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Volkswagen Group publishes third Responsible Raw Materials Report

- Annual report on progress in transparency and risk mitigation in raw material supply chains
- Focus on human rights risks by the appointment of a new Human Rights Officer
- Highlights in 2022: Joining the “Initiative for Responsible Mining Assurance” (IRMA), the “Leather Working Group” (LWG) and “The Copper Mark” advisory council

Wolfsburg, July 14, 2023 – This year’s Responsible Raw Materials Report focuses on adjustments to the existing management systems and processes in line with the Supply Chain Due Diligence Act, which has been valid since January 1, 2023, and the introduction of the Responsible Supply Chain System (ReSC). An important component of this is the newly implemented Human Rights Focus System (HRFS). This is intended to identify particularly high risks in connection with human rights violations and the environment to enable quick and appropriate actions. Furthermore, Dr. Kerstin Waltenberg has been appointed Human Rights Officer primarily to check compliance with human rights due diligence.



Aerial view of open pit

“The Responsible Raw Materials Report highlights not only our progress in terms of transparency and risk mitigation in the raw material supply chains, but also outlines challenges. In doing so, we go well beyond our legal obligations,” says Dirk Große-Loheide, Member of the Brand Board of Management of Volkswagen responsible for Procurement and member of the Extended Executive Committee. “We take our responsibility for sustainable procurement of raw materials very

seriously and are continuously working with indirect suppliers in upstream supply chains – where the challenge is greatest. This is where our Raw Material Management System comes in: It comprises specific measures for identifying and mitigating risks in upstream supply chains.” Dirk Große-Loheide adds: “With the Responsible Raw Materials Report, we as a Group together with the brands Audi, Porsche, Scania and MAN are documenting our efforts and showing that sustainable procurement is possible. This report may also inspire others.”

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In 2022, another focus was on continuing the close cooperation with the battery suppliers and their suppliers – from the mine to the cell – in order to gradually increase transparency in what can be very complex supply chains, and to use audits to check that raw materials are sourced responsibly. With the foundation of the new battery company PowerCo SE and the first battery cell factory at the Salzgitter location, a deeper exchange with respective stakeholders took place in order to address human rights and environmental risks, and to push for the certification of certain mines.

As an important step in this direction, Volkswagen joined the “Initiative for Responsible Mining Assurance (IRMA)” in March 2022 and has dedicated itself to implementing the IRMA standards in its own battery supply chains on a step-by-step basis. IRMA is an alliance of nongovernmental organizations, unions, affected local communities, investors, mine operators and raw material customers with the goal of achieving better conditions in industrial mining.

Joining the Leather Working Group (LWG), an initiative for the sustainable procurement of leather, and election of MAN Bus & Truck to the advisory council of The Copper Mark are additional milestones for expanding the Group’s engagement in sustainable supply chains.

As the first automotive company, since 2021 the Volkswagen Group has reported publicly and voluntarily on the Group-wide measures for mitigating human rights and environmental risks in particularly at-risk supply chains in its own report. In line with the industry best practice, the report is oriented toward the five steps of the “Due Diligence Guidance for Responsible Business Conduct” from the OECD, and implements the requirements of the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”.

In the report, Volkswagen details its methodology and activities with regards to the Raw Material Management System for sourcing raw materials responsibly. The report covers 16 high-risk raw materials, including battery materials such as lithium and cobalt.

Since 2019, all relevant direct business partners of the Volkswagen Group must undergo a mandatory sustainability ranking, in which environmental and social standards are assessed on an equal basis with other criteria such as costs or quality. Since 2020, the Volkswagen Group has demanded full disclosure of the supply chain right down to the mine as part of all new contracts relating to battery raw materials.

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About the Volkswagen Group:

The Volkswagen Group, with its headquarters in Wolfsburg, is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The Group comprises ten core brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, CUPRA, ŠKODA, Bentley, Lamborghini, Porsche, Ducati and Volkswagen Commercial Vehicles. The passenger car portfolio ranges from small cars all the way to luxury-class vehicles. Ducati offers motorcycles. In the light and heavy commercial vehicles sector, the products range from pick-ups to buses and heavy trucks. Around 675,800 employees around the globe are involved in vehicle-related services or work in other areas of business. With its brands, the Volkswagen Group is present in all relevant markets around the world.

In 2022, the total number of vehicles delivered to customers by the Group globally was 8.3 million (2021: 8.9 million). Group sales revenue in 2022 totaled EUR 279.2 billion (2021: EUR 250.2 billion). The operating result before special items in 2022 amounted to EUR 22.5 billion (2021: EUR 20.0 billion).
