



# Slavery and Human Trafficking Statement

Bugatti Automobiles S.A.S. (Geschäftsjahr 2018)



This statement was prepared in accordance with Section 54 of the United Kingdom Modern Slavery Act 2015. It represents all implemented measures of the Bugatti brand to avoid forms of modern slavery and human trafficking.

## Preamble

In view of advancing globalisation and the increased shift of value creation to the respective sales markets, we are also aware of our global responsibility with regard to the protection of human rights. For us, this responsibility does not end at our work sites, but goes beyond them.



# Contents

S.4	Organisation and supply chain
S.5	Internal measures
S.7	Measures in the supply chain
S.9	Progress report



## Organisation and supply chain

*Bugatti Automobiles S.A.S. is a manufacturer of the ultimate hyper sports cars. Founded in 1909 by Ettore Bugatti, the French luxury brand is still based where it all began: in Molsheim in the Alsace. Four hundred and fifty Veyron were built there at the Bugatti Atelier between 2005 and 2016 and since then the new Bugatti Chiron, limited to 500 units, is being manufactured. The Chiron is designed to combine the best of two worlds, meeting the highest demands in terms of luxury and comfort, yet also an outstanding performance paired with everyday drivability. With its incomparable character the Bugatti Chiron is a truly unique hyper sports car.*

*Even more exclusive models like the Bugatti Divo or La Voiture Noire have contributed to further strengthening the image and the position of Bugatti at the very pinnacle of the automotive industry. They are the essence of what can be called Automotive Haute Couture.*

*Bugatti, which has been part of the Volkswagen Group since 1998, employs around 300 people. "La Marque" is a global player, with dealers and service partners in Europe, North America, the Arabian Peninsula and the Asia-Pacific area.*

Bugatti recognises the importance of behaving ethically and responsibly and creates a sustainable and fair environment for all its stakeholders. This includes the establishment, maintenance and continuous improvement of working conditions within the company and at the locations of its business partners.

Worldwide 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 suppliers. Only together with our business partners is it possible to ensure compliance with sustainability standards and to contribute to the implementation of the United Nations' Sustainable Development Goals (SDGs). In order to achieve these goals, we implemented the "Sustainability in Supplier Relations" concept back in 2006 and are continuously developing it further. This concept anchors sustainability in our procurement processes and organisations.



# Internal measures

## **Bugatti Code of Conduct**

The Bugatti brand has updated its Code of Conduct. The revised Code of Conduct applies to all employees and is based on shared values. The focus here is on honesty, integrity and rule-conforming behaviour and the topic of "responsibility". Whether at the workplace, as a business partner or as a member of society - the principles of the Code of Conduct aim to make it easier for employees to deal with existing rules in the company and to offer them orientation, help and advice.

The rejection of all forms of modern slavery and human trafficking is also part of the new Bugatti brand Code of Conduct. In addition, our actions are oriented towards the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the guidelines of the International Labour Organization (ILO).

## **Whistleblower system directive**

The whistleblower system is responsible for serious violations of regulations and laws. It is an important element of good corporate governance. A new brand guideline came into force with effect from 1 November 2017 and was further specified in December 2018. The guideline restructured and optimised the process for the whistleblower system in the VW Group and the Bugatti brand.

Our employees, business partners and other third parties may use various channels in the whistleblower system to report possible serious regulatory violations of group employees. These channels include the online reporting channel, telephone hotline, email inbox and personal contact with the Investigation Office, as well as contact via ombudspersons. The specially protected online reporting channel and the appointed ombudspersons ensure that all reports can be forwarded anonymously to the Investigation Office. Information on possible serious regulatory violations can be submitted in any of the major languages used by the Group and is treated confidentially.

The main procedural principles and safeguards are the protection of both the whistleblower and the person implicated. Any retaliatory action against whistleblowers constitutes a serious regulatory violation and will not be tolerated.



### **Risk analysis**

As part of the established risk management processes, including the quarterly risk process and the annual GRC regulatory process, risk assessments on human rights are also carried out by the companies of the Brand and the countermeasures taken are reported. Within the annual GRC regulatory process, the identification of potential risks is supported by a catalogue of risk topics, which also includes potential risks from human rights violations.

Reports are submitted to the brand, Group Management Board and the Audit Committee on a quarterly or annual basis, as the case may be.

### **Employee qualification**

Through preventive measures, we promote compliance in our organisation and enhance the compliance awareness of our employees. Target-group oriented information and training for employees at all levels of the hierarchy therefore play a central role in compliance work. In this reporting period, communication and training activities focused primarily on the Code of Conduct. All employees are required to participate in the online learning program regarding the Code of Conduct.

Within the Bugatti brand, the revised Code of Conduct is made available to employees through various channels. The new Code of Conduct and its significance was pointed out through information letters given to all employees and via the bulletin board.

Since our procurement staff are an important interface to our business partners, all new buyers are sensitised and trained in addition to being familiarised with sustainability issues and possible risks. In doing so, we ensure that our employees are familiar with our internal systems and processes as well as our sustainability requirements for business partners in order to report any observed violations of our sustainability requirements to the responsible authorities. We train certain groups of employees separately in adapted training formats on specific topics such as raw materials for electric mobility and the associated sustainability risks such as human rights violations.



# Measures in the supply chain

## Supplier sustainability requirements

The 'Volkswagen Group's Sustainability Requirements for Relationships with Business Partners (Code of Conduct for Business Partners)' are the basis of the 'Sustainability in Supplier Relationships' concept. They formulate the expectations of the Volkswagen Group and Bugatti regarding the behaviour of business partners with regard to central environmental, social and compliance standards. This also includes internationally recognised human rights.

By contractually integrating sustainability requirements into the procurement process, we aim to ensure that our sustainability standards are met throughout the entire supply chain worldwide. These requirements are based on the principles of the UN Global Compact, the Charter of the International Chamber of Commerce for Sustainable Development and the conventions of the International Labour Organisation, among others. Using the three pillars: We continuously review and develop the sustainability performance of our suppliers in accordance with the requirements, monitoring and development of the "Sustainability in Supplier Relationships" concept. To this end, we use various instruments: e.g., self-assessment questionnaire (SAQ of the DRIVE Sustainability initiative), sustainability as part of quality audits, and focussed sustainability audits by suppliers.

## Risk analysis

In order to obtain an assessment of the social, ecological and human rights-related risks of our suppliers' respective locations even before negotiations with potential suppliers, Bugatti uses, among other things, a country risk analysis and self-assessment questionnaires as well as sustainability checks by the Volkswagen Group on site. Risk analysis is based on data from third parties and internal experience. In supplier development, we place particular emphasis on the countries in which we have identified increased risks. In order to identify current developments as well as long-term structural challenges in the individual countries, we rely on the continuous exchange between the VW Group and regions within the framework of regular meetings and video conferences of the Sustainability Procurement Network. Before starting a business relationship, we also check the integrity of our business partners (Business Partner Check) in a risk-oriented manner.



## Qualification and monitoring of suppliers

Since the reporting year 2016, the VW Group significantly intensified its review of our suppliers in relation to sustainability issues. Sustainability audits were carried out in the whole group at 321 suppliers by an external service provider. In 60 cases, the results of the audits led to an action plan that strengthened the sustainability performance of suppliers.

In addition to an on-site inspection of our suppliers, more than 25,000 Volkswagen Group supplier sites submitted a self-disclosure survey on the subject of sustainability by the end of 2017. The self-disclosure questions were expanded in 2016, for example, to include the question of whether suppliers have a policy on human trafficking. Through the continuous further development and expansion of the self-disclosure questionnaires, Volkswagen AG is in a position to evaluate its suppliers on the most relevant topics and developments. In 1,529 cases, the sustainability performance of suppliers in 2017 was measurably improved through appropriate measures.

If we receive indications of violations of our sustainability requirements by business partners, we take them very seriously and follow them up immediately and consistently. In concrete terms, this means that we contact the supplier immediately for a statement on the suspected case. If the suspicion is confirmed, the supplier is requested to submit an action plan to remedy the problem. We comprehensively monitor and review the implementation of this action plan, for example with on-site visits and/or 3rd-party CSR audits. Suspicious cases can be reported, for example, via the central mailbox at [sustainability@vwgroupsupply.com](mailto:sustainability@vwgroupsupply.com)

In addition to monitoring the sustainability performance of our suppliers, our activities continue to focus on the continuous dialogue and further development of our suppliers. This ensures that our business partners understand our requirements and are made aware of new challenges. In order to enable continuous supplier development, we provide all suppliers with an electronic sustainability learning module (e-learning) in the course of the business relationship. By the end of the 2017 reporting year, around 29,000 locations of our suppliers had taken advantage of our online-based qualification service. In addition to e-learning, we conduct topic-specific sustainability training and workshops with our suppliers at selected locations. In addition, we have qualified more than 700 employees from approximately 360 suppliers in face-to-face events on the subject of sustainability and informed them about region-specific challenges in South America, Asia and Europe, among other regions.





# Progress report

As announced in the Bugatti brand's Slavery and Human Trafficking Statement from fiscal year 2016, various measures were implemented in 2017 to raise awareness of forms of modern slavery and human trafficking. In the beginning of the year 2018, the brand's Code of Conduct was revised and supplemented by a rejection of all forms of modern slavery and human trafficking.

In order to be able to contribute the further findings and expertise of independent third parties on the subject of human rights to the company's orientation, the Volkswagen Group and thus Bugatti as a brand continue to engage in dialogue with NGOs, science and politics in the form of stakeholder dialogues. Since we as a company will continue to tolerate no human rights violations in the future and, in our view, this is a dynamic risk, we will adapt our monitoring to current developments and continue to work on raising awareness of forms of modern slavery and human trafficking both within and outside our company.

The strength of the compliance function, e.g. in form of the whistleblower system of the Volkswagen Group and the Bugatti brand and its anchoring in the company will continue to be accompanied by internal communication to employees in 2019. Different communication channels such as digital, print and face-to-face channels are used to address the respective target groups specifically.

Bugatti Automobiles S.A.S.  
Molsheim, Juli 2019