



# SLAVERY AND HUMAN TRAFFICKING STATEMENT

[Fiscal year 2023]

This statement has been prepared pursuant to section 54 of the United Kingdom Modern Slavery Act 2015. In particular, it details the measures implemented throughout SEAT, S.A (hereinafter referred to as SEAT) to prevent forms of modern slavery and human trafficking.

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## 01. 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. Our broad understanding of the topic Business & Human Rights has been made available to the public under this [link](#) since United Nations' International Human Rights Day 2019 (10 December 2019). We have extended and consolidated this understanding and our commitment to the internationally recognised agreements and conventions in the "Declaration by the Volkswagen Group on Social Rights, Industrial Relations and Business and Human Rights" (Social Charter). This declaration was signed jointly by the Volkswagen Group Executive Board and the European and Global Group Works Council on 27 November 2020 and can be found [here](#).

## 02. ORGANISATION AND SUPPLY CHAIN

SEAT is the only company that designs, develops, manufactures, markets and sells cars in Spain. Part of the Volkswagen Group, it sells its vehicles under the SEAT and CUPRA brands. It exports more than 80% of its cars and is present in 72 countries. It also employs over 14,000 professionals and has three production centres located in Barcelona, El Prat de Llobregat and Martorell. In this latter factory, the company produces the SEAT Ibiza, the SEAT Arona, the Leon family and the CUPRA Formentor. The company also produces the CUPRA Born in Germany and the Ateca in the Czech Republic.

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 thanks to the brands' procurement organisation network.

For the Volkswagen Group and SEAT, 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 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, the Volkswagen Group has implemented the Sustainability in Supplier Relations concept back in 2006 and continues to develop it. This concept anchors sustainability in our procurement processes and procurement organisations.

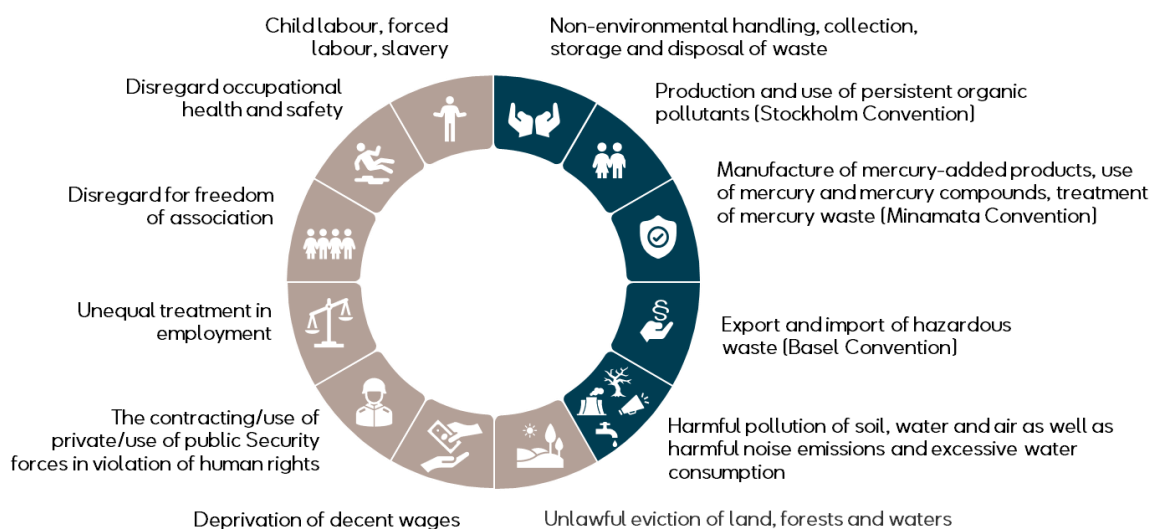
The Volkswagen Group has a globally positioned and growing network of sustainability officers in the Procurement departments of the respective brands and regions that assists the Volkswagen Group in gaining a better understanding of local conditions.

## 03. INTERNAL MEASURES

### GENERAL

As the very first company listed in the German stock index, Volkswagen AG created the independent function of a Human Rights Officer in August 2022. This position serves as the first point of contact for all Human Rights related issues from authorities, NGO's and the public.

One of the substantial tasks of the Human Rights Officer is to monitor the adequacy and effectiveness of risk management under the obligations of the German Act on Corporate Due Diligence Obligations in Supply Chains (known as the Lieferkettensorgfaltspflichtengesetz, abbreviated as LkSG) carrying out the function provided by § 4 (3) LkSG, thus exercising risk-based controls.



In order to avoid both Human Rights and environmental risks, the LkSG specifies several obligations concerning due diligence that companies must adhere to<sup>1</sup>. These obligations include, among others, the implementation of risk analyses, the establishment of preventive measures, the adoption of remedial actions once legal violations have been identified as well as the establishment of a Whistleblower System. The effectiveness of measures needs to be checked and documented continuously.

<sup>1</sup> Link to the Group's Human Rights website: [Human Rights | Volkswagen Group \(volkswagen-group.com\)](https://www.volkswagen-group.com/human-rights)

The adherence to these obligations applies both to the Volkswagen Group's own business as well as to its supply chain. This supply chain, consisting of direct and indirect suppliers, is both complex and globally spread out due to the diversity of the Volkswagen Group's products. Combating human slavery in our value and supply chain is a focus of our activities.

The Volkswagen Group support the German Federal government's National Action Plan (NAP), Business & Human Rights. Specifically, since 2020 Volkswagen has been active participant in the Business & Human Rights dialogue of the automotive industry under the aegis of the German Federal Ministry of Labour and Social Affairs (BMAS). The Volkswagen Group will continue this dialogue in 2023. Combating modern slavery also plays an important role here.

Furthermore, the Volkswagen Group rejoined the UN Global Compact, the largest worldwide initiative for sustainable corporate governance, in 2021 and has been involved in national and international initiatives. We also provide regular reports on how we implement the ten principles of the UN Global Compact in our business practices.

You can find the most recent progress report on the UN Global Compact website: <https://unglobalcompact.org/what-is-gc/participants/10041-Volkswagen-AG>

Only suppliers who accept our requirements for sustainability and commit to fulfil these can enter a business relationship with the Volkswagen Group and SEAT. Suppliers who enter a business relationship with the Volkswagen Group and/or SEAT are urged to then pass these sustainability requirements on to their business partners along the supply chain. Together with our business partners, we at the Volkswagen Group and SEAT reject any form of forced labour and discrimination. The Group takes its corporate responsibility and due diligence obligation to uphold human rights around the world extremely seriously. The work at our factories, sales companies and suppliers is based on our principles, which include respect for minorities, employee representation, and social and working standards. And we expect the same of our business partners around the world.

What's more, the Volkswagen Group actively seek dialogue with other stakeholders to discuss issues related to these matters, such as dialogues on decarbonization and sustainability and management in the supply chain or the pace of electrification, among others.



## SEAT CODE OF CONDUCT<sup>2</sup>

The Code of Conduct was launched by Volkswagen Group and became mandatory for all the entities by the end of 2017 and was reviewed at SEAT in 2023. The Code of Conduct embodies our ethical principles, is based on shared values and it focuses on honesty, integrity, compliance and ethical behaviour as well as responsibility. This Code is a binding document that provides practical guidance, assistance, and advice to all employees.

We confirm our commitment to major international agreements and declarations, in particular the International Bill of Human Rights and the core labour standards of the International Labour Organization (ILO). Our entrepreneurial activities follow the UN Guiding Principles on Business and Human Rights (UN Global Compact), which determine the most important cornerstones for our actions.

The Code of Conduct is always available to all employees on the intranet and to third parties on the Internet and is continuously communicated through internal media as well as in events and trainings. The regular training on the Code of Conduct is mandatory for all employees, regardless of their hierarchical level. Additionally, members of management confirm their knowledge and responsibility regarding the Code of Conduct each year, based on the risks that affect them.

## NO FORCED LABOR

SEAT completely rejects forced labour and all forms of modern slavery including human trafficking<sup>3</sup>. This includes work performed involuntarily by people under threat or penalties or other disadvantages (such as debt bondage or involuntary prison labour).

Employment relationships must be voluntary, and employees are to be able to give notice of their own volition at any time and in observance of reasonable deadlines.

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

<sup>3</sup> ILO conventions 29 and 105



## SEAT WHISTLEBLOWER SYSTEM<sup>4</sup>

The Whistleblower System allows the reporting of Regulatory Violations through the available reporting channels established in the Volkswagen Group and SEAT. Additionally, it is the official channel to report risks and violations of human rights and the environment.

Violations of human rights are considered potential Serious Regulatory Violations that should be reported to the Whistleblower System. Furthermore, potential violations of the Code of Conduct for Business Partners, including reports on serious risks and violations regarding human rights and environment, including potential cases occurring at SEAT as part of the Volkswagen Group as well as at direct and indirect suppliers, can also be reported to the Whistleblower System.

Employees, as well as business partners and customers, can report misconduct by employees (or suppliers) around the clock, 365 days a year. Written reports can be submitted in all languages in a specially protected online reporting channel and by e-mail to SEAT and the Volkswagen Group. In an international 24-hour telephone hotline, information can be reported in a total of 8 languages. In addition, information can also be submitted in person or through commissioned external lawyers (SEAT and Volkswagen Group ombudsmen). If desired, the reports can be made anonymously.

Strict confidentiality and secrecy apply throughout the process. The Whistleblower System guarantees the highest possible protection for whistleblowers and all persons who contribute in investigating and remedying misconduct and violations of the rules. Discrimination against whistleblowers and contributors constitutes a potential Serious Regulatory Violation and will not be tolerated. At the same time, the Whistleblower System safeguards the interests of the Persons Implicated. The presumption of innocence applies to the Persons Implicated as long as a violation is not proven.

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<sup>4</sup> <https://www.seat.com/company/whistleblower-channels>

## RISK ANALYSIS

Matters such as risk assessments regarding human rights can be recorded in the established Risk Management and Internal Control System (ICS) processes by the areas of SEAT and the Volkswagen Group companies. Material business risks are regularly recorded, assessed and followed up with the required countermeasures as part of the quarterly risk process. Control activities are carried out within the annual standard ICS process to minimise litigation risks in material business processes at the Volkswagen Group and SEAT and are tested for their effectiveness. A standardised risk catalogue is used for this which includes clearly defined control targets. These activities include checks on the specific content of agreements (incl. requirements regarding human rights) in the supply chain and compliance with legal and in-house specifications regarding human rights in the standard ICS. Reports are sent to the SEAT Board of Management, the Group Board of Management and the Audit and Good Practices Commission (AGPC) on a quarterly and annual basis or when the need arises. These reports can also contain risks and material weaknesses in the field of human rights if the degree of materiality for reporting is met.

We have sustainably integrated the topic of business and human rights into the Group's established compliance management system. All active controlled Volkswagen Group companies with their own employees take part in the standardized internal compliance risk management process.

In the case of non-controlled companies (with Chinese joint ventures), an individual analysis is made regarding the overall compliance management system (including human rights, where applicable) in cooperation with the respective companies via internal contacts. Group Compliance made risk assessments for the field of human rights for companies around the world. This analysis assessed our business units' human-rights risk situation and, as a result, we can allocate these to the low, medium and high categories. These companies were then given risk-specific measures. The measures must be implemented for all companies in the scope based on their risk profile. The status of implementation of the respective measures is continuously monitored by the Group. In the reporting year, adjustments to the compliance risk management process were prepared in order to fully comply with the requirements of the German Supply Chain Due Diligence Act (LkSG), which entered into force on January 1, 2023. These adjustments have been applied in 2023.

## TRAINING AND AWARENESS 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. SEAT aligned with the Volkswagen Group reported on the Code of Conduct, anti-corruption and the Whistleblower System throughout the entire reporting year. Correspondingly, obligatory training courses on these topics rolled out across the Group were implemented in line with the defined refresher cycles for the specific employee groups (such as employees in procurement, members of local management). In addition, the Volkswagen Group also trains its business partners in procurement and sales on key aspects of compliance and anti-corruption.

## 04. MEASURES IN THE SUPPLY CHAIN

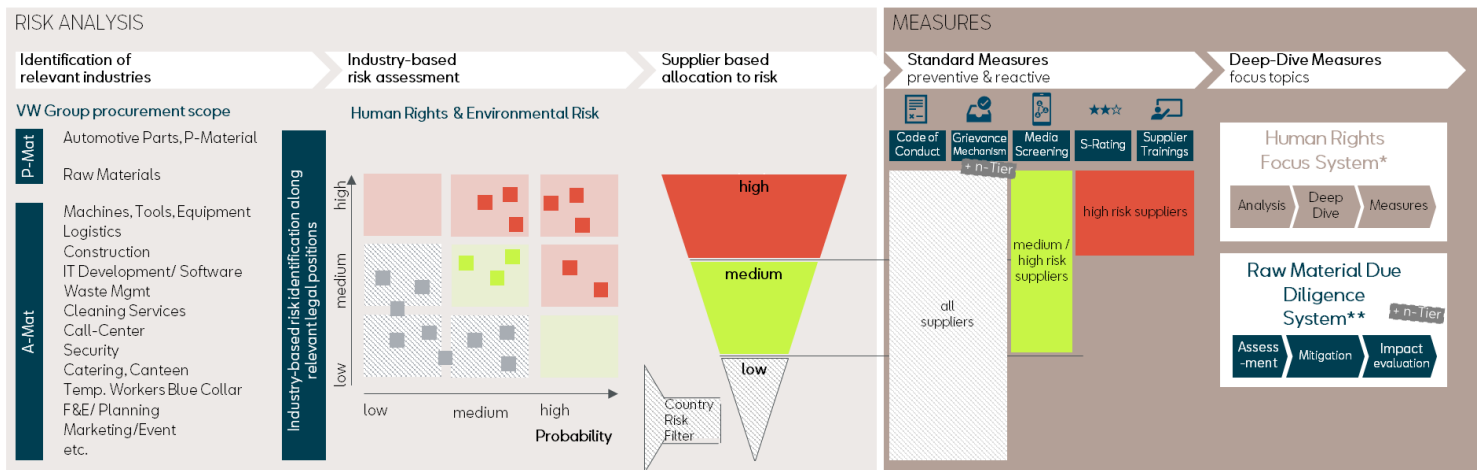
### SUSTAINABILITY REQUIREMENTS FOR OUR SUPPLIERS

In the reporting year, we also adjusted our management approach in procurement to meet the requirements of the German Supply Chain Due Diligence Act (LkSG). The previous approach of “prevent, detect, react” was replaced by the responsible supply chain system (ReSC system).

The new approach has the aim of avoiding and minimizing human-rights, social or environmental risks along the Volkswagen Group’s supply chain based on a systemic risk analysis. It should also help to mitigate breaches and continuously improve suppliers’ sustainability performance. The ReSC system includes the following elements, which build on each other:

- **Risk Analysis:** A regular risk analysis serves to identify risks in the Volkswagen Group’s supply chain in advance. The analysis is made based on the suppliers’ business models and takes account of internal and external data on human-rights and environmental risks. Based on the assessment of the risks, each supplier is allocated a low, medium or high sustainability risk. For suppliers with a low sustainability risk, a country risk score is additionally used. If the supplier has an increased country risk, it is upgraded to the medium risk category. The risk analysis is updated once a year and/or as required by Group Procurement Sustainability in consultation with relevant parent companies of the Volkswagen Group.
- **Standard measures:** These proactive and reactive measures include the Code of Conduct for Business Partners, the supply chain grievance mechanism, media screenings, the sustainability rating and training suppliers and employees.
- **Deep Dive measures:** These encompass the human rights focus system in the supply chain, the raw material due diligence management system and collaboration with external partners to develop the concept of sustainability in the supply chain.

## Responsible Supply Chain System (ReSC-System)



## STANDARD MEASURES: THE FOUNDATIONS OF OUR ReSC System

### Code of Conduct for Business Partners<sup>5</sup>

SEAT has also 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 regarding 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. The requirements for business partners were revised in 2023 and amended to include, among others, the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains.

In addition to the Code of Conduct for Business Partners, there are further product-specific requirements to which suppliers must adhere. These are set out in specifications and prescribe how certain products are to be produced. For example, the specifications state that there must be full disclosure of the supply chain for materials for battery cells. Such requirements are also binding for the affected suppliers.

<sup>5</sup> [Integrity & Compliance - SEAT Group | SEAT](#)

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 International Labour Organization (ILO) conventions. The Code of Conduct is, however, not just based on international standards, but also objectives, rules and policies of the Volkswagen Group.

Specifically, regarding modern slavery, the expanded requirement for suppliers is as follows: “Business partners must take appropriate and adequate measures to eliminate debt bondage, forced and compulsory labour, as well as all forms of modern slavery and human trafficking in their own area of responsibility and/or along the supply chain. Business partners ensure that employment relationships are voluntary and allow employees to give notice of their own volition in observance of a reasonable notice period.

Employees of business partners are given a contract at the time of hiring that complies with applicable law and is in a sufficiently documented form (e.g. written or electronic), is written in a language they understand and in which their rights and obligations are truthfully and clearly set out. Furthermore, business partners must not mislead or defraud potential employees about the nature of the work, ask employees to pay recruitment fees or inappropriate transportation fees, and/or confiscate, destroy, conceal, and/or deny access to employee passports and other identity documents issued by government and/or restrict the employees’ freedom of movement or require employees to involuntarily use accommodation provided by the company for no operational reason.

## Supply Chain Grievance Mechanism

An important part of sustainable supply chain management is our complaint mechanism “Supply Chain Grievance Mechanism”, with which we respond to sudden suspected violations of our sustainability requirements. The mechanism accessible via the channels of the Volkswagen Group and SEAT Whistleblower System<sup>6</sup> and is open to all potentially affected stakeholders – such as employees of suppliers, citizens or representatives of communities in the immediate vicinity of our production locations. The processing of cases is uniformly described in a binding manual and is

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<sup>6</sup> [Whistleblower System \(volkswagenag.com\)](https://www.volkswagenag.com) and <https://www.seat.com/company/compliance>

managed by the Group. Cases are processed together with the brands and regions of the Volkswagen Group.

Breaches identified are categorized by their severity to ensure adequate processing. Depending on the categorization of the breach, appropriate measures are then introduced. If there are serious breaches, it is possible to temporarily block suppliers from eligibility for the award of new contracts or to terminate the business relationship with them.

## Media screening

Group Procurement Sustainability carries out continuous and risk-based media screening of relevant<sup>7</sup> suppliers using a software tool. If the tool identifies indications of possible breaches of our Code of Conduct for Business Partners, these are reviewed and, if necessary, processed in the supply chain grievance mechanism.

## Sustainability rating

Our aim is to know the material sustainability risks in our supply chain and to address them effectively.

A sustainability rating (S rating) was introduced in 2019 as a key measure for all relevant companies and suppliers with a high sustainability risk. The S rating is used to audit the sustainability performance of relevant suppliers<sup>7</sup> and reveal opportunities for continuous improvement. It assesses the environmental performance of suppliers and their social sustainability and integrity. The S rating is directly relevant to awarding contracts: If a supplier does not meet our requirements for compliance with sustainability standards, it is fundamentally not eligible for the award of contracts. There is thus a direct incentive for suppliers to improve their sustainability performance.

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<sup>7</sup> The relevance of a business partner for the media screening comes from factors such as company size or risk exposure, which is derived from the type of service.



The check for the S rating takes place via a multistage, 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 appropriate processes and guidelines, it must prove this with documents.

Specifically, suppliers are asked about a human rights policy that 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 a contract can generally not be awarded.

## Sustainability training for employees and suppliers

Systematic training of our employees and suppliers is a central component of our strategy and essential for the improvement of sustainability in the supply chain. We currently use two different formats to do this. One format is live training courses held online, as it was not possible to conduct training courses in person during the reporting year. Secondly, there are e-learning courses that can be taken online at any time.

The Volkswagen Group offers online training courses with shorter sessions to teach suppliers about our requirements and how to implement them. In addition to the training courses, the Volkswagen Group provide our current suppliers with an e-learning module on sustainability, which also includes content on modern slavery, in nine languages of defined risk countries.

## Consolidation measures: additional elements of our RESC System, the Human Rights Focus System

As part of our sustainable supplier management, we are also committed to protecting those groups along our supply chains that may face a high risk of potential human rights violations. To help us comply with international frameworks, requirements and in particular, the German Act on Corporate Due Diligence Obligations in Supply Chains, we implemented a Human Rights Focus System (HRFS) in 2022. This system aims to identify and properly address high risks in our supply chain in connection with human rights violations and the environment.

In addition, the Group analyses the data collected during the reporting period from our Supply Chain Grievance Mechanism, the on-site checks and information from studies, NGO reports and discussions from stakeholders to come up with a long list of relevant topics.

## Raw Material Due Diligence Management System

Our raw material supply chains require special attention in this respect. To effectively deal with the sometimes extensive risks in these supply chains, it has been also set up a Raw Materials Due Diligence Management System. This details the prioritisation and processing of raw material supply chains which we classify as particularly prone to risks. Our actions for responsibly sourcing of 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 includes guidelines on management approaches, risk identification and prevention, checking smelters, and communication and reporting instruments. Currently, our key activities in this regard include the battery raw materials cobalt and lithium. 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 the manufacture of the finished product.

To fulfil our human rights due diligence obligation, 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. Because these processes are highly elaborate due to the complexity of the supply chains with up to eight stages, we 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. If this is not effective, sanctions are imposed. Our complaints process is crucial for violations that are reported to us via other channels or are identified by us. In such cases, 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 the procurement of raw materials, the Volkswagen Group requests direct suppliers to disclose relevant supply chains and uses second-party supply chain mapping audits. These risks include forms of modern slavery.

Another approach that has been pursued since 2020 is the use of a service provider to carry out comprehensive supplier checks with the help of 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

In addition to working closely with our direct and indirect suppliers, we are involved in initiatives and on-site projects to address human rights risks in the upstream supply chain and beyond our contractual relationships. These initiatives, which are both industry-wide and, in some cases, raw material-specific, are listed in our annual Responsible Raw Materials Report<sup>8</sup>. The aim of our cooperation with partners in the automotive industry and along the value chain includes knowledge transfer, the development of standardised tools for risk assessment and the introduction of standards for responsible raw material supply chains in terms of human rights, environment and compliance.

For the battery raw material cobalt, the Volkswagen Group works together with other partners in the Cobalt for Development project in the Democratic Republic of Congo to improve the working and living conditions of the people affected by the small-scale mining of cobalt and the communities surrounding the mines. The pilot project aims to strengthen compliance with legislation and to improve health and safety conditions as well as the social well-being of the communities in the area. More information can be found on the project's website<sup>9</sup>.

For the battery raw material lithium, the Volkswagen Group and other partners have established the Responsible Lithium Partnership initiative which promotes the responsible use of natural resources and sustainable lithium extraction in the Salar de Atacama in Chile. This is to be achieved through a multi-stakeholder platform that includes all relevant actors in the Salar watershed – from civil society groups, including indigenous communities, to state institutions and local mining companies. Beyond our activities in the area of raw materials, our commitment to CSR Europe's DRIVE Sustainability industry initiative continues to be central to our activities.

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<sup>8</sup> [Reporting \(volkswagenag.com\)](#)

<sup>9</sup> [Cobalt for Development \(C4D\) - Towards responsible artisanal cobalt mining in the DR Congo \(cobalt4development.com\)](#)

## 05. SUPPLY CHAIN PROGRESS REPORT

We are continuously working on the sustainability in our supply chains. To this end, we are taking steps and measures to increase transparency in our supply chains 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 using various instruments such as auditing, certification, and qualification. To this end, we are taking steps and measures<sup>10</sup> to make our human rights due diligence processes even more systematic. The objective is to identify, prioritise and then prevent or mitigate our sustainability risks comprehensively. This aspiration fundamentally applies to the entire supply chain, in which 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 report on the objectives and activities and the progress of the management system in an annual report<sup>11</sup> which Volkswagen publishes on its website.

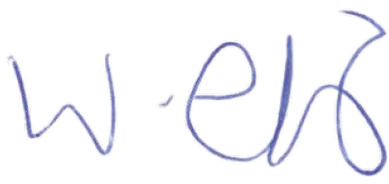
This Declaration highlights some of the actions taken as part of the commitment made against modern slavery and human trafficking in all areas of business. We will continue to work for continuous improvement in all our actions and activities.

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<sup>10</sup> [Human Rights and Responsible Sourcing \[vwgroupsupply.com\]](https://www.vwgroupsupply.com)

<sup>11</sup> [Reporting \[volkswagenag.com\]](https://www.volkswagenag.com)

SEAT, S.A.  
June 2024



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