
Media information

NO. 416/2017

Volkswagen strengthens its rules to ensure sustainable, socially compatible raw material procurement

- **Board Member for Procurement Garcia Sanz: “We expect our suppliers to ensure maximum transparency and provide information on compliance with the agreed sustainability standards. We will consistently pursue any infringements or irregularities.”**
- **Expanded corporate guideline is a first key step in ensuring even better respect for human rights, social standards and a sustainable raw material supply chain.**

Wolfsburg, December 12, 2017 – The Volkswagen Group is currently engaging in intensive discussions with its suppliers to determine how the sustainability of the supply chain, especially for raw materials used in electric vehicles, can be improved. Specifically, the objective is to bring environmentally compatible vehicles onto the road that have been produced with respect for human rights and in accordance with environmental and social standards throughout the supply chain. This starts with raw material extraction and ends with the finished product. This is why the Volkswagen Group has made its corporate guideline more stringent and now requires greater transparency in raw material procurement from its suppliers.

Dr. Francisco Javier Garcia Sanz, Member of the Board of Management of the Volkswagen Group responsible for Procurement, said: “For us, sustainability and social responsibility do not start at our production plants but already in the raw material supply chain. This is why we are not limiting our activities to ourselves and our direct suppliers but are engaging in intensive discussions with all the parties concerned along the entire value stream. We will only succeed in eliminating irregularities in cooperation with our partners in industry. Transparency is an essential prerequisite.”

The automotive industry faces radical changes. E-mobility will become one of the predominant drive systems of the future. This development poses tremendous technological and infrastructure challenges for manufacturers. In addition, this transformation will call for further efforts on the part of all concerned to ensure observation of human rights and social standards for a sustainable raw material supply chain.

In a further step, the Volkswagen Group has extended its corporate raw material purchasing guideline to provide its suppliers throughout the world with even more precise and more

stringent rules. In addition to the previous requirements such as compliance with clearly defined working condition, environmental and safety standards as well as human rights, the guideline now explicitly forbids all forms of child labour and forced labour in the extraction of raw materials such as cobalt and mica.

“We expect our suppliers to ensure maximum transparency and provide information on compliance with the agreed sustainability standards. We will consistently pursue any infringements or irregularities,” said Garcia Sanz, adding: “To put it quite clearly, if any supplier or any subcontractor of any supplier does not adhere to these rules and initiate the necessary action, we will be forced to stop dealing with the supplier in case of doubt.”

Further activities of the Volkswagen Group include joint efforts together with partners from a number of industries within the Responsible Minerals Initiative (RMI) to develop approaches for the certification of cobalt smelting plants in order to make transparent the extraction conditions and the origin of this raw material for batteries. As a member of the Global Battery Alliance of the World Economic Forum, Volkswagen is working together with public and private partners to ensure the social and environmental compatibility of the value stream for battery raw materials. In February 2017, the Drive Sustainability Working Group of seven European automakers launched an initiative on raw materials with sustainability risks. The objective is to ensure compliance with sustainability standards in the raw material supply chain. Suppliers must identify their smelting plants and confirm that they comply with environmental and social standards.

Michael Bäcker, Executive Director Corporate Purchasing Electric/Electronic of the Volkswagen Group, said: “we are engaging in intensive dialogue with companies from the mine through to our direct suppliers. It is important to ensure that we share the same corporate goals and especially the same corporate values: all our potential partners must be committed to and implement transparency, compliance and sustainability. This is why we have allowed considerable time for individual meetings so that we can discuss this topic with all the parties concerned as equal partners and identify possible solutions. To date, the discussions held have been very constructive and have laid a good foundation for the next steps.”

Note to editorial offices: An interview with Dr. Garcia Sanz about transparency in the supply chain can be found on the corporate website: www.volkswagenag.com.



Volkswagen Group Communications | Press Spokesperson Procurement, Production and Sales

Contact Leslie Bothge

Phone +49-5361-9-215 49

E-mail leslie.bothge@volkswagen.de | www.volkswagen-media-services.com

