

VOLKSWAGEN

AKTIENGESELLSCHAFT

S-Rating Update

Online Training

K-BG-N – Sustainability Management

Group Purchasing

Classification: PUBLIC



Background information



“Antitrust law prohibits all anti-competitive agreements and other practices that have been agreed between companies. This includes, in particular, agreements about prices, market division, general terms and conditions, production volumes, etc. Just exchanging information relevant to competition, or even the unilateral disclosure of such information, is prohibited.”



Online Training Background information



Training opportunities

The online training course will be offered by Audi, MAN Truck & Bus, Volkswagen Mexico and Volkswagen AG on a rotational basis in English, German and Spanish. Please find upcoming training dates [here](#).

Questions

Please understand that it is not possible to ask questions during the presentation via the microphone function. For questions during the webinar, please use the Live Chat function.



For any other questions, please send an e-mail to the respective S-Rating e-mail address (please see next page).

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Online Training

Background information



Please send questions

- for Audi to: s-rating@audi.de
- for Bentley to: s-rating@bentley.co.uk
- for MAN Truck & Bus to: cr-purchasing@man.eu
- for Porsche to: sustainability-procurement@porsche.de
- for Scania to: supplier.sustainability@scania.com
- for Seat to: s-rating@seat.es
- for Skoda to: s-rating@skoda-auto.cz
- for Volkswagen to: s-rating@vwgroupsupply.com
- for Volkswagen de Mexico to: SiSR-VWM@vw.com.mx
- for Volkswagen Group China to: vgc_sustainability@volkswagen.com.cn
- for Volkswagen Group of America to: VWGoASustainability@vw.com
- for Volkswagen Group Russia to: s-rating@volkswagen.ru
- for Volkswagen Argentina to: proveedoressustentables@vw.com.ar
- for Volkswagen do Brasil to: sustentabilidade2@volkswagen.com.br

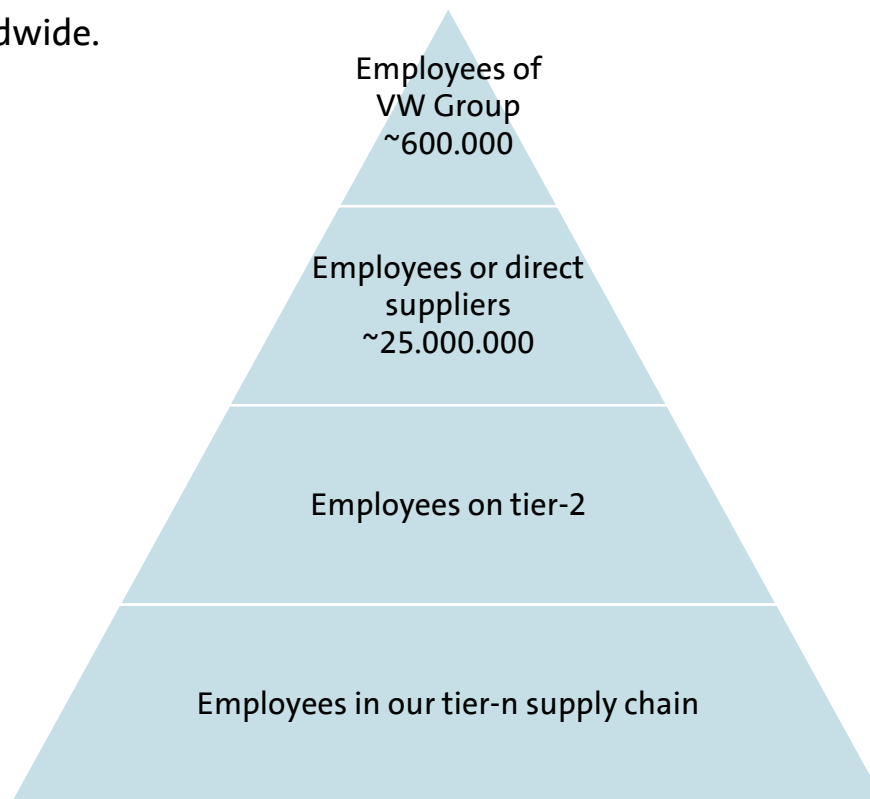
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Sustainability at Volkswagen Group

Our responsibility

The Volkswagen Group's products are responsible for **1-2%** of global CO2 emissions.

Volkswagen Group buys products and services from suppliers who employ around **25.000.000** people worldwide.



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Sustainability at Volkswagen Group

Our sustainability goals

It is our ambition to develop the mobility of the future – in a responsible, environmentally friendly and inclusive manner.

This includes:

- To simultaneously strive for economic, social and environmental goals in a way that gives them equal priority
- To create enduring value, provide good working conditions and a positive influence on human rights as well as handle the environment and resources with care
- To be CO2 neutral by 2050

We will only be able to reach these goals in close cooperation and partnership with our suppliers.



Code of Conduct for Business Partners

What are our expectations towards business partners?

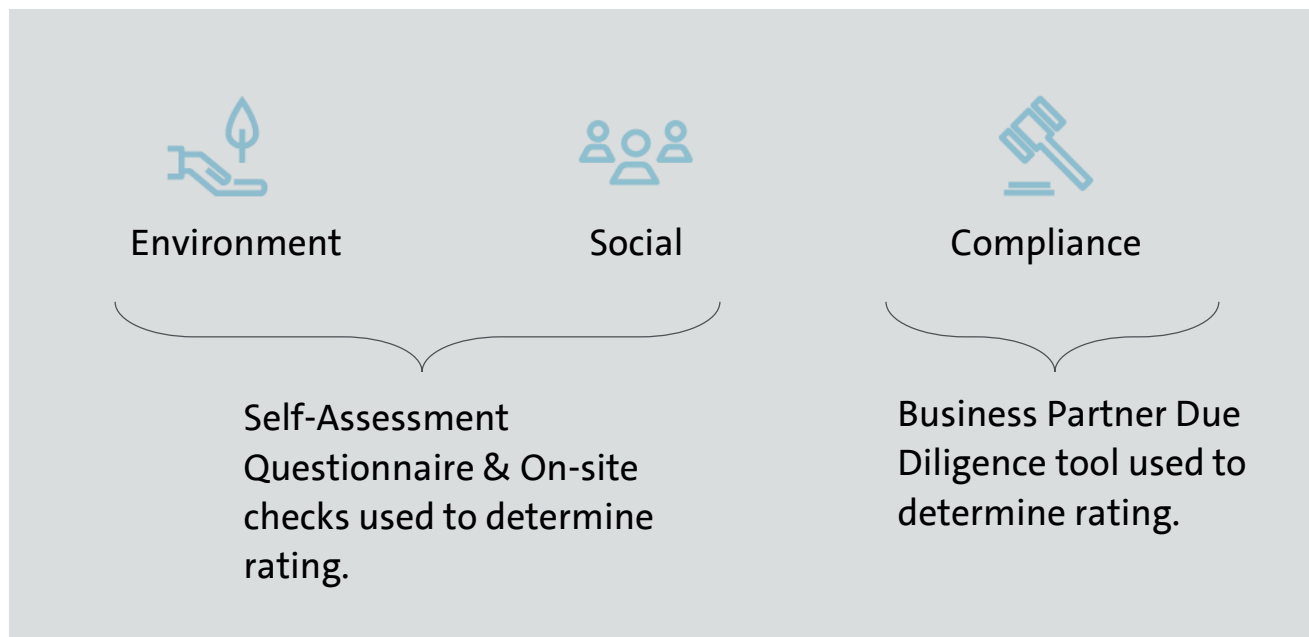
Environment	Social	Compliance	Raw materials
<ul style="list-style-type: none"> ▪ Environmental mgmt. systems ▪ Ecological challenges ▪ Avoidance of damage to health and environment ▪ Resource use and GHG emissions ▪ Waste reduction and recycling 	<ul style="list-style-type: none"> ▪ Freedom of association ▪ No discrimination ▪ No forced labor ▪ No child labor ▪ Compensation and benefits ▪ Working Hours ▪ Labor and health protection 	<ul style="list-style-type: none"> ▪ Avoiding conflicts of interest ▪ Free competition ▪ Combatting corruption ▪ Import and export controls ▪ No Money laundering 	<ul style="list-style-type: none"> ▪ Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas

Pictures by www.unsplash.com, icons made by www.flaticon.com

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S-Rating Overview

- > The Sustainability Rating (S-Rating) assesses our suppliers' performance in terms of environmental and social sustainability as well as compliance.
- > It is a prerequisite for awardings and applicable to the whole Volkswagen Group.
- > A commissioning by Volkswagen Group is only possible with a positive S-Rating.
- > To determine the S-Rating, we use different tools for environmental/social sustainability and compliance.



S-Rating

Key tools

1 SAQ	2 On-site check	3 Compliance check
<p>Questions about basic guidelines and management systems</p>	<p>On-site check of implementation in practice</p>	<p>Check of anti-corruption performance on the basis of external databases, corporate information and, possibly, a supplier self-assessment</p>
<p>External plausibility check of uploaded documents (NQC)</p>	<p>Carried out by external auditors</p>	<p>Central check by Volkswagen Group</p>
<p><u>Example:</u> Does your company have occupational safety guidelines that comply with national legislation, industry requirements and international standards?</p> <ul style="list-style-type: none"> ○ No ○ Yes (please upload the appropriate document) 	<p><u>Example:</u> On-site check of</p> <ul style="list-style-type: none"> > Emergency exits > Evacuation plans > Evacuation drills > First aiders > Fire safety > Protective equipment 	<p><u>Example:</u></p> <ul style="list-style-type: none"> > Checking a business partner's business model > Checking the executive management against an external compliance database

S-Rating

Self-Assessment Questionnaire (SAQ)

1 SAQ	2 On-site check	3 Compliance check
<p>Questions about basic guidelines and management systems</p>	<p>On-site check of implementation in practice</p>	<p>Check of anti-corruption performance on the basis of external databases, corporate information and, possibly, a supplier self-assessment</p>
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Self-Assessment Questionnaire (SAQ)

1 SAQ

Questions about basic guidelines and management systems

External plausibility check of uploaded documents (NQC)

Example:

Does your company have occupational safety guidelines that comply with national legislation, industry requirements and international standards?

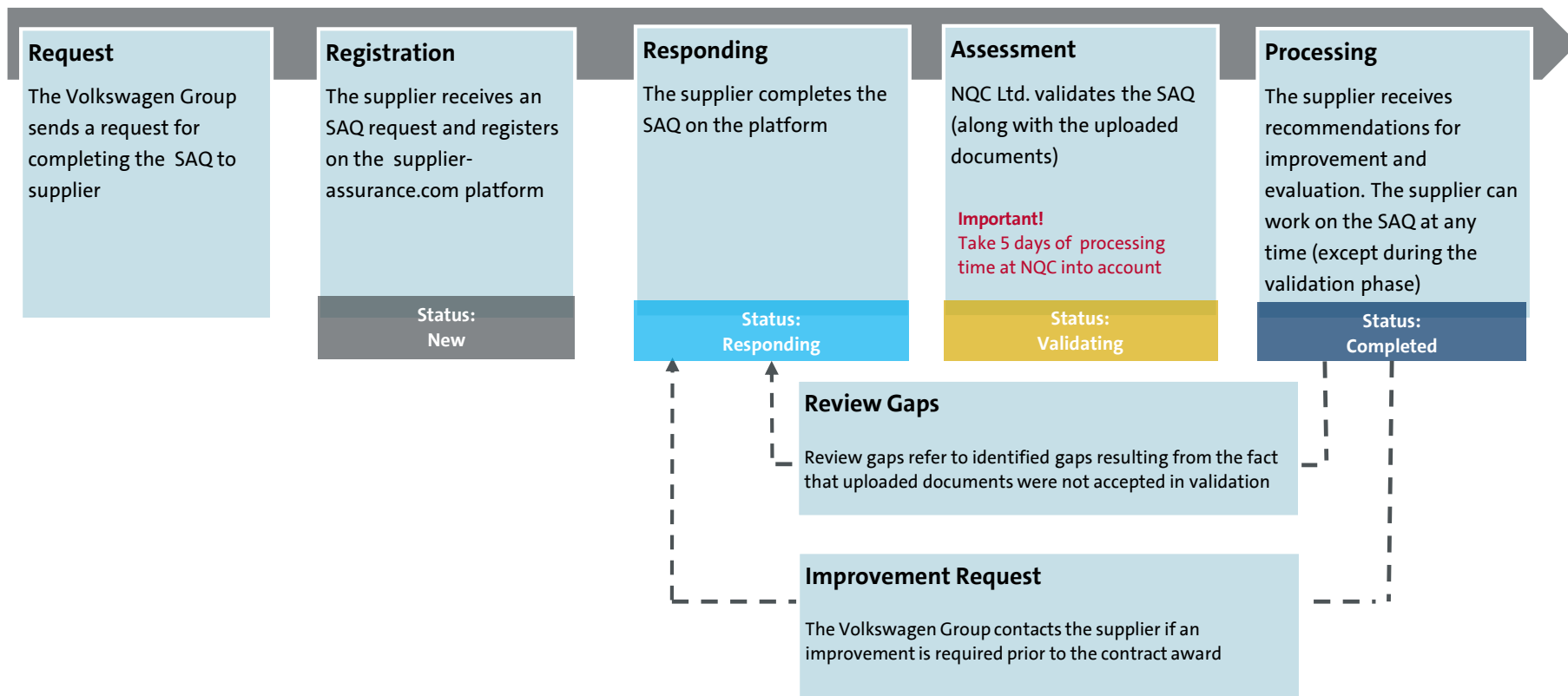
- No
- Yes (please upload the appropriate document)

SAQ 4.0

- > Common assessment tool of Drive Sustainability initiative
- > The new SAQ 4.0 replaces the previously valid SAQ 3.0 (since October 2020)
- > Needs to be completed on the platform supplierassurance.com, hosted by our service provider NQC Ltd.
- > For policy questions: only documents in Chinese, German, English, French, Spanish and Portuguese are accepted
- > If you are in the beginning of the SAQ, please watch the SAQ introduction presentation on the ONE.KBP
- > If you have completed SAQs in the past for (several) other company locations, please make sure to update these SAQs to version 4.0. From October 2021, we will only accept SAQs in version 4.0.

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Self-Assessment Questionnaire (SAQ) – Step by step



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Minimum requirements

A	B	C
<p>Consistent implementation of our requirements in the area of sustainability</p>	<p>Consistent checking of the requirements in the Code of Conduct for Business Partners</p>	<p>Transparent and verifiable communication with business partners</p>

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Overview of requirements

Five statements of principle

1	2	3	4	5
Code of Conduct	Working conditions and human rights	Health and safety	Business ethics	Environment

Five mandatory statement of principle documents for all suppliers

» **Questions 3, 5, 7, 9 and 10 of SAQ 4.0**

» Options for smaller suppliers:

- > Suppliers with 10-99 employees under specified DUNS: Positive rating possible in the event of compliance with the minimum requirements
- > Suppliers with 1-9 employees under specified DUNS: An exception from the S-Rating can be applied for → Please send an email to the e-mail addresses specified above

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Overview of requirements

Five statements of principle

1	2	3	4	5
Code of Conduct	Working conditions and human rights	Health and safety	Business ethics	Environment

- > Clarify the fundamental values and norms of your company succinctly
- > Offer employees the guidance they need to align their own actions with the objectives of the company
- > Provide a binding frame of reference for external and internal partners
- > A code of conduct can also cover the topics of working conditions and human rights, occupational safety, corporate ethics and environment



Overview of requirements

Five statements of principle



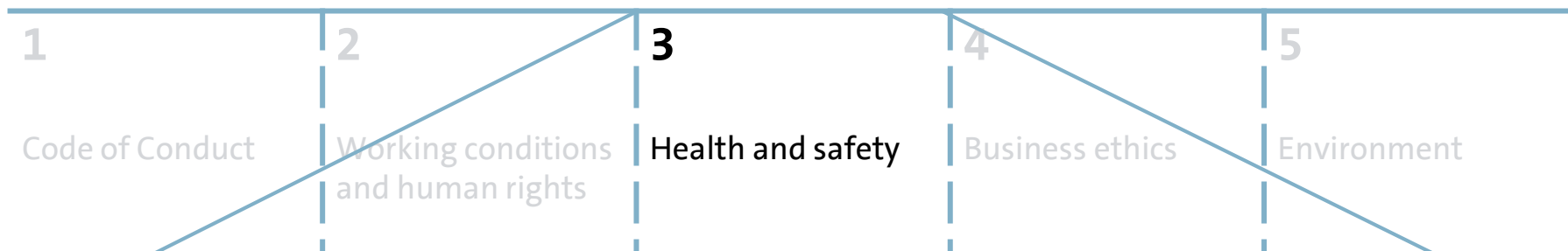
The following issues must be included in the statement of principles:

- > Child labor and young employees
- > Working hours
- > Salaries and social benefits
- > Forced labor and human trafficking
- > Freedom of association and collective bargaining
- > Harassment
- > Nondiscrimination

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Overview of requirements

Five statements of principle



The following issues must be included in the statement of principles:

- > Emergency provisions
- > Accident and incident management
- > Fire safety

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Overview of requirements

Five statements of principle



The following issues must be included in the statement of principles:

- > Corruption, extortion and bribery
- > Conflicts of interest

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Overview of requirements

Five statements of principle

1	2	3	4	5
Code of Conduct	Working conditions and human rights	Health and safety	Business ethics	Environment

The following issues must be included in the statement of principles:

- > Greenhouse gas emissions
- > Energy efficiency and renewable energies
- > Management of natural resources
- > Waste prevention

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Creating a statement of principles

The main points at a glance

IMPORTANCE

- > Fundamental values and norms of your company clarified succinctly
- > Guidance for employees
- > Binding frame of reference for external and internal partners

CONTENTS

- > Commitment to compliance with legislation
 - > Focus on relevant topics
 - > Defined goals & responsibilities
 - > Open dialog with internal and external partners
-

FORM

- > Specific or various subject areas, depending on company size etc.
- > Company logo, current version, signature of the executive management, scope

USE

- > Communication, integration into training courses, basis for process descriptions
- > Adapted regularly



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Key tools

1 SAQ	2 On-site check	3 Compliance check
<p>Questions about basic guidelines and management systems</p>	<p>On-site check of implementation in practice</p>	<p>Check of anti-corruption performance on the basis of external databases, corporate information and, possibly, a supplier self-assessment</p>
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On-site check (OSC)

2 On-site check

Basic information:

- Additional tool
- Conducted if risk threshold undershot
- Site-specific check (DUNS#)
- Check based on 11 main criteria
- Conducted by external service provider

On-site check of implementation in practice

Carried out by external auditors

Example:

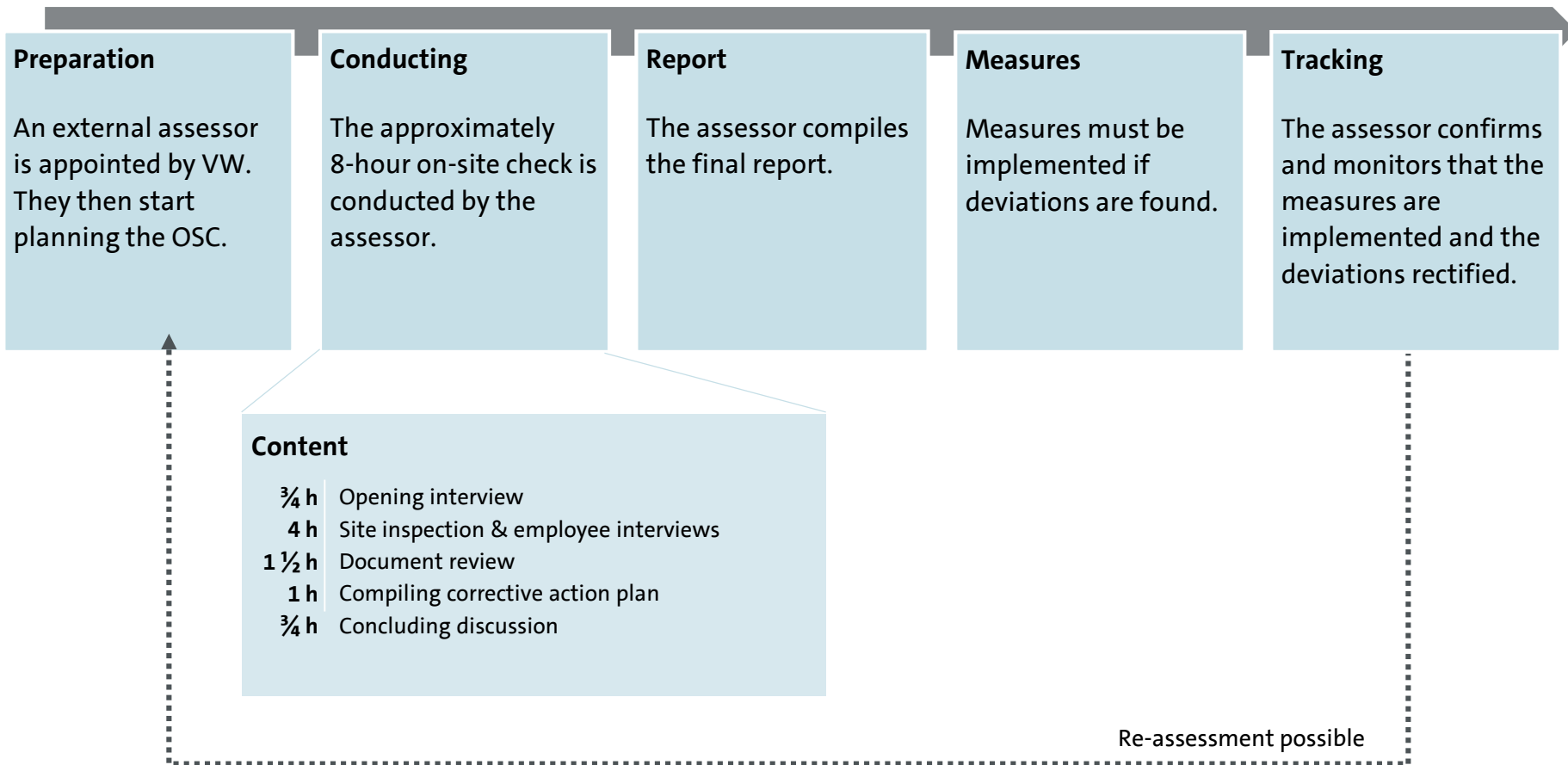
- On-site check of
- > Emergency exits
 - > Evacuation plans
 - > Evacuation drills
 - > First aiders
 - > Fire safety
 - > Protective equipment

Process:

- Duration approx. 8 hours
- If deviations found, supplier to develop and implement corrective action plan
- Implementation of the corrective actions followed up by the Volkswagen Group as necessary

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On-site check (OSC) – Step by step



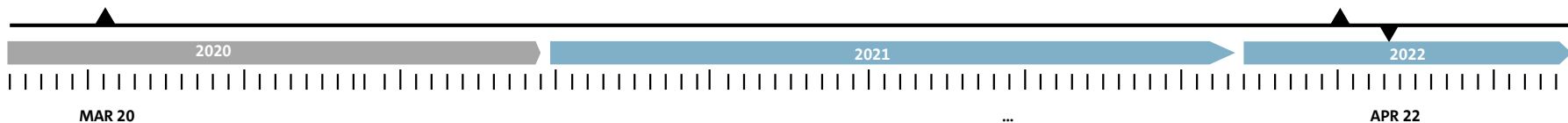
S-Rating Timeline

03.2020

Options for small suppliers:

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- > Suppliers with 1-9 employees under specified DUNS: An exemption from the S-Rating can be applied for. Please send a mail to the e-mail addresses specified above.

2022
SAQ must be updated to version 4.0, otherwise no positive S-Rating possible.



2022
Compliance with the minimum requirements ensured, otherwise a negative rating is possible

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Online Training Related links



- > [Information on sustainability at Volkswagen Group for business partners](#)
- > [The basics for creating a statement of principles](#)
- > [Background information on the SAQ \(right-hand column\)](#)
- > [Practical guidance](#)
- > [Supplier Handbook SAQ 4.0](#)
- > Steps to a positive S-Rating: [Steps to a positive S-Rating \(vwgroupsupply.com\)](#)
- > SAQ introduction video at ONE.KBP at the SAQ help pages: [SAQ help pages \(vwgroupsupply.com\)](#)
- > You can see your current S-Rating for your specific company site on the ONE.KBP under your profile details (login required)





Thank you for your attention!

K-BG-N Sustainability Management
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