hoc cases and implementation of legal requirements, especially those related to compliance. This advisory function has been established in the Volkswagen Group since 2020.

QUALIFICATION OF EMPLOYEES

Preventive measures promote integrity and compliance at our organization and raise compliance awareness among employees. Target group-oriented communication and training measures for employees at all hierarchical levels play a key role in this. In this year under review, specific communication and training activities continued to focus primarily on the Code of Conduct, the Whistleblower System and the prevention of corruption. The latter is also mandatory for employees and has been rolled out since 2020.

In addition, the Volkswagen Group also trains its business partners in procurement and sales on key aspects of compliance and anti-corruption. The communication strategy developed the previous year has been pursued further in order to increase the transparency in human rights.

SUSTAINABILITY REQUIREMENTS FOR OUR SUPPLIERS (Code of Conduct for business Partners⁴)

For SEAT, sustainability means simultaneously striving for economic, social and environmental goals in a way that gives them equal priority. We want to create enduring value, provide good working conditions and a positive influence on human rights as well as handle the environment and resources with care. In procurement, we pursue a three-pronged approach. The basic prerequisites of these steps are transparency via 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 fully trained and qualified.
- **Detect:** sustainability risks in the supply chain are systematically determined and prioritised. Sustainability is anchored across the Group in all important contract award decisions and a sustainability performance rating of potential suppliers (“S-Rating”) is used. This rating is based on a self-assessment tool and on-site risk-based checks.
- **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. The key objective is to rectify and prevent breaches and to actively and effectively improve suppliers’ sustainability performance.

⁴ <https://www.seat.com/company/compliance.html>

CLEAR SPECIFICATIONS FOR SUPPLIERS [Prevent]

Our expectations and requirements are set out in the Volkswagen Group requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners), that are contractually binding. These were thoroughly updated in 2019. Our expectations as regards our business partners' conduct with respect to core social, compliance and environmental 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 Organization (ILO). However, the Code of Conduct is not only based on international standards, but also on the Volkswagen 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 deliberate 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 with a reasonable notice period.”

In order to raise awareness among suppliers, we expanded the information and qualification opportunities in 2020. This includes the information on the ONE Group business platform, workshops with suppliers and training courses with the Drive Sustainability Initiative. We will continue these measures in 2021. In addition, in 2020 a raw materials due diligence management system was introduced which identifies risks for 16 selected raw materials and allows specific mitigation measures to be developed on Group level. We produce an annual report on the progress of the raw material management system⁵.

⁵ https://www.vwgroupsupply.com/one-kbp-public/en/kbp_public/information/nachhaltigkeit_neu_pub_2019/supply_chain_sustainability.html

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 manage them. A key measure introduced in 2019 is the Sustainability Rating (S-Rating), which will be fully integrated by the end of 2021. The S-Rating indicates relevant⁶ 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 regarding compliance with sustainability standards, they will generally not be awarded a contract. This is a direct incentive for suppliers to improve their sustainability performance.

The tools used for rating our suppliers are the Sustainability Self-Assessment Questionnaire (SAQ), developed jointly with other European original equipment manufacturers (OEMs), as well as an on-site check in case a higher sustainability risk is identified. The rating is determined location based. The information and documents in the SAQ are checked and validated by a service provider. If a supplier states that they have 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*".

If the supplier receives a negative rating no contract can generally be awarded.

⁶ The relevance of a business partner for the S-Rating comes from factors such as company size or risk exposure, which is derived from the type of service.

ACHIEVING IMPROVEMENTS TOGETHER (React)

A range of measures are available in order to react to risks determined in the supply chain and specific violations by suppliers.

An important part of sustainable supply chain management is our grievance mechanism “Supply Chain Grievance Mechanism”, with which we respond to suspected violations of our sustainability requirements that suddenly arise. The case management process was revised and reorganised again in 2020 to become a comprehensive complaint management system. It is accessible via our website, an 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 to the SEAT Works Council, trade unions or use the Volkswagen Group Whistleblower System or contact sustainability@vwgroupsupply.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.

SPECIAL DUE DILIGENCE FOR HUMAN RIGHTS IN THE SUPPLY CHAIN

As part of our sustainable supplier management, we are in particular committed to the protection of those groups along our supply chains that face a high risk of potential human rights violations. In order to meet the international framework agreements and requirements, in 2020 we launched a human rights due diligence management system which we use to systematically analyse, prioritise and minimise human rights risks in our supply chain.

Our raw material supply chains require special attention in this respect. To effectively deal with the sometimes-extensive risks in these supply chains, we also set up a raw material diligence management system ["DDMS"]. This management system covers strategic and high-risk raw materials supply chains and supports the identification, assessment, and mitigation of human rights risks in these supply chain. Thereby, the DDMS ensures a standardised and systematic approach that should reduce potential and actual negative human rights impacts throughout our supply chains and ensure that sourcing practices in these supply chains conform to international good practice.

Our focus is currently on 16 types of raw material. Our actions for responsibly procuring raw materials are guided by the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This contains guidelines on management approaches, on risk identification and prevention, on inspecting smelters and on instruments for communication and reporting. Our current focus is on raw materials for batteries, in particular cobalt. In close cooperation with our battery cell suppliers, our aim is to gain transparency of the supply chain from extraction at the mine through to manufacture of the finished product.

For raw materials extracted in conflict regions – tin, tantalum, tungsten and gold –we require our suppliers to use their management systems to exclude the use of minerals from smelters that are not certified according to international standards. We check this by means of our reporting process which uses the internationally recognised Conflict Mineral Reporting Template of the Responsible Minerals Initiative (RMI) on all smelters in our upstream supply chain. We then evaluate the results. If we identify non-certified smelters in our supply chain, we make efforts to ensure that these smelters become certified. Our management system also includes due diligence in other raw material supply chains. We therefore cooperate closely with our direct suppliers and in suspected cases demand disclosure of the origin of materials linked to potential breaches of human rights such as child labour, forced labour or any form of modern slavery and human trafficking. Among other things, this includes working conditions in the extraction of raw materials such as mica or natural rubber. As these processes are highly elaborate due to the complexity of the supply chains with up to eight stages, we always take a risk-based approach.

If on-site visits indicate breaches of human rights, we agree a mandatory plan of measures with the supplier to eliminate the deficits. Our complaints process is crucial for violations that are reported to us or are identified by us. In this case, we enter a dialogue with the supplier on an individual basis with the aim of achieving an improvement. If there is no improvement in the event of serious violations, this can lead to exclusion from the supply chain.

DIGITAL INNOVATIONS FOR GREATER TRANSPARENCY AND SAFETY IN THE SUPPLY CHAIN

To increase transparency in upstream supply chains and prevent risks in raw materials procurement, SEAT asks direct suppliers to disclose the supply chains, and also uses second-party supply chain mapping audits. These risks include forms of modern slavery, for example.

Another approach that has been pursued since 2020 is the use of a service provider which comprehensively audits suppliers using artificial intelligence. Constant monitoring of freely available internet sources including social media allows information on possible violations by suppliers to be reported in real time.

COMMITMENT TO INTERNATIONAL INITIATIVES

Activities in the deeper parts of the supply chain and outside of contractual relationships require considerable efforts from us. We will only be able to succeed via joint, industry-wide initiatives and collaborations with suppliers as partners. It serves no-one to pursue the objective of banning as many non-conforming companies as possible from our supply chain or to exclude entire countries of origin from our supply chain. Rather, it must be our aim to work with them in a collaborative effort to improve their sustainability performance.

In our commitments, we seek close cooperation with international organisations. In our supplier management, we therefore implement the OECD guidelines for the responsible procurement of raw materials and the standardised reporting templates issued by the RMI. As a member of the Global Battery Alliance (GBA), Volkswagen Group's aim is to act as a catalyst and accelerate measures towards a socially responsible, ecologically sustainable and innovative battery value chain. Our commitment to CSR Europe's DRIVE Sustainability industry initiative is also central to our activities.

SUSTAINABILITY TRAINING FOR EMPLOYEES AND PARTNERS

The systematic further education and training of our employees and suppliers is a core building block of our strategy and essential for improving sustainability in the supply chain. We currently use different formats to do this. We regularly conduct training sessions to suppliers. However, since these could only take place to a very limited extent in 2020, we added live online training courses. There are also e-learning courses that can be taken at any time.

Sustainability is an established part of the competence profile for all Procurement employees. Around the world, more than 2,000 Volkswagen Group buyers were trained on this subject in 2020. We also continue to focus our training measures on specific target groups. For example, an intensive, specially structured training course was thus held for buyers of components with increased sustainability risks. Our buyers have been trained on the specific challenges in battery supply chains since 2017. An in-depth human rights training course for suppliers has been available since 2020. Procurement employees receive training regarding sustainability requirements, particularly about the topic of human rights and its compliance by suppliers.

To allow continuous supplier development, we usually carry out subject-specific sustainability training courses and workshops for our suppliers on specific subjects selected sites. In the reporting period, this was only possible to a very limited extent. We have therefore developed an online training course with shorter sessions to teach suppliers about our requirements and how to implement them. The format was available in English, German and Spanish as of June 2020.

In addition to the training courses, we provide our current suppliers with an e-learning module on sustainability in nine languages of defined risk countries. The e-learning was completely revised in terms of content and technology in 2020.

SUPPLY CHAIN PROGRESS REPORT

As described in the last statement by SEAT for fiscal year 2019, various measures for preventing modern slavery and human trafficking were implemented 2020: The Volkswagen Code of Conduct for Business Partners has been updated and we continued rolling out the Sustainability Rating implemented in 2019 which also includes human rights risks and has been integrated in contract award processes for the global procurement organisation.

In close cooperation with Volkswagen Group and our battery cell suppliers, our aim is to gain full transparency of the supply chain from extraction at the mine through to manufacture of the finished product. This is the only way in which we will be able to effectively prevent negative impacts. A component of our strategy in this connection is to work directly with mining companies as the risk for violations, in particular against human rights, is the highest at the start of the supply chain and can therefore be countered most effectively at this stage.

In the coming year, we will continue to expand our activities to implement sustainability in our supply chains. To this end, we are taking steps to streamline our supply chains even better and focus the activities we have started on additional raw materials. Our aim is not only to identify risks in the future, but also to continuously minimise them by means of various instruments such as auditing, certification and qualification. To this end, we are taking steps to structure our processes relating to human rights due diligence even more systematically. The objective is to identify, prioritise and then prevent or mitigate our sustainability risks comprehensively. This aim fundamentally applies to the entire supply chain. Raw materials will continue to be a special focal area. Because of their importance, an OECD-compliant management system for high-risk raw materials was developed in 2020. The Volkswagen Group reports on its objectives and activities and the progress of the management system in an annual report, which is published on its website⁷.

⁷ <https://annualreport2020.volkswagenag.com/>

SEAT, S.A.

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