

## Statement

### **Business & Human Rights Resource Centre | snapshot benchmark assessing the human rights policies of the 20 largest German companies**

The Volkswagen Group welcomes the increased interest in the dynamic field of business and human rights and the new depth of benchmarks and ratings. We thus appreciate the snapshot benchmark by the Business & Human Rights Resource Centre, and support the upcoming Corporate Human Rights Benchmark (CHRB).

We highly welcome an intensive dialogue with our stakeholders: Our own employees, customers, suppliers, business partners and our local neighbours are essential for this dialogue. This also includes a constructive exchange with organizations representing social interests. This is underlined by an ambition not only to be a responsible corporate citizen but also to achieve insights into external perceptions of Volkswagen's own activities.

The Volkswagen Group is currently formally integrating its group-wide human rights due diligence approach into its compliance management system. We acknowledge our corporate human rights responsibility especially in line with the UN Guiding Principles for Business & Human Rights. Here, we also build upon a long tradition for example in the area of good working conditions together with our social partners. The so-called "international bill of human rights" and the ILO core conventions form the material basis for our human rights due diligence. At the same time, we pay close attention to the new legislative trends in the area of business & human rights. For example, you can access our most recent statement under the UK Modern Slavery Act ([https://www.volkswagenag.com/presence/nachhaltigkeit/documents/policy-intern/SHTS\\_2019\\_englisch\\_unterschrieben.pdf](https://www.volkswagenag.com/presence/nachhaltigkeit/documents/policy-intern/SHTS_2019_englisch_unterschrieben.pdf)).

In Germany, we actively support the National Action Plan for Business and Human Rights.

We make sure that our internal policies address business & human rights issues. Our Code of Conduct ([https://www.volkswagenag.com/presence/konzern/documents/Verhaltensgrundsätze\\_Group\\_EN\\_V2019.pdf](https://www.volkswagenag.com/presence/konzern/documents/Verhaltensgrundsätze_Group_EN_V2019.pdf)) and our Code of Conduct for Business Partners ([https://www.volkswagenag.com/presence/nachhaltigkeit/documents/policy-intern/2019\\_Code\\_of\\_Conduct\\_for\\_Business\\_Partners-DE-EN.pdf](https://www.volkswagenag.com/presence/nachhaltigkeit/documents/policy-intern/2019_Code_of_Conduct_for_Business_Partners-DE-EN.pdf)) do so as well as our Social Charter (<https://www.volkswagenag.com/presence/nachhaltigkeit/documents/policy-intern/2002-2012%20Declaration%20on%20Social%20Rights%20EN.pdf>).

Risk management is one of our main focus points in order to increase transparency on business & human rights in the Volkswagen Group, and in order to prevent and mitigate risks. For this, we have identified the current business & human rights salient issues in the areas of labor, tolerance, and personal security: No forced and child labor, freedom of association and collective bargaining, good working conditions, non-complicity with any unlawful actions, safeguarding personal security, no discrimination, tolerance of different viewpoints and their respectful expression, diversity and protection of vulnerable groups. We are in the process of assessing risks in our Group and identifying respective compliance measures.

In January 2019, our Group Board assigned a business & human rights coordinator. Additionally, roles and responsibilities between various units have been defined with a stocktaking exercise. A working group serves the purpose of joint coordination. More details can be found for example in our most recent sustainability report (<https://www.volkswagenag.com/en/sustainability/reporting.html>).

For companies like Volkswagen, human rights risks may lie in our supply chains. We are developing specific processes for our supply chains under the umbrella of our group-wide human rights due diligence system. For the part of our activities that are still in process, we can build upon a solid base of risk management especially with our first-tier suppliers. Our expectations and requirements towards our suppliers' business conduct are set up in the Code of Conduct for business partners. They are obligatory for our suppliers. Volkswagen Group checks suppliers' compliance with the requirements via the so-called Sustainability Rating (S-Rating). Part of the S-Rating process is a country risk score, a self-assessment questionnaire and, in case of a higher risk exposure, an on-site check. Awarding of suppliers is generally not possible if suppliers do not comply with our requirements.

In order to further develop our risk management, we are, in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, setting up processes to systematically identify, prioritize, and manage our risks. We are constructively working with our suppliers to improve their sustainability performance and support our activities in the n-tier supply chain. We are thus hosting regular workshops and trainings sessions to improve capacities and align our approaches.

Among our most relevant issues are potential negative impacts in our raw material supply chains. Part of our human rights due diligence for the supply chain will thus be a raw material due diligence system allowing us to specifically improve the sustainability of our supply chains in accordance with the OECD Due Diligence Guidance for Responsible Mineral Supply Chains. Together with our current initiatives on raw material supply chain transparency this allows us to counter the risks in our n-tier supply chains. Our strategy in this regard also foresees to work directly with the mining companies and mining sites as we deem this a necessary prerequisite to prevent human rights abuses as much as possible.