



Slavery and Human Trafficking Statement

SEAT Group (Fiscal Year 2018)





This statement has been issued in accordance with Section 54 of the United Kingdom Modern Slavery Act 2015. It describes all the measures taken by the SEAT Group in order to avoid any forms of modern slavery and human trafficking.

Preamble

Against the backdrop of advancing globalization and the increased relocation of manufacturing to the relevant sales markets, we are aware of our global responsibility to respect human rights. For us, this responsibility does not stop at the doors to our factories but continues far beyond.



Organization

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), exporting 80% of its vehicles, and is present in 80 countries on all five continents. In 2018, SEAT sold 517,600 cars, the highest figure in the 68-year history of the brand, posted a profit after tax of 294 million euros and a record turnover of close to 10 billion euros.

The SEAT Group employs more than 15,000 professionals and has three production centres – Barcelona, El Prat de Llobregat and Martorell. Additionally, the company produces some of its vehicles in other factories of the Volkswagen Group, that is, in Germany, Czech Republic, Portugal and Slovakia.

For the manufacture of its products, SEAT procures goods and services from suppliers located all over the world.

Internal measures

SEAT Group Code of Conduct ¹

The SEAT Group updated its Code of Conduct in 2017. It was launched and became mandatory for all the entities belonging to the SEAT Group by the end of 2017. The content of the Code of Conduct is thus identical for all the companies and only with local specific amendments. It is available to all employees on the intranet and to third parties on the internet at any time, and is continuously communicated in digital and print media, as well as, at internal company events. All SEAT employees received a personal copy of the Code of Conduct by the end of the first quarter of 2018. The Code of Conduct is based on shared values, with a focus on honest conduct, integrity, compliance with all rules and regulations and responsibility. The Code of Conduct seeks to help employees observe the Group's rules at their workplace, as business partners and as members of society, providing them with guidance, assistance and advice. The rejection of all forms of modern slavery and human trafficking forms likewise part of the SEAT Group's Code of Conduct. In addition, our activities are guided by the principles set out in the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the principles of the International Labour Organization (ILO).

¹ <http://www.seat.com/corporate/compliance/code-conduct-seat-group.html>



The Whistle-blower channels of the SEAT Group ²

In order to be able to report on legal and regulatory violations in connection with the SEAT Group, our employees, business partners and other third parties have at their disposal the internal whistle-blower channels, either by e-mail [transparencia@seat.es, io@volkswagen.de] or through the online channel BKMS, as well as the external Ombudsmen (local and VW Group). The suspicion of human rights violations, which in turn are strong indicators of a serious regulatory violation, can also be reported through the said channels. The allegations are dealt with in accordance with internal procedures in order to ensure the best possible protection of the information provided, the informant and the person concerned.

Risk Analysis

The regular risk management processes include a quarterly risk process and the annual standard GRC process. Risk assessments of the annual GRC Process pertaining to human rights are conducted and the countermeasures taken in response are reported by all entities belonging to the SEAT Group. The annual regular GRC process supports the recording process of potential risks by means of a list of focus areas, which also includes potential risks arising from the violation of human rights. Quarterly, annual and ad-hoc reports are submitted to SEAT and Group Board of Management as well as the Audit, Compliance and Corporate Governance Commission (ACGC).

Qualification of employees

By taking preventive measures, we promote culture of integrity and compliance with regulations in our organisation and raise the awareness levels of our employees. All employees joining SEAT Group undertake the contractual obligation to comply, among others, with the SEATs Group Code of Conduct. Furthermore, , target group-oriented communication and training measures for employees at all hierarchical levels play a crucial role within our compliance work. In this reporting period, communication and training activities focused primarily on the Code of Conduct, integrity and the whistle-blower system. The training courses are accompanied by comprehensive communication measures. The various internal communication channels were used for this purpose. This includes both online and offline media as well as event and training concepts. In addition, employees have access to consultation channels and teaching materials in order to obtain further information.

² _ <https://www.seat.com/company/whistleblowing-channels.html>



As our procurement staff provide an essential interface to our business partners and thus to our supply chain, all new buyers are additionally briefed and trained on sustainability matters and potential risks. We ensure that our employees are familiar with the internal systems and processes as well as our sustainability requirements towards our business partners so that they can report any violations of our sustainability requirements to the responsible for sustainability in supplier relations.

Measures in the Supply Chain

Sustainability requirements for our Suppliers

The “Sustainability in Supplier Relations” concept is based on the Volkswagen Group requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners)³. These set out the Volkswagen Group’s expectations of our business partners’ conduct with respect to core environmental, social and compliance standards, including internationally acknowledged human rights, transparency, business ethics, inter alia. In 2018, a process started to revise these requirements in order to include current new regulations, standards and obligations in international supply chains. The sustainability requirements are contractually binding for all suppliers and they are responsible to make them fulfil within their supply chain, seeking to ensure that the Volkswagen Group Sustainability Requirements are observed along the entire supply chain worldwide. Our requirements are based on international standards such as the principles of the UN Global Compact, the ICC Business Charter for Sustainable Development and the conventions of the International Labour Organisation.

On the basis of a Sustainability Management System composed by the development and publication of our Sustainability Requirements, the accomplishment of the related measures by our suppliers and its monitoring – we review and develop our suppliers’ sustainability performance on an ongoing basis. This involves various instruments such as the Sustainability e-Learning, the SAQ (Self-Assessment Questionnaire) in order to get a qualification of the sustainability performance of our suppliers (S-Rating), the implementation of on-site check audits and any other corrective measures and actions decided by the Ad-hoc Expert Team.

³ <https://www.volkswagengroupdistribucion.es/binaries/content/assets/downloads/codigo-de-conducta-para-business-partners-en.pdf>



Risk Analysis

The SEAT Group uses a country-specific risk analysis, self-assessment questionnaires, evaluation of the sustainability performance of our suppliers, as well as on-site sustainability audits to identify social or environmental risks or risks related to human rights at the respective supplier locations. The on-site sustainability audits are focused on suppliers that obtained a low score on the Sustainability Rating. Moreover, some e-classes, which are considered to have a higher risk on corruption, are more deeply assessed through a Business Partner Due Diligence in compliance issues. The country risk is part of the scoring of the Sustainability Rating (20% of the finally score) and this is given by an extern supplier.

Qualification and monitoring of suppliers

To facilitate the on-going suppliers' development, in the course of our business relations, the latter must fulfil an electronic learning (e-learning) module on sustainability available to all suppliers in the B2B Platform. To assure the suppliers' compliance with our sustainability requirements, there is a Code of Conduct, which is binding part of the contracts. Furthermore, the suppliers have to approve a sustainability rating which consists of an SAQ of 22 questions related to different issues on the field of environmental Standards, business ethics, working conditions and Human Rights.

Any information we receive on any violation of our sustainability requirements by our business partners are taken very seriously and investigated immediately and rigorously through our "Ad HocExpert Team". Specifically, we immediately contact the supplier and ask for a statement on the reported suspicion. In case the suspicion is confirmed, the supplier is asked to submit an action plan to address the problem.

In addition to e-learning and to self-assessment questionnaires, we also promote training on corporate social responsibility and sustainability in face-to-face meetings and workshops held with our suppliers at selected venues.



Progress Report

In order to promote economic, social and environmental sustainability across the organisation, the SEAT Group set up a Sustainability Team in 2014. This Team currently coordinates all activities carried out within the company to reinforce the SEAT commitment not only with financial and environmental sustainability but also with social responsibility, as well as risk and compliance corporate culture and ensures alignment with the Volkswagen Group Sustainability Strategy.

Because we regard human rights violations as a dynamic risk, SEAT Group is, at present, fully aligned with the Volkswagen Group, as regards the monitoring procedures with on-going developments and we will continue to raise awareness of forms of modern-day slavery and human-trafficking both inside and outside the company. In particular, and solely by way of example and by no means exhaustive, a new and expanded Sustainability rating (S-Rating) is being developed, also taking human rights risk into account integrated into the awarding process of the global procurement organization. For SEAT Group, implementation begins in July 2019 and only suppliers with a positive sustainability rating will be eligible for new projects.

The SEAT Group's aim is to continue not only identify risks, but also continuously minimize them by various mean, such as, auditing, certification and qualification.

SEAT, S.A.

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Luca de Meo

President of the Executive Committee

Luis Comas

Executive Vice President
of Legal Services and Governance

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