

ESG Conference

April 9, 2024

Supply Chain Due Diligence

April 9, 2024/ Daniel Göhler

Disclaimer

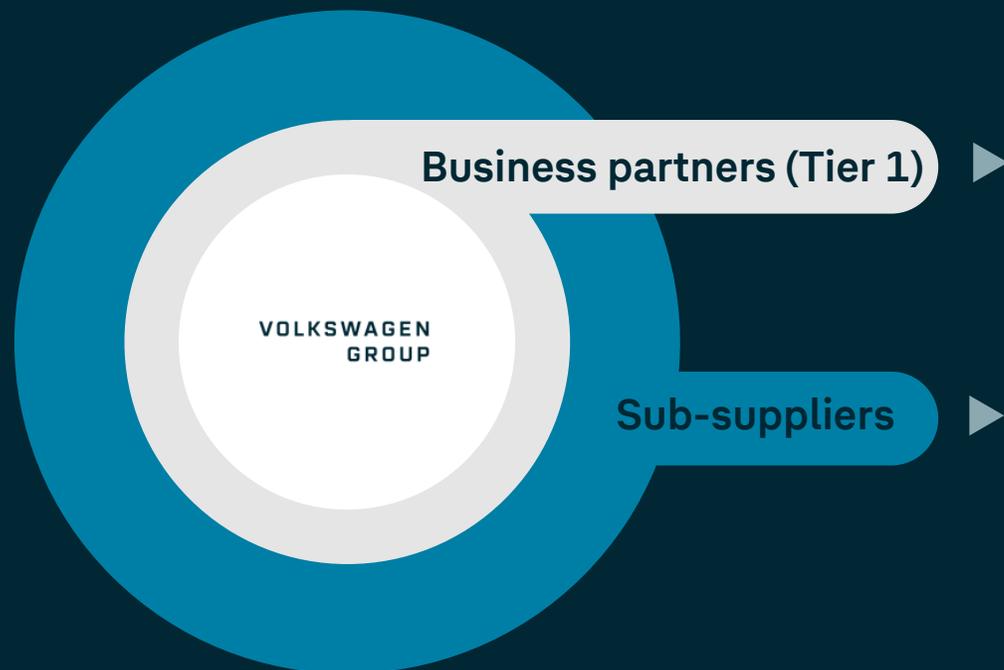
The following presentations as well as remarks/comments and explanations in this context contain forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and actual developments may differ from those forecast. All figures are rounded, so minor discrepancies may arise from addition of these amounts. At the time of preparing these presentations, it is not yet possible to conclusively assess the specific effects of the latest developments in the Russia-Ukraine conflict on the Volkswagen Group's business, nor is it possible to predict with sufficient certainty to what extent further escalation of the Russia-Ukraine conflict will impact on the global economy and growth in the industry in fiscal year 2024. Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates, energy and other commodities or the supply with parts relevant to the Volkswagen Group will have a corresponding effect on the development of our business. In addition, there may also be departures from our expected business development if the assessments of the factors influencing sustainable value enhancement and of risks and opportunities presented develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business. We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded. This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

6th Group ESG Conference Supply Chain Due Diligence

09.04.2024 | Daniel Göhler

CLASSIFICATION: EXTERNAL

Volkswagens global supply chains – high complexity, huge impact



- **> 59.000** direct business partner locations in more than **90** countries
- Estimated **> 500.000** active part numbers with different supply chains

- For one assembly part, more than **1.000 sub-suppliers** possible
- **Up to 9 levels** between direct business partner of Volkswagen and raw material extraction possible based on current experience
- Currently, **full supply chain transparency** due to complex and volatile supply chains **not possible**
- Possibility of **continuous supply chain tracking until Tier-n level not given**

Sustainability in the supply chain: Our focus areas



SOCIAL

- Focus:
**Human rights &
Responsible raw
material sourcing**



ENVIRONMENT

- Focus:
**Decarbonisation &
Circular economy**



COMPLIANCE

- Focus:
Anti-corruption



Our network of sustainability experts across the VW Group

>110

SUSTAINABILITY
EXPERTS

The Sustainability Procurement Network in our brands and regions entails more than 110 experts from five continents.



Today's Focus

SOCIAL



ReSC System

Responsible Supply Chain System

Focus direct business partners

RMDDMS

Raw Materials Due Dilligence Management System

Focus high risk n-Tier suppliers / Covers 18 priority raw materials

SOCIAL



ReSC System

Responsible Supply Chain System

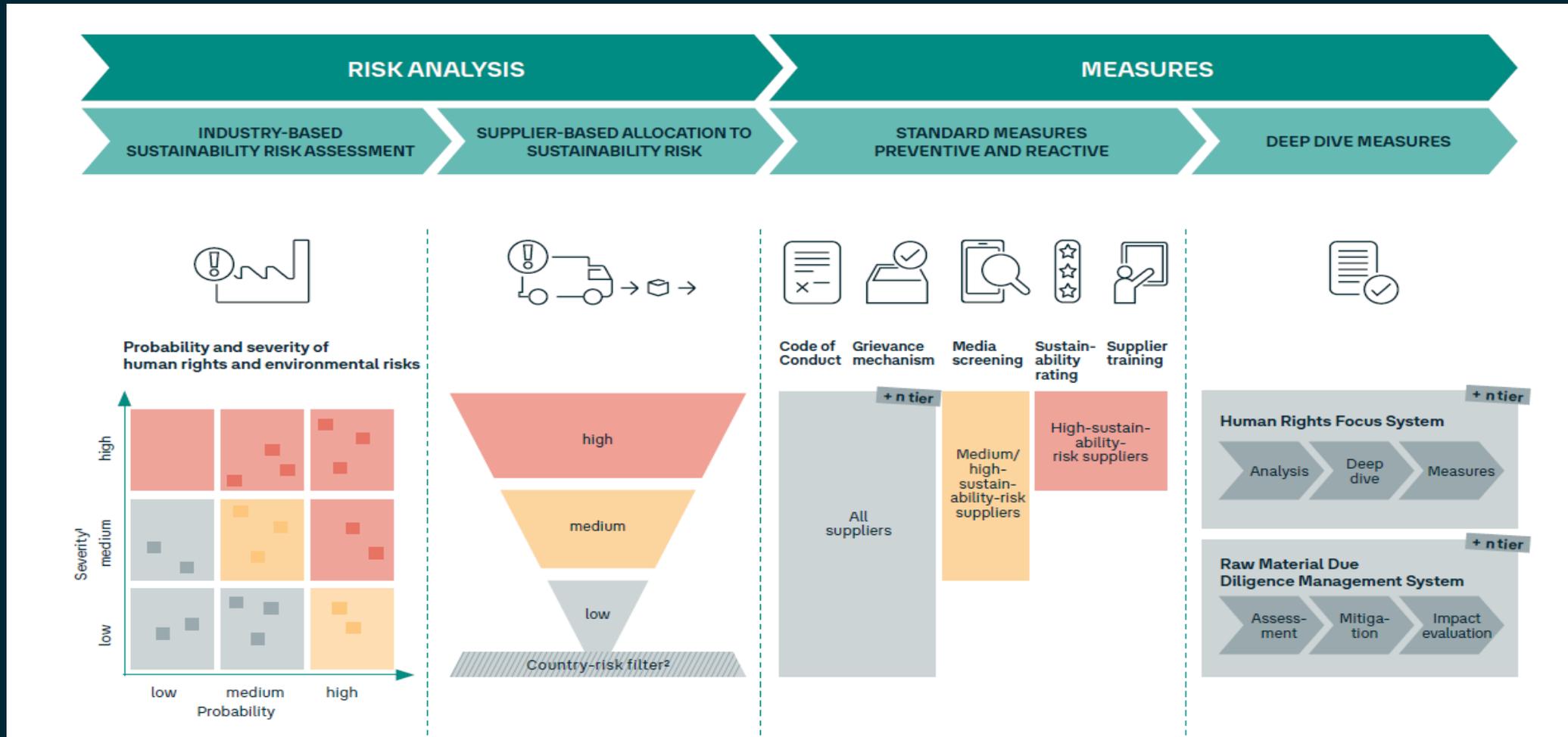
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ReSC - Responsible Supply Chain System



The process and groupwide responsibility is in detail described in a Group Policy, process documents and Handbooks.

ReSC - Supply Chain Grievance Mechanism (SCGM)

The purpose of the Supply Chain Grievance Mechanism is to process:

Hints of risks or violations concerning human rights or environmental topics in Volkswagens supply chain

A

Hint about violation against Code of Conduct received

- Check, whether a business relationship exists (active turnover)
- Determination of responsibility between brands
- Examination of the plausibility of the allegation

B

Processing

- Communication with supplier (e. g. request of documents & statements)
- Assessment of response; in some cases, further assessment (e.g. via audits)
- Definition and tracking of measures

C

Case Closure

- Measures completed
- Process review
- Final documentation

Responsible: SCGM Team Group Procurement Sustainability and Group Compliance or responsible SCGM teams of the brands

Support: *Subject matter experts (e. g. Environmental, Legal, Group Logistics)*

ReSC - Mediascreening

Tool to facilitate global risk detection

more than **30.000**
supplier locations are
screened on a daily basis

Public news & social
media

Roll-out of suppliers
started in December
2022, new suppliers
are added
continuously

> 150 countries
> 50 languages

~40 event types in categories:
Environment, Governance, Health & Safety,
Human Rights und Labor Rights



Prewave

2020-10-30 Environmental Environmental Risk Alert at Supplier
MORE INFO 3 days ago at 16:30

2020-11-23 Social Social Risk Alert at Supplier
MORE INFO 2 days ago at 19:45

2020-09-23 Governance Governance Risk Alert at Supplier
MORE INFO 7 days ago at 22:00

ReSC - Trainings for buyers and suppliers

DIFFERENT OFFERS OF TRAINING FORMATS FOR SUPPLIERS

1.

Workshop Human Rights Due Diligence: Training introduces the elements of a human rights management system and elaborates on implementation into business practice

2.

eLearning CoC for business partners: Introduction to the requirements the Volkswagen Groups sets for a successful partnership with suppliers – as fixed in the Code of Conduct for Business Partners

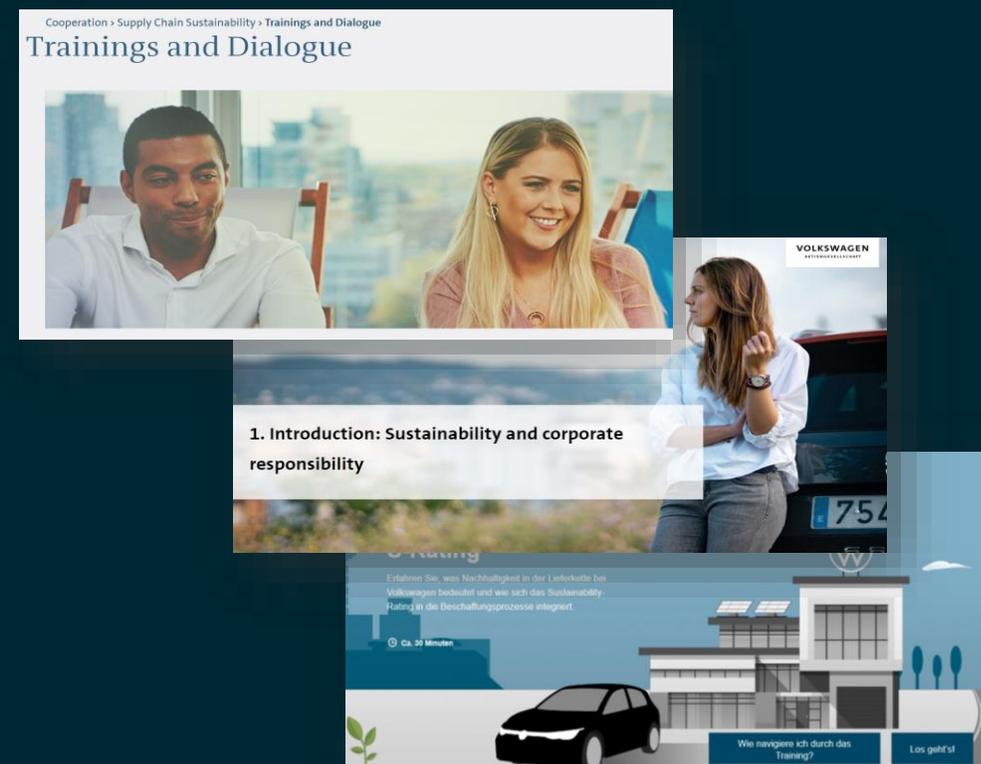
3.

eLearning Introduction to sustainability in supplier relations: (conducted by Drive Sustainability): Introduction to sustainability incl. the modules: supply chain sustainability, sustainable sourcing, health & safety, environmental compliance.

4.

Webinar S-Rating Basics, Minimum Requirements, On-Site-Check: Overview S-Rating and the tools used for sustainability performance measurement.

In 2023 **7,791** suppliers were trained on sustainability globally



Supplier trainings have the aim to built capacities regarding sustainability performance and our sustainability requirements within our supplier base

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RMDDMS - Raw Materials Due Diligence Management System

1. Identify & assess risks; Operationalize approach
2. Measures as part of roadmaps for each priority raw material
3. Impact and communication

18 Priority Raw Materials identified

>60 Raw material-specific measures

Roll Out of high sustainability standards

1 Due diligence management system

>15 Branch and/or sector initiatives

Local projects

Communication and public reporting

>20 RAW MATERIAL EXPERTS across our GROUP

Transparent yearly reporting about our progress in our Responsible Raw Materials Report

RMDDMS - Example Leather



Most severe environmental risks occur in the upstream supply chain

Leather Working Group Membership for transparency, standardization and certification

Specific requirements anchored in specifications

Collaboration and setting standards

INITIATIVE FOR RESPONSIBLE MIN: ASSURANCE



IRMA is the most robust ESG mining standard in the world

We are using the standard in our sourcings of raw materials from mine sites and are involved initiative.

RESPONSIBLE MINERALS INITIATIVE



Develop and implement certification schemes for cobalt and the conflict minerals tantalum, tin, tungsten and gold (3TG)

Offer training materials for actors in the upstream supply chain

DRIVE SUSTAINABILITY



Develop and introduce standardized risk assessment tools (e. g. questionnaires, Raw Material Outlook)

Development and introduction of **training and educational opportunities**

Global Platform for Sustainable Natural Rubber (GPSNR)



Unites stakeholders and drives socioeconomic and environmental improvements in the NR supply chain, e.g. the Shared Responsibility Framework, EU Deforestation Regulation, and increased transparency

OTHER INITIATIVES

VDA

Aluminium Stewardship Initiative

Leather Working Group

Global Battery Alliance

CopperMark

Responsible Mica Initiative

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**Sustainable supply chain management
is a journey –
let's shape responsible and sustainable
value chains for future generations –
together!**

More information are available here: [Supply Chain Sustainability \(vwgroupsupply.com\)](https://www.vwgroupsupply.com)