



Modern Slavery Statement

Dated: 17th April 2024

This slavery and human trafficking statement has been published in accordance with section 54 (1) of the UK Modern Slavery Act 2015. It sets out the steps VARTA has taken during fiscal year 2023 (Jan 1, 2023-Dec 30, 2023), to identify and address modern slavery and trafficking risks.

Company structure, operations and supply chains

VARTA AG is the parent company of the group, and its subdivisions operate in the business segments Consumer Batteries, Embedded Batteries and Power Batteries. The business units Micro Batteries and Lithium-Ion Small Cells are represented within the segment Embedded Batteries. The segment Power Batteries includes the business units Lithium-Ion Large Cells, Lithium-Ion Battery Packs and Energy Storage Systems. VARTA's business activities are based on a complex worldwide network of suppliers from whom VARTA procures a wide range of commodities, materials, and services. As a technology leader, VARTA sets industry standards in important areas. For further information on the products, company structure and supply chain of VARTA, please refer to the [VARTA Annual Report](#) and the [Sustainability Report](#).

Scope and Responsibilities

VARTA AG and its affiliated companies¹ (hereafter "VARTA") are committed to comply with human rights due diligence requirements, to support better human rights practices and to enable affected people to seek remediation in the event of a human rights violation. This applies to VARTA's operations globally as well as its value chain. The requirements are integrated in VARTA's operations across all divisions and are expected to be upheld by contractors and other business partners.

To demonstrate VARTA's commitment to respecting human rights and due diligence processes, its executive board has adopted a [Human Rights Policy Statement](#) based on international standards:

- [International Bill of Human Rights](#)
- [International Labour Organisation Conventions and Recommendations](#), in particular Conventions No. 29 and 105
- [Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy](#)
- [OECD Due Diligence Guidelines for Promoting Responsible Supply Chains of Minerals from Conflict-affected and High-Risk Areas](#)
- [OECD Guidelines for Multinational Enterprises](#)
- [Principles of the United Nations \(UN\) Global Compact](#)
- [UN Children's Rights and Business Principles](#)
- [UN Convention on the Elimination of All Forms of Discrimination against Women](#)
- [UN Convention on the Rights of the Child](#)
- [UN Declaration on the Rights of Indigenous Peoples](#)
- [UN Guiding Principles on Business and Human Rights](#)
- [UN Sustainable Development Goals](#)

In addition, taking into account planned and existing national and international legislation on due diligence obligations (e.g. LkSG, EU New Batteries Regulation, CSDDD), other international frameworks mentioned in the requirements were included in the development of the strategy.

The term modern slavery refers to a range of practices such as slavery, servitude, human trafficking, involuntary prison labour and any other form of bonded, indentured or forced labour. These practices are considered severe violations of human rights by the international community. VARTA's strict company policy does not tolerate such practices in any form. All work must be voluntary. VARTA does not tolerate any way of domination or oppression in the workplace for example through extreme economic or sexual exploitation and humiliation. Worker's exploitation e.g., by means of threat, force, coercion, abduction, or fraud is strictly forbidden. VARTA is committed to conducting all its business dealings with transparency, integrity and ethical practices. Therefore, effective systems and controls have been implemented to prevent any instances of these practices.

¹ Affiliated companies of VARTA AG are all companies that are directly or indirectly controlled by VARTA AG. A complete list can be found in the [current annual report](#).



Risk analysis and management

An initial risk analysis was carried out in 2022, taking into account the above-mentioned frameworks for the company's own business division as well as the upstream and downstream stages of the value chain, and updated in 2024. This did not result in any significant changes to the previous year's risk assessment. In addition to country risks, product-specific, industry-specific and company-specific risks were also considered, and the perspective of potentially affected communities was included. The basis for the analysis included studies by internationally active organisations, information from recognised indices and experience gained from audits at VARTA and in the supply chain. In addition, regular ESG ratings are carried out to identify and monitor further risks. The process of risk management in the supply chain is supported by software based on artificial intelligence and by self-assessment queries in the supply chain to further refine the risk assessment. As part of the risk analysis, risks were prioritised based on their severity (extent, scope, irreversibility) and their probability of occurrence. These risks were reduced by developing appropriate preventive and remediation measures, as detailed in the following section "Addressing modern slavery risks". To ensure a comprehensive risk assessment, existing internal risk management processes were further built on to include the sustainability-related perspective. Efforts were also made to identify possible links in areas with increased risks of forced labour and modern slavery. This analysis did not reveal any specific cases of suspicion.

Addressing modern slavery risks

Operations

VARTA employees are committed to respecting and promoting human rights within their sphere of influence. VARTA has aligned its values and principle with international frameworks in the [VARTA Code of Conduct](#), which all employees are committed to observe. This policy includes compliance aligned with amfori BSCI and the UN Global Compact. The amfori BSCI Code of Conduct also includes compliance with the principle "No Bonded, Forced Labour or Human Trafficking" and applicable standards from international frameworks. The principles include, inter alia, adherence to international principles of responsible recruitment, including the employer pays principle which involves aspects such as waiving recruitment fees and costs charged to workers, providing clear and transparent employment contracts, and access to free dispute resolution and effective remedies. Employees receive regular training on the code of conduct and other compliance topics. In the reporting year, a general human rights training was developed and communicated digitally to employees in Germany. The training focuses on aspects regarding modern slavery and human trafficking explaining the relevant documents and policies of VARTA. Relevant employees have received dedicated training on dealing with human rights issues focusing on procurement practices in the supply chain. Integrating sustainability criteria into procurement processes to continuously minimise risks is an ongoing process. As part of the Workplace Conditions Assessment in 2022 at all production sites and a follow-up audit at the headquarter in 2023, topics such as forced and compulsory labour were examined. No concerns were identified, and no complaints were received regarding these issues via grievance mechanisms. If a violation of human rights or environmental duty has occurred or is imminent in VARTA's operations, VARTA will take immediate and appropriate remedial action to prevent, stop or minimise the extent of the violation. The type and scope of the measures taken depend on VARTA's contribution to the cause and its ability to exert influence.

Value chain

VARTA expects that the values put forth in this policy which are based on international frameworks, are supported and adhered to by all stakeholders. These stakeholders include its business partners as well as their business partners. VARTA therefore places the same requirement on business partners as it does on its own company and would like to work jointly with them to meet the standards. For this reason, VARTA has integrated the [VARTA Supplier Code of Conduct](#) into its contracts and expects suppliers to commit to these principles and to pass the requirements onto their business partners. An essential component of the VARTA Supplier Code of Conduct is compliance with the amfori Code of Conduct and its associated principles. For that reason, the requirements demanded by amfori BSCI are also shared with business partners such as suppliers and service providers. VARTA uses audits as a contribution to support due diligence processes. The company checks compliance with these principles by carrying out amfori BSCI audits on particularly high-risk suppliers. The adherence to the principle of "No bonded labour, forced labour or human trafficking" is also verified by various aspects within the scope of the audit. In the event of violations, appropriate improvement measures are initiated: As a follow-up to the audits, suppliers with findings are asked to submit corrective action plans to ensure improvement in their audit performance. Progress of the actions is reviewed at regular intervals. In addition, sustainability issues are also checked at suppliers as part of quality audits.



VARTA also obtains information about suppliers through queries in the supply chain and utilises this information to discuss potential improvement and development with them. In particular suppliers at potentially increased risk related to forced labour and modern slavery were asked to provide information on their company and supply chains. Training on human rights and environmental topics is provided to suppliers via the platform of the Responsible Minerals Initiative (RMI).

VARTA utilises several minerals in its production process. Some of these minerals are classified as "conflict minerals" and represent a particularly high sustainability-related risk. For this reason, VARTA monitors the sustainability practices of key stakeholders in the supply chain for 3TG (tin, tantalum, tungsten, and gold) and cobalt. VARTA also strives for transparency for further critical minerals and intermediate products of active materials such as aluminium, graphite, copper, lithium, manganese, nickel, and zinc. A thorough due diligence management system has been implemented in accordance with the OECD Due Diligence Guidelines for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Further details can be found in the [due diligence report](#). To manage raw materials responsibly, VARTA has joined the Responsible Minerals Initiative (RMI). The RMI provides companies with resources and tools (e.g. reporting templates, supplier trainings) to support the responsible sourcing of minerals in the supply chain. Furthermore, VARTA evaluates smelters and refiners, with audits performed by the RMI in accordance with the RMAP standard. The standard examines, among other things, the internal management system and mechanisms for identifying and assessing risks in the smelter supply chain. To meet the requirements of RMAP, companies must address risks commonly associated with the extraction, transport and trade of minerals from CAHRAs. This includes all forms of torture, cruel, inhuman and degrading treatment, and any form of forced or compulsory labour. If a violation of a human rights or environmental obligation occurred at a direct supplier or is imminent, VARTA will immediately take appropriate remedial measures to prevent or end this violation or to minimise the extent of the violation's impact. If termination of the breach is not possible in the foreseeable future, VARTA will develop a scheduled plan to terminate or minimise the breach. In the event of a very serious breach, where agreed measures do not provide a remedy, no mitigating means are available and/or VARTA's ability to exert influence is insufficient, VARTA reserves the right to suspend or terminate the business relationship. In the event of an identified or imminent violation of human rights at indirect suppliers, possibilities to develop a remedy on the part of VARTA will be examined. The type of the measures taken depend on the causation contribution and VARTA's ability to influence.

Grievance mechanism

Information on misconduct, in particular violations of applicable laws and internal instructions and procedures, can be reported via the anonymous whistle-blower system at <https://varta.integrityline.org/>. Anybody including VARTA employees have the right to make complaints. Depending on their location of employment, VARTA employees further have access to other internal grievance tools, such as contact persons responsible for compliance, open mailboxes and works councils. Whistleblowers are subject to special protection and have no fear of retaliation, discrimination, or intimidation as a result of their disclosure by VARTA. Additionally, the RMI and amfori BSCI initiatives offer additional grievance mechanisms, which are publicly accessible and address the deeper supply chain in particular.

Review of effectiveness and continuous development

The implementation of human rights due diligence is a continuous process which requires regular review. All measures described for the fulfilment of due diligence obligations, including the risk analysis as well as the policy statement itself, are subject to an annual and an ad hoc review regarding their topicality, effectiveness and efficiency and are revised if necessary. The review is based on in-depth knowledge and experience and is continuously developed with the involvement of various stakeholder groups and indicators. VARTA continuously monitors the impact of its business activities on respect for human rights and reports to employees and external stakeholders through this policy statement and other formats.

Documentation and reporting

For further information on activities to uphold and promote human rights please refer to the [Human Rights Policy Statement](#) and the annual [Sustainability Report](#).



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