

Modern Slavery and Human Trafficking Statement by TRATON GROUP (Fiscal year 2021)

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 the TRATON GROUP ("TRATON") to prevent forms of modern slavery and human trafficking.

At TRATON we respect, protect and promote all regulations in force to protect human rights and children's rights as a fundamental and general requirement throughout the world. We reject all use of child labor and forced or compulsory labor as well as all forms of modern slavery and human trafficking.

1. ORGANISATION

TRATON was established in 2015 to concentrate the activities of the three commercial vehicle brands Scania, MAN and Volkswagen Truck and Bus (formerly Volkswagen Caminhões e Ônibus). Those three brands together with Navistar and RIO form the TRATON GROUP today¹.

TRATON was born in times of profound change for our industry — change that continues to this day. This meant we had to deal with a lot of unanswered questions in the beginning:

- How do we position ourselves as a Group?
- How do we make our brands stronger and at the same time make sure we collaborate as efficiently as possible?
- How do we gain access to the world's most important profit pools?
- Which future technologies have the most potential?
- And finally, what is our approach to connected and automated vehicles?

Since then, we have found our answers to these questions. The time has come to execute our plans. In doing so, we will make sure we are responsible, consistent, and create value. These principles are at the heart of our new TRATON Way Forward strategy.

The TRATON GROUP's most important products are heavy-duty trucks (>16 tons), medium- and light-duty trucks (<16 tons) and buses. TRATON operations also include external engines and components for marine and industrial applications, as well as used vehicles. In addition to its new and used vehicle offering, the TRATON GROUP also has an aftersales business, which contributes a significant portion to its sales revenue and operating result. The Group's services comprise a range of digital solutions, including an extended service offering based on a connected ecosystem, as well as flexible maintenance plans. Through its brand RIO, the TRATON GROUP aims to provide a digital platform for the entire transportation industry that bundles digital solutions for the transportation and logistics ecosystem.

Within TRATON, TRATON SE fulfills and coordinates certain strategic and operational tasks centrally for its affiliated companies. TRATON SE is headquartered in Munich, Germany with 360 employees (as per

¹ The acquisition of Navistar by TRATON was completed on July 1, 2021. Accordingly, the integration of Navistar in the TRATON GRC system was initiated in the year under review.

31.03.2021). Activities are mainly concentrated in Munich and in its branch in Södertälje, Sweden. The brands of TRATON have operations around the globe

2. INTERNAL MEASURES TO PREVENT MODERN SLAVERY AND HUMAN TRAFFICKING

COMPLIANCE AND INTEGRITY

Integrity and Compliance are key cornerstones of our entrepreneurial activities. They form the basis for the Group's reputation, for the trust that our customers and business partners place in us, for the well-being of our employees, and for our long-term commercial success.

TRATON does not tolerate illegal or irregular conduct. Compliance with applicable laws and the Code of Conduct, which covers our guiding principles for acting with integrity, are basic preconditions for the success of our business.

Code of Conduct

The principles laid down in the Code of Conduct are based on TRATON's shared corporate values: customer focus, integrity, respect, team spirit, and determination. The Code of Conduct focuses on the integrity and responsibility of each individual. It also uses practical examples to explain how each individual can live up to this responsibility and act with integrity — especially in conflict situations. Integrity means for us to act responsibly and in compliance with laws and ethical values — everywhere and at all times. This applies equally to every single one of us. We do not tolerate infringements of the law. The Code of Conduct is binding for all employees.

Human Rights are explicitly addressed in the Code of Conduct. TRATON rejects all use of child labor and forced, bonded or compulsory labor as well as any forms of modern slavery and human trafficking.

This applies not only to all cooperation and all conduct within TRATON but also to the conduct of and towards business partners and suppliers as specified in our TRATON Code of Conduct for Suppliers and Business Partners.

Qualification of employees

Communication and employee training play a key role in compliance and sustainability work across all hierarchy levels. TRATON conducts regular face-to-face and online training sessions on compliance and integrity topics. A web-based training on the Code of Conduct was rolled out Group-wide. This training includes information on Business & Human Rights and is aimed at increasing the awareness of risks in this area for all employees.

Reporting Compliance violations

The "Speak up!" whistleblower online portal of TRATON is used for reporting potential regulatory violations, such as the violation of human rights. It enables not only employees, but also third parties such as business partners and customers around the world, to report suspected misconduct any day of

the year. Written information can be submitted anonymously in any language using a specially protected online reporting channel. Additionally, an international toll free 24-hour telephone hotline of Volkswagen AG is available for reporting information in a total of 15 languages. Whistleblowers can also turn to the external ombudsman engaged by Volkswagen AG. Furthermore, whistleblowers can also report potential regulatory violations directly to the TRATON or brand Compliance Organization or dedicated whistleblower system within the Compliance Organization under a designated e-mail address or telephone number.

Strict confidentiality and secrecy are maintained throughout the entire process, as far as legally possible. Our whistleblower system guarantees the highest possible protection for whistleblowers and concerned persons. Discrimination against whistleblowers is considered a serious regulatory violation and will not be tolerated.

Risk analysis

At TRATON, human rights have been added to the compliance management system as a further focus topic. In 2021, TRATON conducted a Group-wide compliance risk assessment, which also included a set of questions addressing potential human rights issues. On that basis, every entity has been assigned to a risk category (high, medium, low risk), which mainly reflects the entity's business model and its location. A measure set has been defined to mitigate human rights risks and to support the integration of human rights in the compliance management system — among other things, this includes commitment to human rights by management as well as the initiation of specific training and communication measures.

With this, human rights are also part of the ongoing compliance monitoring system, including reporting to relevant stakeholders, such as the TRATON Executive Board, and continuous improvement of measures related to human rights.

RESPONSIBILITY IN THE SUPPLY CHAIN

The principles and importance of sustainability are not only important to TRATON, but expand to our supply chains. Facing highly diverse and complex supply chains, it is of utmost concern for us to prevent environmental and social risks in the relationship with suppliers, while also optimizing material costs and ensuring security of supply.

Together with the Volkswagen Group, we have adopted the "Sustainability in Supplier Relations" concept. In our procurement activities, we pursue a sustainability management system in supplier relations, which is a three-step approach to establish sustainable supply chains, respect human rights and the environment, and combat corruption.

- Prevent: Sustainability requirements are laid down in contracts and specifications, particularly in the TRATON Code of Conduct for Suppliers and Business Partners. As part of the tendering and supplier approval process, suppliers confirm that they will comply with the terms of the TRATON Code of Conduct for Suppliers and Business Partners. The TRATON Code of Conduct for Suppliers

and Business Partners is based on the UN Global Compacts' ten principles, with principle 4 specifically aiming at the elimination of all forms of forced and compulsory labor. With the Code of Conduct for Suppliers and Business Partners, TRATON requires all its suppliers not to tolerate any form of modern slavery, human trafficking, child, forced, bonded or compulsory labor by or in relation to the supplier's employees or the supplier's suppliers.

- **Detect:** Sustainability risks in our supply chain are systematically identified and prioritized accordingly. Sustainability is an established aspect of key contract award decisions. One tool used in this context is the risk-based Sustainability Rating ("S-Rating") which is implemented at TRATON in stages. The S-Rating is a combination of self-disclosures and risk-based on-site inspections. It is used to review suppliers' sustainability performance and identifies potentials for continuous improvement. The S-Rating evaluates suppliers' social performance as well as their ecological sustainability and integrity, which is based on a self-assessment questionnaire. It includes questions on policies, management systems and trainings on human rights and working conditions, notably on child labor and young workers, as well as modern slavery. A positive S-Rating result is mandatory for nomination: if a supplier falls short of our requirements regarding compliance with sustainability standards, the supplier is not eligible for a contract award. This provides a direct incentive for suppliers to continuously improve their sustainability performance.
- **React:** Various measures are available to allow us to respond to the risks identified and the impact of these risks. The main objective is to prevent or mitigate negative impacts in the supply chains and to take effective action to improve our suppliers' sustainability performance. They include a standardized ad hoc process for dealing with breaches committed by individual suppliers, which is for instance communicated via our externally accessible grievance mechanism. After asking our supplier for a written statement, usually a sustainability on-site check is conducted by our external service provider. Any resulting findings are recorded in an action plan, which need to be corrected by the supplier within a firm deadline.

Procurement employees are trained on sustainability requirements in the supply chain, including Business & Human Rights. Furthermore, suppliers can access the Volkswagen e-learning module on sustainability.

Human rights due diligence

As part of our sustainable supplier management system, we are particularly committed to protecting those groups that are exposed to a high risk of potential human rights violations at all stages in our supply chain. We are guided in these efforts by the implementation of human rights due diligence processes as required by the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In line with the requirements of a risk-based approach, our measures focus on those supply chains that, according to our analyses, are associated with particularly high risks of a negative impact. In 2021, TRATON piloted a human rights due diligence management system (HRDDMS) together with the Volkswagen Group, which we use to systematically analyze,

prioritize, and reduce human rights risks in our supply chain. For our initial risk analysis, aggregated assessments based on the S-Rating results of our suppliers were used to identify 15 countries with high human rights risks. As a result, we conducted supplier training on human rights as well as the implementation of due diligence management systems with the lowest performing suppliers as preventive measures. Additionally, colleagues in relevant positions of all brands took part in a training on business & human rights to increase the overall knowledge about this topic.

Responsible raw materials procurement

We are aware that the potential effects on people and the environment arise primarily in the upstream value chains, for example in raw materials extraction or the production of primary products. As a manufacturer with global supply chains, enforcing our sustainability requirements right down to the last link in the supply chain is a particular challenge. To effectively manage risks in our complex supply chains, a raw materials due diligence management system was established with the Volkswagen Group in 2020. This provides further details on the prioritization and processing of the 16 raw materials that we classify as being particularly high-risk. The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas serves as a guideline for the responsible sourcing of raw materials. It includes guidance on management approaches, risk identification and prevention, checks on smelting, and communication and reporting tools. We are working closely with our direct suppliers and require them to disclose the origin of materials associated with potential human rights violations to then start preventing and mitigation measures. We therefore cooperate closely with our direct suppliers and demand disclosure of the origin of materials (supply chain transparency) linked to potential breaches of human rights such as child labor, forced labor or any form of modern slavery and human trafficking. We also contribute to a Volkswagen Group annual report on the progress of the raw material management system within responsible sourcing.

Another approach that has been pursued with Volkswagen Group since 2020 is the use of a service provider which comprehensively check 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.

RESPONSIBILITY FOR PEOPLE

As one of the world's leading players in the commercial vehicles industry, TRATON relies on having a future-ready workforce of qualified and motivated employees. We offer our employees a safe and attractive working environment that allows them to develop and live up to their full potential. This is made possible by our value-based culture of determination, integrity, respect, customer focus and team spirit.

Diversity and Inclusion

Diversity and Inclusion are key success factors for TRATON and go far beyond visible dimensions like gender or ethnicity. TRATON is committed to fulfil standards that ensure diversity and inclusion sustainably.

Diversity, inclusion, and equal opportunities are essential to our business success and our ability to take good decisions, be innovative and ultimately achieve our goals as a company and as a responsible employer. We value all colleagues and strive to create an atmosphere of respect and mutual trust. Together with the Human Resources functions of the brands in TRATON GROUP, the central Human Resources function of TRATON SE develops common methods and tools and bundle competencies with the aim of leveraging synergies and reaching high quality standards across all TRATON brands. In 2021, over 3.300 leaders across TRATON GROUP have been trained with our "Skill Capture" methodology, targeting inclusive leadership to foster a diverse and inclusive company culture.

We stand for respect and tolerance. We have made a clear commitment to embrace diversity and not to discriminate based on e.g., age, gender, religion, disability, ethnic origin, sexual orientation or any other visible or non-visible dimension of diversity. Since beginning of 2020, TRATON is an official member of the German Diversity Charter (Charta der Vielfalt e.V.). Furthermore, following policies provide guidance for our human resources work around the globe: UN Global Compact, OECD Guidelines for Multinational Enterprises, the TRATON Code of Conduct, the Charter on Labor Relations, the Charter on Temporary Work and the International Framework Agreement of the MAN Group based on the Conventions of the International Labour Organization.

Employee rights

TRATON GROUP recognizes the rights of workers to form and participate in unions and to engage in collective bargaining. Almost all permanent staff in Germany are covered by collective bargaining agreements. Around the globe, the share of our workforce which falls under collective agreements stands at over 80%.

3. OUTLOOK

TRATON is continuously improving its measures to prevent modern slavery and human trafficking. Because TRATON regards human rights violations as a dynamic and permanent risk, TRATON will align its monitoring procedures with ongoing processes such as the implementation of human rights and environmental aspects in the compliance risk assessment. TRATON continues to raise public awareness for Business & Human Rights; TRATON GROUP is for example member of the UN Global Compact. Furthermore, TRATON will publish a Policy Statement on Human Rights mid2022.

TRATON SE

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