

## Volkswagen Group Statement on the Sheffield Hallam University Report

- The Volkswagen Group takes its corporate responsibility very seriously. Respect for human rights is the ethical basis of our business activities. We stand for individual freedom, fair working conditions, open world trade, economic development and peaceful coexistence, and we condemn any form of discrimination. Therefore we reject forced labor and all forms of modern slavery including human trafficking. This includes work carried out involuntarily by people due to intimidation, penalty or threat of being disadvantaged (e.g. debt slavery or involuntary prison labor). Employment relationships are based on voluntary participation and can be terminated at any time by the employees of their own free will and within a reasonable period of notice.
- As a global acting company, we share and live by our values worldwide. Cooperation with our sites, controlled companies and direct suppliers is based on our corporate values and principles, including our Social Charter (e.g. respect for minorities, social and employment standards).
- The Volkswagen Group has a Code of Conduct for Business Partners. This details the Group's expectations regarding the attitude and conduct of business partners in their corporate activities, particularly with regard to suppliers and sales partners. The requirements are regarded as the basis for successfully shaping the business relationship between the Volkswagen Group and its partners. They include observance of human rights, such as the prohibition of child labour, human trafficking and slavery, as well as ensuring environmental protection and preventing corruption.
- Business partners must reject all conscious use of forced and compulsory labor as well as all forms of modern slavery and human trafficking. Bonded labor or involuntary prison labor are not acceptable. We require that employment relationships are entered into on a voluntary basis and may be terminated by employees at their own discretion and within a reasonable notice period.
- Suppliers have to accept our sustainability requirements and commit to fulfilling them to enter into a business relationship with the Volkswagen Group. Our direct suppliers are expected to pass on these sustainability requirements to their business partners throughout the supply chain. Since 2019, we have been assessing the sustainability performance of our relevant business partners with a Sustainability Rating (S-Rating) prior the final sourcing decision. If a supplier does not meet our requirements for compliance with sustainability standards, it is fundamentally not eligible for the award of contracts. There is thus a direct incentive for suppliers to improve their sustainability performance.
- However, if the Volkswagen Group learns of allegations, it investigates them immediately by using our "Supply Chain Grievance Mechanism". Serious violations such as forced labor could result in termination of the contract with the supplier if mitigation measures fail. That is why we review and actively use our existing processes and seek new solutions to prevent forced labor in our supply chain. The mechanism is accessible via our website, an email address and an anonymised channel and is open to all stakeholders and potentially affected persons such as employees of suppliers, social organisations or representatives of communities in the immediate vicinity of our production sites. The cases are handled according to a binding policy, managed by the Group and processed together with the Volkswagen Group brands and regions.

- The Volkswagen Group takes its corporate responsibility for human rights very seriously in all regions of the world – including China – adhering closely to the UN Guiding Principles on Business and Human Rights. These principles form part of the company’s Code of Conduct. Throughout the world, Volkswagen stands firmly against forced labor in connection with its business activities. We not only set high standards within the Group, but also work to maintain these values throughout the supply chain. Today, we already implement processes to protect human rights and systematically determine our risks, developing measures to prevent human rights violations on this basis.
- We actively use our Sustainability Rating (S-Rating) in this context. Volkswagen AG implements a thorough partner and supplier selection process and monitoring measures worldwide. Suppliers in the People’s Republic of China directly commissioned by the Volkswagen Group are already included in the “Scope of Sustainable Purchasing” and commit to complying with our Code of Conduct for Business Partners.
- To make it clear: We strictly oppose any form of forced labor in all our business operations.
- We found no evidence that SAIC VOLKSWAGEN Xinjiang Automotive Co. Ltd. employees are forced to work there. Employees are hired on the basis of their skills – irrespective of age, religious beliefs or ethnic origin.
- The majority of employees have been working there since the opening of the SAIC Volkswagen plant in 2013. We are not aware of any cases where employees of SAIC VOLKSWAGEN Xinjiang Automotive Co. Ltd. were or are in internment camps.
- In total the number of employees totals 240 of which 41 are Uyghur. In addition 27 employees are from other ethnics minorities. This corresponds to the ethnic composition of the population in the Ürümqi region.
- SAIC VOLKSWAGEN Xinjiang Automotive Co. Ltd. also has a code of conduct, a whistleblower system and an external ombudsman system to prevent or detect possible misconduct or violations.
- Xinjiang has been affected by lockdowns due to Covid-19 for the past two years. In 2021, shutdown days were also added at the Ürümqi site due to the semiconductor shortage. As a result, the number of vehicles manufactured dropped significantly last year. The number of employees was reduced by around 1/3 from the original level of around 600.
- Overall, production at all plants in China continues to be significantly impacted by the lack of availability of semiconductors and COVID-19 restrictions, as well as the resulting limited logistics.