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Media information

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Volkswagen Group commits suppliers to sustainability

- Sustainability rating for suppliers valid from 1st July 2019
- Focus on risks related to human rights, environmental protection, corruption

Wolfsburg, June 28, 2019 - As of 1st July 2019, the Volkswagen Group will introduce a worldwide Sustainability Rating for its suppliers. This enables the company to assess the sustainability conduct of its business partners in its supply chain with regard to risks relating to human rights, environmental protection and corruption.

Dr. Stefan Sommer, Board Member for Components and Procurement: "We are convinced that a sustainable supplier network is a guarantee of long-term corporate success. Sustainability is becoming a decisive business factor".

In a Sustainability Rating, the suppliers first provide a self-assessment of their sustainability conduct on the basis of a questionnaire and documents supplied. The data and documents are checked by qualified third parties. In case of doubt, on-site checks are carried out. If misconduct occurs in the areas of environmental/social affairs or corruption, these lead to exclusion from the award of contracts.

Hiltrud D. Werner, Board Member for Integrity and Legal Affairs, says about the enforcement of the standards in the often deeply staggered supply chains: "We are aware of our responsibility on further steps along the supply chain. However, the demand for sustainability standards and integrity is actually only possible with our direct contractual partners. We use this lever as a matter of priority in the supply chain by requiring our contractual partners to pass on our requirements to their partners."

The sustainability requirements are described in the Volkswagen Group's new "Code of Conduct for Business Partners", which is binding for all companies in the supply chain. It refers to respect for human rights, compliance with occupational health and safety, environmental protection and the fight against corruption.

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For almost a year now, the Volkswagen Group has been preparing its business partners for the Sustainability Rating with information, events and workshops. It is now being gradually introduced in the brands and into the regions. For the future it is planned to extend the Sustainability Rating to CO₂ emissions in the supply chain and to include them in the awarding process as part of the decarbonisation process of the Volkswagen Group.

Notes:

The "Code of Conduct for Business Partners" is <u>published here</u>.

The Sustainability Rating questionnaire is published here.

An interview produced by Volkswagen with Hiltrud D. Werner and Dr. Stefan Sommer on sustainability in the supply chain and integrity is <u>published here</u>.

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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 twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. 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 include ranges from pick-ups, buses and heavy trucks. Every weekday, 664,496 employees around the globe produce on average 44,567 vehicles, are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2018, the total number of vehicles supplied to customers by the Group globally was 10,8 million (2017: 10,7 million). The passenger car global market share was 12.3 per cent. In Western Europe 22.0 per cent of all new passenger cars come from the Volkswagen Group. Group sales revenue in 2018 totalled €235.8 billion (2017: €231 billion). Earnings after tax in 2017 amounted to €17.1 billion (2017: €11.6 billion).