



## Slavery and Human Trafficking Statement – Ducati Motor Holding S.p.A.

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 Ducati in order to avoid any forms of modern slavery and human trafficking.

### PREAMBLE

Against the backdrop of advancing globalisation 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.

### 1. ORGANISATION AND SUPPLY CHAIN

Ducati Motor Holding S.p.A. ("Ducati") is a stock corporation under Italian law, with headquarters in Bologna, Italy. The Ducati Group and its products are present in all relevant two-wheeled motorcycle markets around the world. The Group procurement structures ensure that production materials, capex and also services are sourced globally in the required quality and on the best possible terms.

For us, global observance of sustainability standards in such areas as human rights, occupational health and safety, environmental protection and anti-corruption forms the basis for successful business with our suppliers. Only by working with our business partners are we able to make sure that sustainability standards are observed.

### 2. INTERNAL MEASURES

#### Ducati Code of Conduct

Ducati has updated its Code of Conduct in 2017. The revised Code of Conduct applies to all employees and is based on shared values. The focus is on honest conduct, integrity, compliance with all rules and regulations and responsibility. The Code of Conduct seeks to help employees observe the Company'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 likewise forms part of the Ducati's new Code of Conduct.

#### The Ducati Independent Body and the Organizational and Management Model pursuant to the Italian Legislative Decree no. 231/2001

Ducati employees, business partners and other third parties are provided with internal contact points as well as external ombudspersons in order to be able to report on legal and regulatory violations as provided by the Italian Legislative Decree no 231/2001.

The Company, to ensure the legality, correctness and transparency in the management of its business and its activities, has adopted the Organizational and Management Model pursuant to the above mentioned Legislative Decree no. 231/01 as a set of rules and procedures in order to prevent the commission of the different type of crimes provided such Decree and considered as relevant for the Company. In particular, the Company has evaluated the risk of commission of the crimes provided for in art. 25 *quinquies* of the Decree that are those that could lead or help the finding of worker in condition of slavery, for example through the



human trafficking. Therefore, expected behaviors towards employees and business partners are defined for running business ethically and not tolerate modern slavery.

Every subject that acts in the name and on behalf of the Company that during their activities become aware of notices related to the commission of crimes within the Company or of practice not in compliance with the rules of conduct and the provision of the Code of Ethics, shall be obliged to timely inform the Independent Body of the Company in writing by a dedicated e-mail and/or or in an anonymous way by the Company's address.

### **Qualification of employees**

By taking preventive measures, Ducati promotes compliance with regulations in its organisation and raises the awareness levels of its employees and collaborators. Therefore, employee information and training at all hierarchical levels play a crucial role within our compliance work. New employees at Ducati are required to complete the online learning program on the Code of Conduct. In 2017, the entire management of Ducati was additionally required to take part in integrity, culture and compliance training sessions. Ducati makes the revised Code of Conduct available to employees via various channels. It has been sent by e-mail together with the CEO's Tone from the Top, published on the Intranet and the Internet, while all employees have received their own personal copy of the flyer that summarize the principles stated by the Code. The new Code of Conduct and its importance will also be the subject of some interviews addressed to members of the top management, to be published on the company intranet.

### **Risk analysis**

As part of the established risk management processes, risk assessments on the subject of human rights are also carried out by Ducati. Within the Company's risk assessment process, regular assessments and updates of countermeasures to ensure the protection of human rights are conducted.

As our procurement staff constitute a material link with our business partners, it distributes them the Code of Conduct for Business Partners, which for years constitutes an attachment to the Company's general conditions of purchase. The Code of Conduct for Business Partners informs and requires our suppliers to share sustainability requirements.

## **2. MEASURES IN THE SUPPLY CHAIN**

### **Sustainability requirements for our suppliers – Code of Conduct for Business Partners**

The Sustainability in Supplier Relations concept is based on the Ducati Group requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners). These set out the Ducati's expectations of our business partners' conduct with respect to core environmental, social and compliance standards, including internationally acknowledged human rights. By integrating the sustainability requirements in our procurement process at the contractual level, we seek to ensure that our sustainability standards 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 the three pillars – requirements, monitoring and development of the Sustainability in Supplier Relations concept – we review and develop our suppliers' sustainability performance on an ongoing basis.



## Risk analysis

The Volkswagen Group, to which Ducati belongs, uses a country-specific risk analysis, self-assessment questionnaires and local sustainability audits to identify social or ecological risks or risks related to human rights at the respective contractor locations before negotiations with potential suppliers begin. In developing suppliers, we particularly focus on countries in which we have identified heightened risks.

## Training and monitoring of suppliers

We are working to extend the monitoring of the sustainability performance of our suppliers. During 2017, all the direct suppliers of the Ducati Group were investigated through self-assessment questionnaires on issues related to sustainability, both environmental and social. The questions contained in the self-assessment questionnaire were widened in 2016, e.g. with the addition of a question to determine whether suppliers have a policy on human trafficking. The ongoing enhancement of and additions to the self-assessment questionnaires allow Volkswagen AG to evaluate suppliers on the basis of the most relevant topics and developments. The questions contained in the self-assessment questionnaire were aimed at assessing whether the investigated suppliers were provided with policies for the management of their environmental aspects and impacts and for the management of CSR's aspects, such as human rights, working conditions, etc. We take very seriously any information that we receive on any failure by our business partners to comply with our sustainability requirements and investigate it immediately and systematically. In case of non-compliance by our business partners in relation to environmental sustainability requirements, we have defined action plans. Specifically, the suppliers that should present critical issues become subject to inspection with random audits in order to assess the effective compliance with the requirements expected by the Ducati Group. In addition to assessments on the sustainability performance of our suppliers, our activities also focus on dialogue with our business partners who, together with the self-assessment questionnaire on sustainability performance, were asked to express their opinion on issues of environmental, social and economic sustainability. We believe that this ensures that our business partners feel involved in a process of shared improvement and, at the same time, that they understand our needs and the new challenges to which they are called.

## 3. PROGRESS REPORT

As announced in the Ducati Modern Slavery and Human Trafficking Statement issued in 2017, various measures were taken in 2017 to heighten awareness of any forms of modern slavery and human trafficking. Thus, the Ducati Group's Code of Conduct was revised in 2017 to include the rejection of all forms of modern slavery and human trafficking.

The Volkswagen Group, to which Ducati belongs, remains in regular contact with NGOs, researchers and politicians in the form of stakeholder dialogues to incorporate further knowledge and the expertise of independent third parties in the area of human rights in our business strategy.

Looking forward, we as a corporate citizen will continue to reject any violation of human rights, which we see as a dynamic risk. Consequently, we will be adjusting our monitoring activities in the light of new developments and continue to work on heightening awareness of any forms of modern slavery and human trafficking both inside and outside our Company.

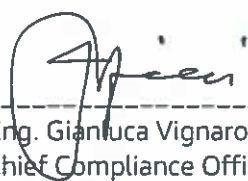
Likewise, the internal training plans on human rights will be revised in 2018. This will be supplemented with more intensive training on human rights including practical examples to aid understanding.



A Whistleblower System at Ducati Group is under implementation within the Volkswagen Group and will be then integrated in the Company in 2018 by means of employee communications.

Ducati Motor Holding S.p.A.  
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