

## **Policy Statement of diconium digital GmbH**

on Compliance with Human Rights and Environmental Due Diligence Obligations in Accordance with Section 6 (2) of the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG)

### **Introduction**

diconium is a global company headquartered in Germany, specializing in the development of software delivery organizations. We focus on digital sales solutions, software-defined products, cybersecurity, and AI transformation – from strategy to managed services.

As a globally operating company and part of the Volkswagen Group, we are aware of our responsibility to respect human rights and fulfill our human rights and environmental due diligence obligations. This commitment sets the standard for our business conduct throughout our supply chain.

diconium comprises diconium digital GmbH as the obligated entity under the LkSG, along with its subsidiaries within its own business area as defined in Section 2 (6) LkSG.

As a wholly owned subsidiary of Volkswagen Group Beteiligungen GmbH, diconium digital GmbH is closely integrated into the Volkswagen Group and its organizational structures. In the following, references to "diconium" include all companies within the diconium Group's own business area. Where a topic specifically refers to diconium digital GmbH as the obligated entity, it is referred to as "diconium digital GmbH."

In 2024, diconium digital GmbH is subject to the independent reporting obligation under the LkSG for the first time. The strategic human rights goal of both the Volkswagen Group and diconium digital GmbH is the comprehensive and best possible fulfillment of the legal obligations arising from the Act.

diconium is committed to implementing all legal requirements for the financial year 2024 and beyond in a timely and complete manner.

Over the coming years, we will continuously review and improve our initial LkSG-related risk management and expand it to include additional strategic objectives and protected legal positions, with the goal of preventing any risks to the legal positions protected under the LkSG arising from our business activities.

In the following, we outline the procedure by which diconium digital GmbH complies with its obligations under Section 4 (1), Section 5 (1), Section 6 (3)–(5), and Sections 7 to 10 LkSG. We also describe the prioritized human rights and environmental risks identified through our risk analysis, with reference to the conventions listed in the Annex to the LkSG. Finally, we set out our human rights and environmental expectations for our employees and suppliers in the supply chain.

## **1. Establishment of a Risk Management System – Section 4 LkSG**

diconium is part of the Volkswagen Group and closely integrated into its organizational structures. Within the Volkswagen Group and diconium, clear responsibilities have been established based on the "Three Lines Model" as the organizational framework for a holistic Governance, Risk, and Compliance (GRC) Management System to manage corporate risks, including those related to the protected legal positions under the LkSG.

The first line consists of operational departments and functions responsible for day-to-day business. In their operational activities, they encounter risks, including those affecting LkSG-protected legal positions, which they are expected to identify early, analyze, and actively manage through suitable preventive measures. Relevant areas within our own business operations in terms of human rights and environmental due diligence obligations under the LkSG include especially People & Organization (P&O), Procurement, Real Estate, as well as Occupational Health and Safety.

The second line consists of advisory departments. With regard to LkSG-protected legal positions, these include primarily Legal & Compliance, Risk Management, Sustainability, HR Compliance, Quality Management, and Corporate Security. These departments are responsible for ensuring compliance with regulatory processes and advising and supporting operational areas in their risk management efforts.

The third line is formed by the Internal Audit department, acting as a comprehensive and independent audit function.

In addition to the above-mentioned structures, Volkswagen AG established the independent and exclusive function of the Human Rights Officer (HRO) on August 1, 2022. Positioned between the second and third lines within the Three Lines Model, this function serves as a continuous control, monitoring, and advisory body. It complements the comprehensive risk management system in accordance with the LkSG.

The HRO unit within Volkswagen AG operates with an organizational structure that includes regionally focused and strategic cross-functional roles. Its main responsibilities, as defined by Section 4 (3) LkSG, include monitoring, reviewing, and advising the Group Board of Management. Furthermore, the Group Board of Management has delegated to the HRO the tasks of internal and external communication and reporting related to the LkSG, as well as coordinating LkSG compliance and the preparing a policy statement at Group level (Sections 10, 6 LkSG).

The HRO reports directly to the member of the Group Board of Management for Finance/CCO of Volkswagen AG, whose division does not include any first or second line areas monitored by the HRO.

By resolution of the Group Board dated June 24, 2022, the HRO was appointed Human Rights Officer pursuant to Section 4 (3) LkSG for the entire own business area pursuant to Section 2 (6) LkSG, including Volkswagen AG and other reporting entities within the Group. The resolution also states that reporting entities of the Volkswagen Group may appoint their own Human Rights Officers pursuant to Section 4 (3) LkSG in addition to the HRO. This decision was subsequently incorporated into a Group policy that governs the distribution of responsibilities.

The HRO also assumes the function of Human Rights Officer for diconium. In addition, the Compliance & Integrity department at diconium coordinates the implementation of LkSG-related obligations.

## **2. Risk Analysis Procedures in own Operations and at Suppliers – Section 5 LkSG**

### **a) Risk Analysis in own Operations**

Risk analysis within diconium's own operations is conducted in two steps. First, abstract risks were identified, particularly those related to specific industries/business models and country-specific risks. Following this, the respective expert departments of Volkswagen AG conducted a questionnaire-based specific risk analysis at diconium. This included the group functions HR Compliance, Group Occupational Health & Safety, Group Environmental, and Group Security. The questionnaires were reviewed for plausibility by the responsible diconium departments and answered by diconium and its subsidiaries within its own business area. The responses were then forwarded to the respective Volkswagen Group departments.

The feedback was analyzed, and the significant risks to the positions legally protected under the LkSG were derived and aligned with the relevant diconium departments. The overall process was supported and methodologically guided by diconium's Compliance & Integrity department.

As part of this risk analysis, no prioritized human rights or environmental risks were identified within diconium.

### **b) Risk Analysis of Suppliers**

In 2024, diconium applied a risk-based approach to analyze its suppliers in the supply chain in order to identify potential risks and prioritize them for further action.

An abstract risk analysis was first conducted by combining country-specific and industry-specific data to identify potentially high-risk areas within the supply chain. This process involved identifying country risks concerning human rights and environmental goods and further specifying these by considering sector-specific risks. Based on the identified risks, suppliers were categorized into low, medium, or high risk exposure levels. In a second step, the findings from the abstract analysis were used to conduct a specific risk assessment. Suppliers with high-risk exposure were subjected to a more detailed risk analysis and, if necessary, appropriate remediation measures were implemented. diconium is also integrated into the Group Procurement's risk analysis processes.

In 2025, the supplier risk analysis will be further developed by both diconium and Group Procurement.

The continuous development of these procedures ensures a sustainable and transparent evaluation of the supply chain.

### **3. Preventive Measures in own Operations and at Suppliers – Section 6 LkSG**

#### **a) Preventive Measures in own Operations**

In 2023 and 2024, individual departments within the first and second lines of the Three Lines Model began addressing risks relating to the interests legally protected under the LkSG based on their professional assessment by implementing appropriate preventive measures.

For instance, the HR Compliance department revised the relevant policy and introduced fundamental measures to prevent human rights violations against employees. Existing measures were also expanded to focus more strongly on human rights protection. The revised policy was approved by the Volkswagen Group Board of Management on September 26, 2023, and implemented throughout the Group, including at diconium. The Group Environmental department expanded its Environmental Compliance Management System (ECMS) in 2023 to include LkSG-relevant risks and advanced its Group-wide implementation. diconium introduced its own ECMS in 2024. diconium has developed and rolled out a mandatory training on the LkSG for all employees worldwide. Participation rates are tracked through monthly reporting. For 2025, it is planned to incorporate the results of the internal risk analysis into the development and establishment of further preventive measures.

#### **b) Preventive Measures at Suppliers**

diconium assumes responsibility for sustainable environmental protection and compliance with social standards – particularly human rights – throughout its business activities and value chain. This responsibility also applies to its supplier relationships, with the aim of continuously improving suppliers' sustainability performance and fulfilling due diligence obligations across the supply chain. To this end, diconium, together with Group Procurement, has established various preventive measures:

Suppliers are made aware of and trained on relevant topics. This includes the standard contractual integration of the Code of Conduct provisions in supplier agreements. Additionally, LkSG-specific contractual clauses are in place and applied during negotiations when a business partner has an elevated risk profile or refuses to acknowledge the Code of Conduct for Business Partners. Depending on the identified risk level, suppliers may receive training, including content-specific sessions. Furthermore, internal awareness-raising and qualification measures have been implemented – and are planned to be continued – to ensure that employees in the procurement organization are trained on supply chain sustainability. In cases of heightened supplier risk, media screenings and on-site audits are planned to identify and mitigate potential risks. These measures were implemented in collaboration with Group Procurement. It is planned to integrate the results of the supplier risk analysis – with improved scope and methodology – into the development and establishment of further preventive measures.

## **4. Remedial Action Procedures – Section 7 LkSG**

### **a) Remedial Measures in own Operations – Section 7 (1) LkSG**

If it is determined that a human rights or environmental obligation has been violated within diconium's own operations, appropriate remedial measures are taken immediately to prevent, end, or minimize the extent of the violation.

As of the date of this declaration in 2024, no violations of human rights or environmental obligations have been identified at diconium. It is planned to incorporate the Group's existing experience in developing and embedding remedial measures for any future incidents.

### **b) Remedial Measures for Direct Suppliers – Section 7 (2) LkSG**

If it is determined that a human rights or environmental obligation has been violated by a direct supplier, appropriate remedial measures are taken immediately to prevent, end, or minimize the extent of the violation.

As of the date of this declaration in 2024, no such violations have been identified among diconium's direct suppliers.

It is planned to channel past experience of Volkswagen Group into developing and embedding remedial measures for any future incidents.

## **5. Complaints Procedure – Section 8 LkSG**

For diconium, it is of fundamental importance that risks, violations, and even suspicions can be reported to us worldwide in an accessible and unhindered manner. A functioning complaints mechanism is therefore essential. Volkswagen Group has established a Group-wide, interdisciplinary reporting system that is independent, impartial, and confidential, offering various reporting channels for internal and external complaints. diconium is connected to the Volkswagen AG whistleblower system.

This system enables not only employees but also third parties—such as business partners, customers, or affected individuals—to report grievances globally. It also allows for reporting of human rights or related environmental violations, whether they occur at diconium or along the supply chain. The whistleblower system is accessible 24/7, both internally and externally, and allows information to be submitted (anonymously, if desired) via telephone, email, web platform, mail, voice recording, app, or in person. Reports can also be submitted to external legal counsel (ombudspersons).

All incoming reports are treated confidentially. The whistleblower system and its defined procedural principles ensure that whistleblowers do not suffer any disadvantages as a result of their reports. Those responsible for handling and investigating reports are obligated to act impartially and maintain confidentiality. They perform their duties independently and without being bound by instructions.

All reports and substantiated suspicions of potential human rights and environmental violations and risks are processed in a transparent, balanced, and comprehensible manner for all parties involved. Reports concerning suppliers are handled by Group Procurement under the so-called Supply Chain Grievance Mechanism. A procedural guideline has been established for the complaints process and is published on both Volkswagen AG and diconium websites.

This procedural guideline, along with a general process description and the reporting channels for whistleblowers, is also published on the diconium website.

## **6. Procedure for Taking Action Regarding Indirect Suppliers – Section 9 LkSG**

If there are actual indications suggesting that a human rights or environmental obligation may have been violated by an indirect supplier (substantiated knowledge), a case-specific risk analysis is conducted immediately in accordance with Section 5 (1)– (3) LkSG. If necessary, appropriate preventive and remedial measures are taken against the responsible parties.

## **7. Procedure for Documentation and Fulfilment of Internal and External Reporting Obligations – Section 10 LkSG**

To ensure transparency regarding the actions taken, and to track identified risks or violations, activities are documented within the responsible departments of the first and second lines.

The Human Rights Officer (HRO) monitors compliance with the due diligence obligations required by the Supply Chain Due Diligence Act (LkSG). The coordination of the annual external report to the Federal Office for Economic Affairs and Export Control (BAFA) in accordance with Section 10 (2) LkSG is managed by the HRO of Volkswagen AG on behalf of all reporting Group entities, including diconium. This ensures that the reporting obligations and subsequent publication obligations are fulfilled in a timely and complete manner.

The department responsible for LkSG compliance at diconium (Compliance & Integrity) ensures that its management and supervisory bodies are informed in an adequate manner according to Section 4 (3) Sentence 2 LkSG.

## **8. Definition and Integration of diconium's Human Rights Expectations Toward Employees and Suppliers**

We acknowledge and actively embrace our social responsibility. Respect for human rights is a core concern for us. We are convinced that sustainable business is only possible through ethical and responsible conduct.

We stand for individual freedom, fair working conditions, open global trade, economic development, and peaceful coexistence. In all our global business activities, we strive to ensure that our values are upheld and that our human rights and environmental expectations are respected.

We expect the same from our business partners. Accordingly, our due diligence obligations under the LkSG extend to both our employees and our entire supply chain.

We have embedded these expectations into all relevant business processes and internal and external policies—for example, our Code of Conduct, internal guidelines, Code of Conduct for Business Partners, LkSG training programs, contractual provisions with business partners, and this policy statement.

Our Code of Conduct and mandatory LkSG training programs for all employees specifically address the risks of forced labor, slavery, child labor, and discrimination. They clearly define our responsibilities and expectations. These instruments reinforce diconium's responsibility and that of its employees as members of society, business partners, and workplace participants.

Respect for human rights along our supply chains and the continuous reinforcement of these rights are also top priorities in our supplier relationships. Through our Code of Conduct for Business Partners, we define our expectations regarding the standards we expect them to uphold. We further expect them to communicate these standards along their own supply chains.

Stuttgart, June 12, 2025

On behalf of diconium digital GmbH

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