

VOLKSWAGEN MØLLER BILFINANS

Due Diligence Assessment for the Financial Year 2023

Our work with the Transparency Act

Who we are

[Volkswagen Møller Bilfinans](#) (VWMBF) offers financial and car-related services. Our mission is to support the sale of all Volkswagen Group brands in the market and increase customer loyalty in a sustainable way throughout the value chain. We operate in the Norwegian market, and offer services such as loans, leasing and vehicle administration in various variants, as well as car insurance and service and maintenance agreements. The company is headquartered in Oslo and is owned by Volkswagen Finance Overseas B.V. (51%) and Møller Mobility Group AS (49%).

At VWMBF, we have 90 employees as of 31.12.2023 and we have implemented [the Volkswagen Financial Services Code of Conduct \(CoC\)](#) as our mandatory code of conduct. Our Code of Conduct is intended to help ensure that we both deliver quality and act with integrity, and is a key tool for all VWMBF employees in the conduct of our business.

Møller Mobility Group

Parts of the due diligence assessment have been carried out at Group level in cooperation with Møller Mobility Group, as a large number of suppliers and risk assessments are common to the entire Group. For these parts of the work, we refer to the [website of Møller Mobility Group](#). Contact Harald A. Møller's customer service center through aapenhetsloven@moller.no for more details about the work.

Volkswagen Group – The German Supply Chain Due Diligence Act

Volkswagen Møller Bilfinans is 51% owned by Volkswagen Finance Overseas B.V, which is covered by "The German Supply Chain Due diligence Act", also known as LkSG. This law is in many ways similar to our own transparency law, and places demands on suppliers for transparency in their supply chains. More information about the Volkswagen Group's efforts to ensure ethical supply chains can be found on the Volkswagen Group's website [here](#).

Our values

One of VWMBF's basic principles is to conduct our business in accordance with the laws and regulations in force at any given time. VWMBF believes that compliance with applicable laws and regulations is a social responsibility and that every serious company should have this as a basic principle in its own operations. As part of the Volkswagen Group, VWMBF has therefore developed and implemented a Code of Conduct to ensure human rights, equal opportunities and equal treatment of all people, climate and environmental considerations, product conformity and product safety, as well as other important social considerations. These guidelines are implemented as part of the CoC.

Our basic principles further state that VWMBF respects, protects and promotes all applicable laws and regulations to safeguard and protect fundamental human rights. VWMBF strongly opposes all use of child labor and forced labor, as well as all forms of modern slavery and human trafficking within our organization and with our suppliers and business partners. Our

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Code of Conduct encourages all employees to report any concerns they may have about human rights violations in accordance with established whistleblowing systems and channels in their own operations.

As part of the Volkswagen Group, VWMBF is contractually committed to a large number of suppliers and service providers in the conduct of our business. We thoroughly evaluate when partnering with new suppliers and business partners. These assessments are based on objective criteria. If necessary, we will also involve relevant departments with us to contribute to these assessments, precisely to ensure that new collaborations are entered into in line with current guidelines.

Our procedures around this and the assessments we make are intended to ensure that our ethical guidelines are complied with, including that there is no conflict of interest, that corruption is avoided and prevented, that money laundering and terrorist financing do not take place, that export controls are safeguarded, and that agreements with officials and politically exposed persons take place on legal terms. Vis-à-vis our own employees, it is essential that we comply with applicable laws and regulations on employment conditions, working environment, health and safety. At the same time, the VWMBF recognizes the fundamental rights of all employees to establish trade unions and the right to representation.

One of our main goals is to set an example for integrity and compliance with applicable laws and regulations, including by safeguarding fundamental human rights. In the past, we have introduced an integrity program. The program was launched in 2020 and aims to raise awareness and provide information about integrity through information campaigns, dialogue, interaction and the implementation of various measures aimed at all employees in the organization. In this context, integrity is about being consistent with what we believe, what we say, what we do and what we are morally obligated to, while at the same time conforming our values, principles and the actions we take are necessary.

Our work with the Transparency Act

Volkswagen Møller Bilfinans fully supports the introduction of the Transparency Act, which was implemented on July 1, 2022. We view this legislation positively as it helps promote respect for fundamental human rights and ensure decent working conditions. VWMBF is covered by the Transparency Act, and we work closely with other parts of the group as well as our suppliers and business partners to implement these regulations in the execution of our operations. The work with the Transparency Act is an ongoing improvement process, and our efforts in this regard will continue to evolve in the coming years. Initially, we have prioritized the following activities:

- Review and update our governing documents to ensure that our values, routines, risk assessments and guidelines take into account the requirements set out in the Transparency Act.
- Map our own operations, supply chains and business relationships to identify possible risks and impacts in accordance with [The OECD Due Diligence Guidelines for responsible business conduct](#) and the firm's other processes in this area.
- Risk assess all the company's suppliers and business partners to see if there is a risk of negative impact on human rights and decent working conditions based on recognized risk parameters.

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- Establish customized measures and control actions in the different risk categories.

To succeed with this work, VWMBF's strategy is to work long-term and maintain a good and open dialogue with all our suppliers and business partners.

Method

Volkswagen Møller Bilfinans uses [the OECD's](#) due diligence model for responsible business conduct as a basis for its due diligence. This model adopts a risk-based approach involving multiple steps to ensure responsible practices.

The steps of the model are as follows;

1. Entrench accountability in policies and management systems
2. Identify and assess negative impact/damage based on own operations, supply chains and business relationships
3. Stop, prevent or reduce negative impact/damage
4. Monitor execution and results
5. Communicate how the impact is handled
6. Restoration where necessary – *not relevant as of today*.

1. Entrench accountability

To integrate sustainability into our operations, it is important to have the necessary policies in place, as well as effective management systems to implement them. This means that we have a clear sustainability strategy with specific goals at group level. We also want to communicate externally about our responsibility to conduct due diligence and practice responsible procurement practices.

The Board of Directors of Møller Mobility Group has played a central role in the development and establishment of internal guidelines and procedures for human rights and decent working conditions. In 2021, MMG Green, the group's cross-disciplinary network for climate and environmental issues, initiated the creation of a comprehensive sustainability policy. This process involved broad participation from various parts of the organization, resulting in a clear and directive policy. The policy was carefully integrated with the group's strategy "Dare to Move" and the Code of Conduct.

The sustainability policy was thoroughly reviewed by the executive management and the board to ensure it reflected the group's values and commitments. The board approved the policy, which then became part of MMG's vision "Dare to Move" and the strategy "Make Sustainable Choices". Through this process, a shared direction and understanding of sustainability work were created within Møller Mobility Group, clearly outlining our commitments in areas such as people, business, and sustainability.

The central department for compliance and internal control has had overall responsibility for following up on the implementation of this policy. This includes compiling the group's annual risk assessment, ensuring audits and third-party assessments when necessary, and reporting the risk profile, priorities, status, and due diligence assessments to the board. The board's involvement has thus been crucial in ensuring that work on human rights and decent working conditions is well integrated into the group's routines and strategies.

To ensure that we act with integrity and quality, we have implemented the Volkswagen Financial Services Code of Conduct (CoC) as our mandatory code of conduct. This Code is a key

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tool for all VWMBF employees and helps guide us in our business. By following CoC, we ensure that we deliver high quality services while acting in an ethical and responsible manner.

Going forward, we will work to anchor this topic in our procurement routines, and further develop the supplier assessment that is carried out when entering into agreements with new suppliers. This, combined with a supplier code of conduct, will ensure that all our suppliers follow the same principles as us.

2. Mapping and assessing

We have initiated a comprehensive analysis of our own operations, supply chain, and business partners. This assessment has identified that our greatest risks for negative impact on human rights and decent working conditions are within the supply chain. Therefore, we have focused our efforts specifically on these suppliers.

In order to assess our impact on human rights and decent working conditions, we need to have a clear picture of which suppliers are in our supply chain. Many of our suppliers are suppliers of the Møller Mobility Group as a whole, and will therefore be mapped through Møller Mobility Group.

As part of our process, we have conducted a thorough review and mapping of all suppliers involved in our business model. We have identified and analyzed different industries and types of suppliers to assess which of them could potentially be at greatest risk related to human rights violations and decent working conditions.

In analyzing industries and supplier types, we take into account several factors, such as the countries or regions where they operate, working conditions common in the industry, and other relevant risk factors. This gives us insight into where we may face special challenges when it comes to respect for human rights and workers' welfare. Other criteria that are taken into account in the assessment are the size of the delivery we receive from the supplier, as well as our ability to influence the supplier.

This mapping and risk assessment gives us a thorough basis for prioritizing our focus areas and directing our measures towards those areas with the greatest risk potential. By focusing on these areas, we can target our resources and initiatives to mitigate any negative impacts and work towards achieving sustainable and responsible supply chains.

Volkswagen Møller Bilfinans' suppliers consist mainly of car dealers, as well as suppliers of additional services we offer our customers such as workshop services and service agreements, tire agreements, insurance contracts and petrol cards. Of these, a large proportion will be shared with the entire Møller Mobility Group, as referred to earlier. We consider the suppliers associated with workshop services and services to be those with the highest industry risk, cf. Appendix 1: Risk assessment. These will therefore be given priority in the follow-up of suppliers.

Here is a brief summary of the risk factors highlighted from Appendix 1, presented in tabular form for better overview:

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Risk factors in the automotive industry

Risk area	Risk Factors	Probability	Consequence
Supply chains	Imported cars and components may be produced under problematic working conditions.	Moderate	Health, safety, rights
Compliance with local laws	Some actors may ignore or circumvent Norwegian labor laws.	Moderate	Health, safety, rights
Awareness and training	Lack of training on human rights and decent working conditions.	Moderate	Unintentional violations
Equality principles	Lack of gender balance and equality, especially in technical positions.	Moderate	Discrimination, inequality
Unstable working conditions	Temporary contracts and informal employment relationships.	Moderate	Instability, insecurity
Working hours and workload	Long working hours and high workloads.	Moderate	Health, safety, balance
Health and safety standards	Lack of prioritization of health and safety standards.	Moderate	Injuries, illnesses
Unions and negotiations	Barriers to organizing or participating in collective bargaining.	Moderate	Security of rights

Geographical assessment

Geography	Risk	Comment
Norway	Relatively low risk of human rights and decent work violations.	Strong labor laws and high standards.
Germany	Relatively low risk, but risk of violations in certain sectors (agriculture, construction).	Good labor laws and social safety nets.

By having a continuous mapping process, we will maintain an up-to-date picture of the supplier landscape and adjust our actions in line with changing conditions and new challenges that may arise over time. This ensures that we continue to be proactive and effective in ensuring human rights and decent working conditions in our supply chains.

Actual negative consequences that may arise:

Through thorough mapping and risk assessment, we have identified several areas where negative consequences or significant risks related to human rights and labor conditions in the supply chain and automotive industry may have occurred:

1. **Imported cars and components:**
 - Problematic labor conditions may exist at some subcontractors.
 - Possible breaches of health and safety standards.
 - Lack of prioritization of workers' rights may occur.
2. **Compliance with local laws:**
 - Some suppliers may have ignored or circumvented Norwegian labor laws.
 - Potential breaches of rights and safety for workers.
3. **Principles of equality:**
 - Lack of gender balance and equality, especially in technical positions, may lead to discrimination and inequality.
4. **Working hours and workload:**
 - Long working hours and high workloads may result in health and safety issues.

Significant risks of negative consequences uncovered (potential consequences):

1. **Unstable employment conditions:**
 - Temporary contracts and informal employment conditions may lead to instability and uncertainty for workers.
2. **Lack of training on human rights and labor conditions:**
 - Risk of unintended breaches of human rights and labor standards due to lack of training.
3. **Health and safety standards:**
 - Potential risk of injuries and illnesses due to lack of prioritization of health and safety standards.
4. **Trade unions and collective bargaining:**
 - Obstacles to organization and participation in collective bargaining may weaken workers' rights security.
5. **Regional risks:**
 - While Norway and Germany generally have low risks, there are sectors in Germany (such as agriculture and construction) with higher risks of labor-related violations. This may negatively affect the supply chain if such actors are involved.

Through continuous monitoring and adjustment of measures, Volkswagen Møller Bilfinans will work to minimize these risks and effectively manage the actual consequences to ensure a sustainable and responsible supply chain. The assessment of actual and potential consequences identifies significant risks that guide which negative consequences to prioritize in the due diligence assessment.

3. Prevent

Measure 1: Only use workshops approved by the Norwegian Public Roads Administration, and suppliers within car care that are approved by the Norwegian Labor Inspection Authority.

Volkswagen Møller Bilfinans currently only uses players that are approved by the Norwegian Labor Inspection Authority or the Norwegian Public Roads Administration, thus ensuring that we avoid violations of decent working conditions and human rights. These approval schemes involve careful assessment and evaluation of suppliers to ensure that they meet high quality standards, comply with legal requirements and conduct business in an ethical and responsible manner. By choosing approved suppliers, you can be confident that your workers are protected, that they work under decent conditions, and that human rights are respected. More information about the schemes follows below;

The Norwegian Labor Inspection Authority's approval scheme for actors in car care

The Norwegian Labor Inspection Authority has implemented an approval scheme for suppliers in car care. The purpose of this scheme is to ensure that businesses in this sector meet certain quality and safety standards. To be approved, the suppliers must undergo a thorough assessment of the working conditions and working environment they offer, as well as document that they comply with applicable laws and regulations. The recognition scheme helps to promote safe and proper working conditions for employees in the car care industry, while giving consumers confidence in the services provided.

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The Norwegian Public Roads Administration's approval scheme for suppliers in workshop services

The Norwegian Public Roads Administration has established an approval scheme for workshops. The purpose of this scheme is to ensure that workshops meet certain quality standards and comply with applicable laws and regulations. Workshops wishing to be approved must undergo a thorough evaluation of their facilities, equipment and expertise. This includes, among other things, assessment of the workshop's technical skills, quality assurance routines and compliance with requirements for environmentally friendly operation. The approval scheme from the Norwegian Public Roads Administration helps to ensure that workshops offer reliable and professional services to vehicle owners, while promoting road safety and environmental awareness.

Expected outcome: Increased trust that all suppliers meet necessary requirements and standards, reduced risk of labor and human rights violations, as well as improved quality and safety in the services provided.

Measure 2: Only use car dealers that are approved through Møller Mobility Group

Møller Mobility Group has a set of procedures for the selection, approval, cooperation and follow-up of car dealers. This ensures that we work alongside car dealers who share our values and principles of sustainable practices. More information about the process of selecting car dealerships can be found on MMG's website, as well as in their [statement for 2023](#).

Expected outcome: Ensuring that all car dealerships we collaborate with operate in accordance with our ethical standards and sustainability principles, contributing to responsible business practices and positive impact on society.

Measure 3: Prepare a Supplier Code of Conduct to be attached to new supplier agreements

We have recently prepared a supplier code of conduct, which will be included as a standard part of our new supplier agreements. A Supplier Code of Conduct provides clear guidelines to suppliers on their responsibility to respect human rights and maintain good working conditions. This creates awareness and a common basis for responsible practices throughout the supply chain. Through monitoring and reporting, compliance with the requirements can be ensured and any breaches can be handled. A Supplier Code of Conduct promotes ethical standards, responsible practices and sustainable supply chain management, creating trust with stakeholders and consumers.

Expected outcome: Increased awareness and compliance with ethical standards among suppliers, promoting responsible practices and sustainable supply chain management.

Measure 4: Entrench the Transparency Act in the procurement process

This will be a prioritized focus area for us going forward.

Expected outcome: Improved transparency and accountability in the procurement process, contributing to increased trust among stakeholders and ensuring compliance with transparency laws.

Measure 5: Improved Whistleblower Channel

To strengthen our ability to identify and address negative consequences or significant risks at an early stage, we will implement an enhanced whistleblowing channel. This channel will be accessible to all employees, suppliers, and other stakeholders, ensuring anonymity and confidentiality for those reporting concerns. We will establish clear procedures for how reports will be received, assessed, and followed up, including deadlines for response and actions. By enhancing the whistleblowing channel, we ensure that potential issues can be quickly brought to our attention, allowing us to take necessary measures to limit or eliminate negative consequences.

Expected outcome: Early identification and effective handling of potential issues, reducing the risk of negative consequences and promoting an open and responsible corporate culture.

Measure 6: Detection of Negative Consequences or Significant Risks

If we detect actual negative consequences or significant risks of negative consequences, we will implement a range of measures to effectively and responsibly address the situation. First, we will establish immediate and open dialogue with the supplier to understand the cause of the problem and discuss possible solutions. Collaboration with relevant stakeholder and interest groups may also be considered to share knowledge and find collective solutions that strengthen sustainable practices across the industry. If these measures are not sufficient to avert the risk or reduce the negative consequences to an acceptable level, we will consider terminating the collaboration with the respective supplier. We are committed to acting swiftly and responsibly to ensure that our business maintains high ethical standards and contributes to sustainable value chains.

Expected outcome: Prompt response and effective measures to limit or eliminate negative consequences, maintenance of high ethical standards, and contribution to sustainable value chains.

4. Monitor

To ensure that the measures are implemented, effective follow-up and control mechanisms must be established. This includes regularly monitoring our suppliers to ensure they are complying with agreed policies and requirements.

We may conduct regular audits and inspections of suppliers, as well as establish mechanisms for receiving reports and notifications of any human rights violations or labor standards. This allows us to react quickly and act if deviations or concerns are detected. For now, notifications can be sent to compliance@vwfs.no.

Furthermore, we also maintain an open dialogue and cooperation with our suppliers to strengthen mutual accountability and understanding. Through these follow-up and control measures, we ensure that the measures are implemented and maintained over time.

5. Communicate

Under the Transparency Act, consumers and other stakeholders have the right to be informed about how we deal with actual and potential negative consequences uncovered in our due diligence. It is important for us at Volkswagen Møller Bilfinans to be open and transparent about our processes and routines.

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By sharing this information, we give consumers and stakeholders the opportunity to be informed and up to date. They can thus make informed choices and participate in the dialogue about our practices. This helps build mutual trust and strengthens accountability between us and our stakeholders.

Anyone who sends an email with questions about our work around the Transparency Act will receive a reply within 3 weeks. Questions can be sent to compliance@vwfs.no. In addition, we will publish annual reports describing how we have worked with this topic over the past year. Questions related to the work on the Transparency Act in the Møller Group can be sent to aapenhetsloven@moller.no.

Further work

Our efforts to meet the requirements of the Transparency Act are an ongoing process with continuous improvement opportunities. We continue to develop our work in this area in the years to come. Going forward, we will focus on anchoring the work to a greater extent in the purchasing process, work to establish good routines for supplier controls, and develop a better solution for the whistleblowing channel.

Appendix: Risk assessment

Automotive

The automotive industry in Norway includes the production, import, sale and maintenance of automobiles. It involves various suppliers, including car manufacturers, dealerships and workshops. The assessment focuses on working conditions along the entire value chain, including the production of cars and components, as well as working conditions at Norwegian car dealerships and workshops.

Identifying risk factors:

The following risk factors may contribute to violations of human rights and decent working conditions in the automotive industry in Norway

- Supply chains: Imported cars and components may be manufactured in countries where working conditions are problematic. This can include inadequate wages, long working hours, lack of health and safety standards, and limited union rights.
- Non-compliance with local laws: Some suppliers in the automotive industry may ignore or circumvent Norwegian laws and regulations related to working conditions. This may include non-payment of collective agreements, irregular working hours, breaches of health and safety standards or lack of respect for workers' rights.
- Lack of awareness and training: Lack of awareness among car dealers and workshops about human rights and decent working conditions can contribute to unintentional violations. This may be due to lack of training, guidance or adequate supervision by relevant authorities.
- Violation of gender equality principles: Lack of gender balance and gender equality can be a risk factor in the automotive industry, especially in technical and mechanical positions.

The likelihood of violations of human rights and decent working conditions in the automotive industry in Norway is considered moderate. While Norway have robust labor laws and high standards of working conditions, imported goods and limited controls can contribute to human rights violations in supply chains.

The consequences of violations of human rights and decent working conditions can vary. It can affect workers' health and safety, rights and general well-being. In addition, it can damage the reputation of the companies involved and undermine confidence in the automotive industry as a whole.

Workshop and car care

The workshop industry in Norway includes businesses that offer repair, maintenance and service of cars and other vehicles. This industry involves various players, including workshops, mechanics, car manufacturers, spare parts suppliers, and employers.

The following risk factors may contribute to violations of human rights and decent working conditions in the engineering industry in Norway:

- Unstable working conditions: Some mechanics and engineering employees may be exposed to precarious working conditions, including temporary contracts, informal employment or lack of access to social benefits and welfare benefits.

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- Long hours and workloads: Mechanics can be subject to high workloads, prolonged work hours, and irregular work hours, which can lead to health and safety risks and a lack of work-life balance.
- Lack of health and safety standards: Workshops that do not prioritize health and safety standards may expose employees to danger and risk of work-related injuries and illnesses.
- Lack of access to unions and collective bargaining: Some mechanics may experience obstacles in organizing into unions or participating in collective bargaining to secure their rights and working conditions.

The likelihood of human rights violations and decent working conditions in the engineering industry in Norway is considered moderate. There is some risk of unstable working conditions and workloads, especially in smaller workshops and for those employed on temporary contracts.

The consequences of violations of human rights and decent working conditions can affect the health, safety and rights of workers. It can also negatively impact workers' productivity, well-being and work-life balance.

Geographical assessment

Norway:

The risk of human rights violations and decent working conditions in Norway is considered relatively low. Norway have strong labor laws and high standards of working conditions. Workers' rights are generally respected, and there is a well-functioning system of collective bargaining. Nevertheless, there may be some risk factors associated with imported goods and supply chains.

Germany:

Germany has comprehensive labor laws and good social safety nets. The risk of human rights violations and decent working conditions is considered relatively low. However, there may be some risk factors related to working conditions for temporary workers and in certain sectors such as agriculture and construction.