

Statement on visit to “SAIC Volkswagen (Xinjiang) Automotive”

Ralf Brandstätter, Member of the Board of Volkswagen AG for China, visited the plant “SAIC Volkswagen (Xinjiang) Automotive” on February 16th 2023 and reported on his visit:

- Since last year I had planned my visit to the site three times; however, local Covid-19 restrictions made it impossible for me to travel there. Now it is possible to travel again and I was on site in my capacity as Member of the Supervisory Board of SAIC Volkswagen.
- The focus of my visit to the plant of the joint venture SAIC Volkswagen in Urumqi was to get an idea of the conditions on site, to gather first-hand impressions and to talk to the employees.
- A first exchange with the plant management was followed by a plant tour. In the factory hall, I met with a large number of employees and had the opportunity for short discussions. Afterwards, I had a longer exchange with seven employees - from different ethnic groups - of the plant.
- The SAIC Volkswagen joint venture plant is located in an ordinary industrial area similar to other locations in China. The plant opened in 2013 and is the westernmost location of the joint venture. The plant has a paint shop, body construction and assembly. Currently, there is no production. Up to 10,000 vehicles per year are technically commissioned there. This includes chassis adjustment, electrical commissioning, in particular the calibration of the driver assistance systems, leak test, final quality conformity test and final quality acceptance. The vehicles are then delivered from the factory to dealers in the region. Demand for vehicles in the region is currently increasing which means that the capacity of the plant and its employees is well utilized. The SAIC Volkswagen plant doesn't source from suppliers in the region. There are currently no plans to resume vehicle production.
- The plant employs around 240 people; 29 percent belong to ethnic minorities. Around 17 percent of all employees are Uyghurs who are employed in technical professions and management. The number of employees has continuously gone down since 2016 due to changes in market conditions and later because of the effects of the pandemic and semiconductor shortage (The reduction was managed via job offers in other SAIC Volkswagen plants, retirement and severance offers); no new hiring is planned. All employees have been employed at the plant for more than 4 years; 76% have been employed between 8-10 years.
- I got the impression that the management pays a lot of attention to achieving a good working atmosphere. The management also emphasized that integration and cooperation are important topics for them. The signs in the factory are in three languages (Mandarin, Uyghur, English). There are two canteens, one of which offers halal food (where I had lunch). Sports facilities were created at the request of employees. Before the Covid-19 pandemic, many factory events took place, such as a family day. Such events will start again this year.
- The plant offers comprehensive qualification programs. Employees can work at other SAIC Volkswagen plants, be qualified there for a certain period of time and can build up specific expert knowledge. 190 employees have used such programs since 2015. The necessary qualification for current tasks is four weeks to six months. The proportion of ethnic minority

members who participated in this qualification program is almost equal to the proportion of minorities in the plant's workforce.

- Based on the information of SAIC, pay and social benefits at the plant are well above industry average in the region. The average salary at the plant is more than 30% above the average income and up to 50% higher than the income at competitors' plants in the region.
- Our partner SAIC is aware of the critical reports about Xinjiang. We agree with our JV partner SAIC that fundamental values and the law must be observed and respected within our joint ventures. SAIC also has a code of conduct and there is full agreement that we do not tolerate human rights violations. This also applies to the joint venture plant in Urumqi. Creating very good working conditions on site is one of the values we strive for.