

VOLKSWAGEN

AKTIENGESELLSCHAFT

Sustainability Rating (S-Rating)

FAQ

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Content

1 What is the S-Rating?.....	3
2 Will an S-Rating be required for all suppliers of the Volkswagen Group?	3
3 What parts does the S-Rating consist of?.....	3
4 What are the minimum requirements?	3
5 What do suppliers have to do?.....	4
6 How is the S-Rating affecting suppliers' existing relationship with Volkswagen Group?.....	5
7 For how long is the S-Rating valid? Can improvements be made in the short run?	5
8 How do suppliers notice if their sustainability performance resulted in a positive S-Rating?.....	5
9 Where can suppliers find additional information about the S-Rating?	5
10 Who can suppliers contact in case of questions regarding the S-Rating process?	6

1 What is the S-Rating?

The S-Rating stands for sustainability rating. It is an assessment of suppliers with regards to environmental, social and corruption risks. The evaluation is generally DUNS number based.

2 Will an S-Rating be required for all suppliers of the Volkswagen Group?

In general, the S-Rating is relevant for all suppliers*, especially for those who have a production site and/or supply machinery or tools as well as for suppliers from the areas of transport, logistics, chemicals and recycling services.

*The S-Rating is applicable to companies with more than 9 employees. Companies with 9 employees or less need to contact Volkswagen Group via email (s-rating@vwgroupsupply.com) in order to be released from the task. The BPDD process is not part of this exception.

3 What parts does the S-Rating consist of?

The S-Rating is based on the Self-Assessment Questionnaire (SAQ) on sustainable and social aspects that needs to be completed on the platform supplierassurance.com. As part of the S-Rating, Volkswagen Group has determined minimum requirements based on the Code of Conduct for Business Partners that must be met by all suppliers. A first risk evaluation is conducted based on the supplier's answers in the SAQ. Then, if gaps are identified an on-site check is needed at a supplier.

For selected suppliers it will be necessary to complete an in-depth check on corruption risks, where the supplier needs to answer additional questions. If suppliers are not asked to complete this additional questionnaire by the Volkswagen Group explicitly, there is no demand for action.

4 What are the minimum requirements?

The minimum requirements are the following:

- 1) Suppliers need to have a code of conduct implemented at their site.
- 2) Suppliers need to have a policy in place regarding human rights and working conditions, including at least the topics child labor and young workers, wages

and benefits, working hours, modern slavery, freedom of association and collective bargaining as well as harassment and non-discrimination.

- 3) Suppliers need to have a policy in place regarding health and safety, including at least the topics emergency preparedness, incident and accident management, workplace ergonomics and fire protection.
- 4) Suppliers need to have a policy in place regarding business ethics, including at least the topics corruption, extortion and bribery, privacy and conflicts of interest.
- 5) Suppliers need to have a policy in place regarding environmental sustainability, including at least the topics greenhouse gas emissions, energy efficiency and renewable energy as well as sustainable resources management and waste reduction.

Whether these requirements are met is checked with the help of the Self-Assessment Questionnaire (SAQ), which is already in use today to assess suppliers' sustainability performances. If the minimum requirements are not fulfilled, suppliers will be checked with an On-Site Check (OSC) conducted by a third party in order to obtain a S-Rating score. They are still expected to fulfill all the minimum requirements checked in the SAQ within 12 months after the first completion of the SAQ. In case of continued non-compliance with the minimum requirements after the period of 12 months, suppliers will obtain a negative rating and can thus not be nominated for further business.

5 What do suppliers have to do?

Suppliers are requested to complete an SAQ on the platform supplierassurance.com as soon as they register on the B2B platform. Additionally, Volkswagen Group and subsidiaries, may request the SAQ via e-mail.

The following points should be assured:

- Contact information on the B2B portals must be updated regularly to ensure that we are able to reach the correct contacts in a timely manner.
- The SAQ must be completed in time and with care as it will impact the ability to be nominated.

- A request for an on-site check requires direct communication with the auditing service provider to arrange an audit at short notice to obtain a score for the S-Rating.

6 How is the S-Rating affecting suppliers' existing relationship with Volkswagen Group?

An incomplete SAQ and inadequate on-site check will lead to an insufficient rating. Therefore, no further nominations at Volkswagen Group or its subsidiaries will be possible. That means that an insufficient rating prevents a new nomination in any of the Volkswagen Group brands. However, the rating can be adjusted on a daily basis. Suppliers are highly encouraged to implement measures to improve their sustainability performance and S-Rating.

7 For how long is the S-Rating valid? Can improvements be made in the short run?

The S-Rating will be valid for a maximum of six years. If action is necessary, the supplier is contacted. Proactively, suppliers can improve their SAQ score at any time.

8 How do suppliers notice if their sustainability performance resulted in a positive S-Rating?

Suppliers receive information about their completed SAQ and on-site check. They will obtain a score for their completed SAQ, which forms the basis for the S-Rating and obtain recommendations of how to improve their sustainability performance on supplierassurance.com.

A report with given answers and suggestions for improvement can be downloaded there.

In case an on-site check is conducted, suppliers will also receive a report in case deviations are detected. Suppliers are expected to define and implement a corrective action plan in due time. The fulfillment of measures is tracked.

We recommend suppliers, who attained low scores in the SAQ and on-site check, to contact us via a s-rating@vwgroupsupply.com to receive further details about their rating.

9 Where can suppliers find additional information about the S-Rating?

More information and FAQs concerning the SAQ and on-site check are provided on the [ONE.Konzern Business Platform](#) of the Volkswagen Group.

10 Who can suppliers contact in case of questions regarding the S-Rating process?

Suppliers are welcome to contact Volkswagen Group via s-rating@vwgroupsupply.com.